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APPENDIX A: The regulatory framework

- A.1 This Appendix outlines the regulatory framework relevant to the Transaction and the regulation pertinent to the issues identified in this inquiry.

Regulatory framework

- A.2 Communications networks and services are regulated in the UK by Ofcom. Section 3(1) of the Communications Act 2003 (**CA03**) provides that Ofcom's principal duty in carrying out its functions is to 'further the interests of citizens in relation to communications matters [and] ... to further the interests of consumers in relevant markets, where appropriate by promoting competition'.
- A.3 Since 2016, Ofcom's strategy has been to promote investment in gigabit-capable networks through network competition where this is viable.¹ Ofcom has progressively implemented this strategy through its wholesale market reviews (as described below).²
- A.4 The legal instruments and regulatory powers most relevant to the Transaction are those relating to Ofcom's market review functions and the regulatory conditions it imposes through the exercise of those functions. The regulatory framework relevant for market reviews is set out in Part 2 of the CA03. In particular, sections 45 to 48C and sections 78 to 86 set out the procedure for imposing conditions based on a finding of significant market power (**SMP**) and sections 87 to 93 set out specific rules for each type of SMP condition.³
- A.5 Ofcom's market review process involves three analytical stages.⁴ First, it defines each relevant market in terms of its product and geographic scope. Then it assesses whether any communications provider has a position of SMP in any of the relevant markets. Finally, where it finds SMP, it imposes regulatory conditions (known as SMP conditions) on the communications provider concerned to address the competition concerns arising from such SMP.
- A.6 The CA03 requires Ofcom to carry out market analyses of identified markets for the purpose of making or reviewing market power determinations. The CA03 also requires that such analyses are normally to be carried out within five years from the publication of a previous market power determination relating to that market.⁵

¹ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 1: Overview, summary and structure](#), 17 March 2026, paragraph 1.3.

² Ofcom response dated 18 September 2026 to the CMA's RFI dated 15 September 2026.

³ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Annex 1](#), 17 March 2026, paragraph A1.3.

⁴ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Annex 1](#), 17 March 2026, paragraphs A1.4–6.

⁵ Communications Act 2003 (**CA03**), [section 84A](#) and Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Annex 1](#), 17 March 2026, paragraph A1.29.

Ofcom's market reviews

- A.7 This section describes Ofcom's most recent reviews carried out pursuant to its market review functions set out above, namely the Wholesale Fixed Telecoms Market Review 2021-26' (**WFTMR 2021**) and the Telecoms Access Review 2026–2031 (**TAR 2026**).
- A.8 In March 2021, Ofcom put in place as part of WFTMR 2021 a regulatory framework aimed at promoting investment and network competition in fixed telecommunications markets.⁶ This followed Ofcom's identification of BT/Openreach as having SMP across a number of fixed communications markets, including in the provision of physical infrastructure.⁷
- A.9 In March 2026, Ofcom published a statement as part of the TAR 2026 setting out its decisions for the regulation of the fixed telecommunications markets for the period from April 2026 to March 2031, in light of changes to those markets since 2021.⁸ Ofcom concluded that BT/Openreach has SMP in a number of relevant markets and imposed remedies in each of them, including the following that are relevant to this inquiry:⁹
- (a) **Physical infrastructure:** Openreach is required to continue allowing all network operators to deploy and operate their own fibre networks using Openreach's infrastructure (including telegraph poles and underground ducts) through its Physical Infrastructure Access (**PIA**) products. Openreach will continue to be subject to a strict no undue discrimination obligation and the charges paid by other operators should reflect a fair share of Openreach's costs, based on their use of Openreach infrastructure.
 - (b) **Regulating wholesale broadband¹⁰ differently in different parts of the UK:** Ofcom defined two distinct geographic areas: (i) **Area 2** (covering 86% of UK premises), where there already is, or there is likely to be potential for, material and sustainable competition and (ii) **Area 3** (covering 14% of UK premises) where there is not, and there is unlikely to be potential for, material and sustainable competition.

⁶ Ofcom, [Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26](#), 18 March 2021 and Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 1: Overview, summary and structure](#), 17 March 2026, paragraph 1.4.

⁷ Ofcom, [Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26 – Volume 1: Overview, summary and structure](#), 18 March 2021.

⁸ Ofcom, [Statement: Promoting competition and investment in fibre networks - Telecoms Access Review 2026-31](#), 17 March 2026.

