

Joint statement regarding the respective roles of Ofcom and the CMA in monitoring and enforcing the Network Commitment remedy

- This joint statement relates to the anticipated joint venture between Vodafone Group Plc (Vodafone) and CK Hutchison Holdings Limited (CK Hutchison) (together, the Parties), that will combine their UK telecoms businesses, respectively Vodafone Limited (VUK) and Hutchison 3G UK (3UK) Limited (the Merger). For statements relating to the future, 3UK and VUK are together referred to as the Merged Entity.
- 2. On 5 December 2024, the CMA published its <u>Final Report</u> finding that the Merger may be expected to result in a substantial lessening of competition in the supply of retail mobile telecommunications services to end customers in the UK and the supply of wholesale mobile telecommunications services in the UK. However, the CMA concluded that the Merger could proceed if Vodafone and 3UK provide legally binding commitments to undertake their proposed network investment programme (the **Network Commitment**), supported by shorter term protections for both retail and wholesale customers. The Network Commitment sets out the steps that the Parties will take to integrate, upgrade and improve their combined network over the next 8 years.¹ The CMA concluded that subject to the Network Commitment the Merger is likely to boost competition in the long term and result in significant increases in mobile network quality in the UK.
- 3. In the Final Report, the CMA concluded that the Network Commitment should be implemented through both undertakings given to the CMA pursuant to section 82 the Enterprise Act 2002 and a variation to incorporate the Network Commitment as a condition in the Merged Entity's spectrum licence pursuant to Schedule 1 of the Wireless Telegraphy Act 2006.²
- 4. On 28 March 2025 the CMA accepted binding Final Undertakings that contain the Network Commitment and on 3 April 2025 Ofcom accepted a request to vary the Merged Entity's spectrum licence to incorporate the Network Commitment. This means that both the CMA and Ofcom have formal enforcement powers under the Enterprise Act 2002 and Wireless Telegraphy Act 2006, respectively, in respect of any non-compliance with the Network Commitment.
- 5. The CMA and Ofcom both wish to ensure that their parallel oversight roles in respect of the Network Commitment are exercised effectively and efficiently, including by ensuring coherency in approach, clarity for all relevant parties and avoiding unnecessary duplication.
- 6. As set out in the Final Report, Ofcom will have the primary responsibility for monitoring the Network Commitment.³ The Final Report recognises that Ofcom, as sector regulator, works closely with mobile network operators⁴ and already undertakes monitoring analysis on mobile deployment as part of its existing functions.⁵ The Final Undertakings and

¹ See Final Report, Chapter 16 and Final undertakings, Annex A.

² Final Report, para 16.271.

³ Final Report, paras 16.720 and 16.727.

⁴ Final Report, para 16.259.

⁵ Final Report, para 16.261.

licence set out specific reporting obligations on the Merged Entity⁶ and require the Parties to fund a monitoring trustee to provide assistance to Ofcom and the CMA in monitoring the Network Commitment.⁷

- 7. Without prejudice to the CMA and Ofcom's respective statutory duties and powers to ensure compliance with the Network Commitment, the CMA and Ofcom envisage that except in limited circumstances (for example but not limited to where both Ofcom and the CMA consider that the CMA would be better placed to act), or where Ofcom is unable to act, the starting point will be that any enforcement action in relation to a suspected breach of the Network Commitment would be taken by Ofcom.
- 8. Without prejudice to the CMA and Ofcom's respective statutory duties and powers to ensure compliance with the Network Commitment, the CMA and Ofcom will cooperate with each other in carrying out their respective functions, holding quarterly meetings throughout the duration of the Network Commitment to keep each other updated on any activity carried out in performance of their functions in relation to the Network Commitment. If compliance issues arise, the CMA and Ofcom will promptly notify each other.
- 9. Ofcom and the CMA look forward to working constructively together to oversee the Network Commitment.

Sarah Cardell Melanie Dawes

For and on behalf of the CMA For and on behalf of Ofcom

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⁶ Final Undertakings, Annex A and <u>Vodafone Limited and Hutchison 3G UK Limited - Public Wireless</u> Network Licence.

⁷ Final Undertakings, paragraph 5 and Annex A.