⁹ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 1: Overview, summary and structure](#), 17 March 2026, paragraphs 1.15 and 2.102–2.116.

¹⁰ Referred to as the Wholesale Local Access (WLA) market in the TAR 2026. Ofcom defined the WLA product market as a single product market for the supply of WLA at a fixed location which includes all fixed networks and speeds, and residential and business services (Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 2: Market definition and SMP assessment](#), 17 March 2026, paragraph 4.55).

- (i) In Area 2, Ofcom will continue to set flat, inflation-adjusted prices for a basic superfast broadband product whilst allowing flexibility on pricing for other speed services. Ofcom has decided to move the regulation from Openreach's products that support download speeds of up to 40 Mbps to those supporting up to 80 Mbps, in line with changes driven by the increasing use of data by consumers.
- (ii) In Area 3, Ofcom will continue to allow Openreach the opportunity to recover the reasonable costs of its investments in rolling out its full-fibre network commercially. As in Area 2, Ofcom will move price cap regulation from Openreach's products that support download speeds of up to 40 Mbps to those supporting up to 80 Mbps.
- (c) **Regulation of discounts to wholesale prices:** Ofcom will continue to restrict Openreach's ability to set discriminatory geographic discounts in Area 2 without Ofcom's consent. In relation to concerns that Openreach could offer commercial terms that deter ISPs from using competing networks, Openreach will be required to give Ofcom 120 days' notice of the introduction of certain commercial terms. Ofcom has provided guidance on how it will take account of market conditions and the state of competition at the time in determining whether geographic discounts or other commercial terms should be allowed.¹¹

¹¹ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Annex 8](#), 17 March 2026.

APPENDIX B: Documentary evidence on VMO2/nexfibre's wholesale plans and negotiations

- B.1 This appendix presents documentary evidence on VMO2/nexfibre's wholesale plans and negotiations. It covers: (i) VMO2 and nexfibre's pre-Transaction wholesale strategy documents; and (ii) the status of VMO2 and nexfibre's wholesale negotiations with [REDACTED], [REDACTED] and [REDACTED].

VMO2/nexfibre's pre-Transaction wholesale plans

VMO2's internal documents

Plan of Record

- B.2 The overall business plan for VMO2's fixed network strategy for the coming three years is set out in its Plan of Record (**POR**).¹² The most recent pre-Transaction POR is from September 2025 and states that a strategic focus is to '[REDACTED]'.¹³
- B.3 The [REDACTED] strategy set out in the POR is [REDACTED]. Going forward, the POR states that VMO2's strategy is to '[REDACTED]'. The POR assumes that VMO2 [REDACTED].¹⁴ [REDACTED].¹⁵
- B.4 Two subsequent documents show that VMO2 continues to have these [REDACTED].¹⁶ This includes an update produced after the Transaction was announced.¹⁷ The other update from December 2025 notes that the [REDACTED].¹⁸ The [REDACTED].¹⁹

B2B2C Business Plan

- B.5 In addition to the POR, we have seen a number of internal documents that set out VMO2's B2B2C business plan. These internal documents are consistent with the [REDACTED] set out in the POR and suggest that after VMO2 has proven its capability through its [REDACTED] with [REDACTED], it considered [REDACTED] to be a top priority potential customer. For example:

¹² Parties, FMN, paragraph 338.

¹³ VMO2 annex to P1-s109(01)-VMO2.

¹⁴ VMO2 annex to P1-s109(01)-VMO2. See also VMO2 annex to FMN. [REDACTED] (nexfibre annex to P1-s109(02)-nexfibre. See also section on Negotiations with [REDACTED] below).

¹⁵ VMO2 annex to P2-s109(01)-VMO2.

¹⁶ VMO2 annex to FMN; VMO2 annex to P2-s109(01)-VMO2.

¹⁷ VMO2 annex to P2-s109(01)-VMO2.

¹⁸ VMO2 annex to FMN.

¹⁹ Parties annex to FMN.

- (a) A document from April 2025 sets out VMO2's 'B2B2C Business Plan Assumptions'. It recommends that [REDACTED].²⁰ [REDACTED]. It also included [REDACTED].²¹
- (b) In [REDACTED] it was stated that full form negotiations with ISPs [REDACTED]. In addition, [REDACTED].²² The document states that over [REDACTED] years the business case delivers over £[REDACTED] operating free cash flow (OFCF) with a net present value (NPV) of £[REDACTED].²³

B2B2C Wholesale Monthly ESGs

- B.6 We have also seen documents from VMO2's 'B2B2C Wholesale Monthly' Executive Steering Group (ESG) meetings between August 2025 and February 2026.²⁴ These provide a brief update on the progress of VMO2's wholesale plans. They suggest that [REDACTED].²⁵
- B.7 From November 2025 onwards, the monthly ESGs also included a 'strategic programme deployment calendar'.²⁶ The most recent calendar from mid-February 2026 showed [REDACTED].²⁷

Other internal documents

- B.8 A number of other internal documents discuss VMO2/nexfibre's consumer wholesale participation strategy. For example, a document from September 2024 considers that a [REDACTED].²⁸ The document also notes that [REDACTED].²⁹
- B.9 Two more recent documents post-Transaction announcement discuss a '[REDACTED]' strategy to reduce the risk of [REDACTED],³⁰ with one of the documents noting that a headline discount of [REDACTED]% or more to [REDACTED].³¹ The other document [REDACTED].³²

²⁰ For discussion [REDACTED] (VMO2 annex to P1-s109(02)-VMO2). In a document from around the same time, a next step was noted to be reducing the Tier 2 ISP discount rate (VMO2 annex to P1-s109(02)-VMO2).

²¹ VMO2 annex to P1-s109(02)-VMO2.

²² VMO2 annex to P1-s109(02)-VMO2.

²³ VMO2 annex to P1-s109(02)-VMO2.

²⁴ VMO2 annex to P1-s109(02)-VMO2: (4 August 2025); VMO2 annex to P1-s109(02)-VMO2 (12 September 2025); VMO2 annex to P1-s109(02)-VMO2: (31 October 2025); VMO2 annex to P1-s109(02)-VMO2: (14 November 2025); VMO2 annex to P1-s109(02)-VMO2: (28 November 2025); VMO2 annex to P1-s109(02)-VMO2: (12 December 2025); VMO2 annex to P1-s109(02)-VMO2: 9 January 2026); VMO2 annex to P1-s109(02)-VMO2: (6 February 2026); VMO2 annex to P1-s109(02)-VMO2: (20 February 2026).

²⁵ For example, [REDACTED] (VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2). We have also seen a number of other internal documents that suggest [REDACTED] (eg VMO2 annex to FMN). With regards to branding, we have seen an internal document suggesting that [REDACTED] (VMO2 annex to FMN). [REDACTED] (Parties, ISM slides, slide 34).

²⁶ VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P1-s109(02)-VMO2.

²⁷ VMO2 annex to P1-s109(02)-VMO2.

²⁸ VMO2 annex to P1-s109(02)-VMO2; see also VMO2 annex to P1-s109(02)-VMO2.

²⁹ VMO2 annex to P1-s109(02)-VMO2; VMO2 annex to P2-s109(01)-VMO2. [REDACTED]. (VMO2 annex to P1-s109(02)-VMO2).

³⁰ nexfibre annex to P1-s109(02)-nexfibre; nexfibre annex to P1-s109(02)-nexfibre.

³¹ nexfibre annex to P1-s109(02)-nexfibre.

³² The document also discussed [REDACTED]. (nexfibre annex to P1-s109(02)-nexfibre).

nexfibre's internal documents

- B.10 We have received fewer internal documents setting out nexfibre's wholesale strategy, although some Board materials refer to its future wholesale plans. For example:
- (a) A draft business plan from [REDACTED] forecasted the nexfibre ISP win-rate in (i) areas where there is only Openreach ([REDACTED]% of footprint) and (ii) areas where there is Openreach and a wholesaling altnet ([REDACTED]% of footprint).³³ In the former areas, it forecasted [REDACTED]. [REDACTED] was forecasted to [REDACTED].³⁴ In areas where there is also a wholesaling altnet, nexfibre forecasted that [REDACTED].³⁵ In the face of increased infrastructure competition, nexfibre noted that [REDACTED]. [REDACTED].³⁶
 - (b) A July 2025 nexfibre board presentation noted that [REDACTED].³⁷
 - (c) A nexfibre business plan update from late August 2025 noted [REDACTED].³⁸ While [REDACTED]. [REDACTED].³⁹ The update also identified, as one of the key business plan risks, [REDACTED].⁴⁰

Status of pre-Transaction negotiations with ISPs

- B.11 In the section below, we discuss the status of pre-Transaction negotiations with each of (i) [ISP A], (ii) [ISP B] and (iii) [ISP C].

Negotiations with [REDACTED] [ISP A]

[REDACTED]

- B.12 The final [REDACTED] specify a [REDACTED]-year contract length,⁴¹ access to a footprint of up to [REDACTED] ready for service (**RFS**) premises,⁴² and a [REDACTED].⁴³ [REDACTED],⁴⁴ and a [REDACTED].⁴⁵ [REDACTED], in turn, commits to [REDACTED].⁴⁶

³³ nexfibre annex to FMN.

³⁴ nexfibre annex to FMN.

³⁵ nexfibre annex to FMN.

³⁶ nexfibre annex to FMN; see also Parties annex to FMN.

³⁷ nexfibre annex to FMN.

³⁸ nexfibre annex to FMN.

³⁹ nexfibre annex to FMN.

⁴⁰ nexfibre annex to FMN.

⁴¹ [REDACTED]. (nexfibre annex to P1-RFI2-Parties).

⁴² [REDACTED]. (nexfibre annex to P1-RFI2-Parties). [REDACTED]. (nexfibre annex to P2-RFI3-Parties).

⁴³ nexfibre annex to P1-RFI2-Parties.

⁴⁴ [REDACTED]. (nexfibre annex to P1-RFI2-Parties).

⁴⁵ [REDACTED] (nexfibre annex to P1-RFI2-Parties).

⁴⁶ [REDACTED] (nexfibre annex to P1-RFI2-Parties).

Subsequent developments

- B.13 Following [REDACTED] in [REDACTED] and VMO2/nexfibre moved to [REDACTED]. While [REDACTED] were delayed over time, documents from [REDACTED] show that both parties continued [REDACTED], and the [REDACTED].⁴⁷ The report stated that [REDACTED].⁴⁸
- B.14 Following the Transaction announcement, [REDACTED].⁴⁹
- B.15 More recently, [REDACTED] and the Parties submitted that [REDACTED].⁵⁰ [REDACTED].⁵¹ [REDACTED] told us that while there has been [REDACTED], contractual negotiations have not [REDACTED].⁵²

Draft contracts

- B.16 The latest draft contract is dated [REDACTED].⁵³ [REDACTED],⁵⁴ [REDACTED],⁵⁵ [REDACTED].⁵⁶ [REDACTED].⁵⁷

Negotiations with [REDACTED] [ISP B]

Negotiations between Liberty Global/Telefonica and [REDACTED] ([REDACTED])

- B.17 The evidence we have received shows that from [REDACTED] (ie prior to the Transaction), Liberty Global, Telefonica and [REDACTED] held negotiations regarding potential [REDACTED], including [REDACTED] negotiated in [REDACTED] (named [REDACTED]) in which the parties would [REDACTED]. This [REDACTED] involved a wholesale element, as VMO2 and [REDACTED] would have [REDACTED] for residential broadband services on [REDACTED] wholesale basis.
- B.18 We understand that [REDACTED] negotiations did not progress further after [REDACTED]. We have not seen any documentary evidence detailing why the negotiations stalled, although both Liberty Global/Telefonica and [REDACTED] told us that [REDACTED].⁵⁸ [REDACTED] submissions to us also suggested it was concerned about parity of service with VMO2's own retail customers, [REDACTED].⁵⁹ [REDACTED],⁶⁰ [REDACTED].⁶¹

⁴⁷ [REDACTED] response dated 25 June 2026 to the CMA's s109 notice dated 15 June 2026 ([REDACTED]), Annex.

⁴⁸ [REDACTED], Annex.

⁴⁹ VMO2 response dated 29 June 2026 to the CMA's RFI dated 22 June 2026 (**P1-RFI5-VMO2**), question 3; VMO2 annex to P1-s109(02)-VMO2.

⁵⁰ VMO2/nexfibre's email to the CMA dated 15 September 2026.

⁵¹ VMO2/nexfibre internal document, attachment to VMO2/nexfibre's email to the CMA dated 15 September 2026.

⁵² Third-party submission

⁵³ nexfibre annex to P1-RFI3-Parties.

⁵⁴ For completeness, (eg VMO2 annex to P1-s109(02)-VMO2.

⁵⁵ nexfibre annex to P1-RFI3-Parties.

⁵⁶ nexfibre annex to P1-RFI3-Parties.

⁵⁷ VMO2/nexfibre internal document, attachment to VMO2/nexfibre's email to the CMA dated 15 September 2026.

⁵⁸ Parties' amended consolidated response dated 19 June 2026 to the CMA's RFI dated 4 May 2026 (**P1-RFI4-Parties**), pages 11-12; Third-party submission

⁵⁹ Third-party submission. Telefónica annex to P1-s109(02)-Telefónica.

⁶⁰ Third party response dated 25 June 2026 to the CMA's s109 notice dated 16 June 2026 (**P1-s109(01)-[REDACTED]**), Annex 28.

⁶¹ Third party response dated 25 June 2026 to the CMA's s109 notice dated 16 June 2026 (**P1-s109(01)-[REDACTED]**), Annex 28.

B.19 Between [REDACTED], Liberty Global and Telefonica [REDACTED]. However, Liberty Global/Telefonica submitted that [REDACTED],⁶² and we have not seen any internal documents to suggest otherwise. [REDACTED].⁶³

Negotiations between VMO2/nexfibre and [REDACTED] ([REDACTED])

B.20 [REDACTED]. In correspondence with VMO2/nexfibre in [REDACTED], [REDACTED] stated that [REDACTED],⁶⁴ [REDACTED].⁶⁵

B.21 [REDACTED],⁶⁶ [REDACTED].⁶⁷

Negotiations with [REDACTED] [ISP C]

B.22 VMO2/nexfibre told us that they started [REDACTED].⁶⁸ Prior to this, internal documents suggest that the [REDACTED].⁶⁹

B.23 Following the approval, [REDACTED]. VMO2 considered the [REDACTED],⁷⁰ and a document from [REDACTED] suggests that VMO2 considered [REDACTED].⁷¹ While some documents suggest that [REDACTED],⁷² [REDACTED]

B.24 [REDACTED].⁷³ [REDACTED].⁷⁴

B.25 However, VMO2/nexfibre internal documents suggest [REDACTED].⁷⁵ One internal email noted that [REDACTED].⁷⁶ Another internal email suggests that [REDACTED],⁷⁷ and [REDACTED] counterproposal in [REDACTED] included [REDACTED].⁷⁸

B.26 [REDACTED],⁷⁹ [REDACTED].⁸⁰

⁶² Parties' amended consolidated response dated 19 June 2026 to the CMA's RFI dated 4 May 2026 (**P1-RFI4-Parties**), page 13.

⁶³ Third party response dated 25 June 2026 to the CMA's s109 notice dated 16 June 2026 (**P1-s109(01)- [REDACTED]**), Annex 32. Note that this document is not specifically about.

⁶⁴ Third-party internal document.

⁶⁵ Third-party internal document.

⁶⁶ Third party response dated 25 June 2026 to the CMA's s109 notice dated 16 June 2026 (**P1-s109(01)- [REDACTED]**), Annex 36.

⁶⁷ [REDACTED] modelling did not make any assumptions regarding [REDACTED] or [REDACTED] ([REDACTED] response dated 25 June 2026 to the CMA's s109 notice dated 16 June 2026 (**P1-s109(01)- [REDACTED]**), Annex 39).

⁶⁸ (nexfibre response dated 12 May 2026 to the CMA's s109 notice dated 30 April 2026 (**P1-s109(01)-nexfibre**), question 1 (schedule 1). [REDACTED] also told us that it has considered whether VMO2/Nexfibre could be a potential future partner in relation to wholesale broadband supply, [REDACTED] (ie date of P1 call) [REDACTED] (Third-party call note).

⁶⁹ VMO2 annex to P1-s109(02)-VMO2: (email explaining that slide deck is to seek approval to engage with [REDACTED]); VMO2 annex to P1-s109(02)-VMO2: (email confirming approval); nexfibre annex to P1-s109(02)-nexfibre, page 3 (slide deck).

⁷⁰ nexfibre annex to P1-s109(02)-nexfibre.

⁷¹ nexfibre annex to P1-s109(02)-nexfibre.

⁷² VMO2 annex to P1-s109(02)-VMO2. ([REDACTED]); nexfibre annex to P1-s109(02)-nexfibre.

⁷³ Parties' consolidated response dated 4 June 2026 to the CMA's RFI dated 26 May 2026 (**P1-RFI3-Parties**), Schedule 6.

⁷⁴ nexfibre annex to P1-s109(02)-nexfibre.

⁷⁵ nexfibre annex to P1-s109(02)-nexfibre; VMO2 annex to P1-s109(02)-VMO2; nexfibre annex to P1-s109(02)-nexfibre.

⁷⁶ nexfibre annex to P1-s109(02)-nexfibre.

⁷⁷ nexfibre annex to P1-s109(02)-nexfibre.

⁷⁸ nexfibre annex to P1-s109(02)-nexfibre.

⁷⁹ Third-party call note.

⁸⁰ Third-party call note.

Summary: VMO2/nexfibre wholesale offers to ISPs

B.27 In Table B.1 below, we provide an overview of the terms of the wholesale offers made by VMO2/nexfibre to [REDACTED], [REDACTED] and [REDACTED]. We note that the offers to [REDACTED] and [REDACTED] were made following [REDACTED].

Table B.1: Wholesale offer terms in internal documents

VMO2/nexfibre offer to:	[REDACTED]	[REDACTED]	[REDACTED]
Date of offer	[REDACTED]	[REDACTED]	[REDACTED]
Price	[REDACTED]	[REDACTED]	[REDACTED]
Target network size	[REDACTED]	[REDACTED]	[REDACTED]
Type	[REDACTED]	[REDACTED]	[REDACTED]
Duration	[REDACTED]	[REDACTED]	[REDACTED]
MFN	[REDACTED]	[REDACTED]	[REDACTED]
Retail Protection	[REDACTED]	[REDACTED]	[REDACTED]
Minimum volume commitments	[REDACTED]	[REDACTED]	[REDACTED]
Integration payments	[REDACTED]	[REDACTED]	[REDACTED]

Source: nexfibre annex to P1-RFI2-Parties, nexfibre annex to P1-s109(02)-nexfibre and nexfibre annex to P1-s109(02)-nexfibre.

* [REDACTED].

†The proposed discount [REDACTED].

APPENDIX C: Network overlaps

- C.1 This appendix presents tables showing the number of premises covered or passed⁸¹ by network providers and identifies current network overlaps in the following footprints:
- (a) VMO2/nexfibre's FTTP footprint (Table C.1).
 - (b) VMO2/nexfibre's full footprint, including VMO2's HFC/RFOG network (Table C.2).
 - (c) Substantial's footprint (Table C.3).
 - (d) The Merged Entity's FTTP footprint; (Table C.4).
 - (e) The Merged Entity's full footprint, including VMO2's HFC/RFOG network; (Table C.5).
 - (f) CityFibre/Substantial's combined footprint; and (Table C.6).
- C.2 These Tables are based primarily on Ofcom's Connected Nations January 2026 dataset.⁸² This measures broadband service availability at premises where an end-user could order service, with full-fibre availability defined as premises that can be connected via a dedicated fibre link from nearby deployed fibre, subject only to any published pre-agreed connection charge.⁸³
- C.3 The Tables also summarise data submitted by VMO2 summarising its serviceable premises as of [REDACTED],⁸⁴ breaking these down into premises served by HFC, RFOG and Fibre Up.⁸⁵
- C.4 We emphasise that the data used for our analysis represents a snapshot in time and may not reflect the current position due to network build. We are aware of some material changes since these datasets were collected, including:

⁸¹ Ofcom define a premise as covered if fibre is deployed in close proximity, so only a dedicated fibre connection to the premises would be necessary to provide full-fibre connectivity to the local exchange or access node; and where the end-user would expect to pay only a published pre-agreed connection charge, if one was to be imposed. Ofcom, [Connected Nations 2025 Methodology Annex](#), 19 November 2025, paragraph 22. The industry also uses the term 'premises passed'; whilst precise definitions vary across providers, the meaning is broadly similar.

⁸² This Ofcom dataset incorporates the most recent data available as at January 2026. This includes January 2026 data for FTTP network build and July 2025 data for legacy network build. Accordingly, throughout this document we refer to this dataset as Ofcom's Connected Nations January 2026 dataset.

⁸³ Ofcom's Connected Nations 2025 Methodology Annex, paragraphs 21 and 22.

⁸⁴ VMO2 network build data as of [REDACTED] has been appended to the Ofcom Connected Nations January 2026 dataset for the build and overlap analysis outlined in this Appendix. This is because the Connected Nations January 2026 dataset does not capture all VMO2 Fibre Up FTTP build, as some of these premises do not meet Ofcom's definition of a 'connected' premise. In particular, a proportion of VMO2's Fibre Up upgrades are excluded from Ofcom's data because the associated FTTP connections are not yet available to retail customers.

⁸⁵ VMO2 response to P1 RFI 3, question 9.

- (a) **Substantial footprint:** Substantial expects to reach around 3.4 million premises passed by the end of 2026.⁸⁶ Compared to Ofcom's data (3.0 million premises), this is an increase of around 0.4 million premises or around 13% of Substantial's footprint below. Assuming similar overbuild rates on these new premises, this would increase Substantial's overbuild with VMO2/nexfibre's current FTTP footprint from 12.8% to around 13.6%, and with VMO2/nexfibre's total footprint from 13.6% to around 13.9%.
- (b) **CityFibre footprint:** CityFibre submitted that it had passed [X] million premises by July 2026.⁸⁷ Compared to Ofcom's data (4.6 million premises), this is an increase of around [X] premises or around [X]% of CityFibre's footprint below. Combined with the adjustments to Substantial's footprint in (a) above, and assuming similar overbuild rates on these new premises, this would increase CityFibre/Substantial's overbuild with VMO2/nexfibre's FTTP footprint from 31.7% to around 34.9%, and with VMO2/nexfibre's total footprint from 31.7% to around 32.8%.
- (c) **VMO2 FTTP footprint:** The Parties submitted that as of March 2026, VMO2 had upgraded approximately [X] HFC/RFOG premises to FTTP under its Fibre Up programme.⁸⁸ This is around [X] premises higher than the corresponding figure derived from Ofcom's analysis, which incorporates VMO2's internal premise level database as of [X].⁸⁹ In addition, the Parties submitted that as of July 2026, VMO2 had upgraded a further [X] premises to FTTP.⁹⁰ In any case, our view is that VMO2 would continue to upgrade its HFC/RFOG footprint with or without the Transaction, as discussed in detail in the counterfactual chapter. To assess VMO2/nexfibre's likely FTTP coverage in the future with or without the Transaction, we therefore report on VMO2/nexfibre's entire network (including VMO2's HFC/RFOG footprint).
- (d) **nexfibre FTTP footprint:** The Parties have submitted that in the counterfactual, nexfibre would have an FTTP network of just over [X] premises by the end of 2026.⁹¹ Compared to Ofcom's data (2.5 million premises), this is a [X] increase of around [X] premises or around [X]% of nexfibre's footprint below.

⁸⁶ Parties, FMN, paragraph 657. Substantial had already reached 3.14 million premises passed in February 2026.

Parties, FMN, paragraph 138.

⁸⁷ CityFibre submission: [X].

⁸⁸ Parties, FMN, paragraph 334.

⁸⁹ We understand that this reflects two factors. First, VMO2's [X] database excludes approximately [X] premises that were recently upgraded from RFOG to FTTP. VMO2 submitted that this was because these premises are currently not ready for sale and are not expected to be released until [X]. P1-RF13-Parties, question 9. Second, there are data quality issues within VMO2's internal records, including duplicated and missing UPRNs affecting around [X]% of its database. P1-RF14-Parties, question 1. We understand these have limited Ofcom's ability to match all VMO2 Fibre Up data to premises in its January 2026 dataset.

⁹⁰ Parties' response dated 10 August 2026 to the CMA's RFI dated 4 August 2026 (**P2-RF13-Parties**), question 10.

⁹¹ Parties' submission: [X].

- (e) **Openreach FTTP footprint:** publicly available information indicates that Openreach's FTTP footprint had increased to around 23.6 million premises passed.⁹² Compared to the figures used below (20.4 million premises passed), this is an increase of around 3.2 million premises or around 15%. Assuming similar or slightly lower overbuild rates on these new premises, this would increase Openreach's FTTP overbuild by around 10-15% on all metrics.⁹³

Table C.1: 2026 network overlaps – VMO2/nexfibre's FTTP footprint

<i>Provider</i>	<i>Premises covered (millions)</i>	<i>Coverage (%)</i>
VMO2/nexfibre FTTP	6.1	100.0
VMO2 Fibre Up	[X]	[X]
nexfibre	[X]	[X]
Substantial	0.8	12.8
CityFibre	1.2	18.9
Combined CityFibre/Substantial	1.9	31.7
Openreach FTTP	4.9	80.0
Openreach legacy	1.2	19.9
Full Fibre	[X]	[0-5]
VX Fiber	[X]	[0-5]
Lightspeed	[X]	[0-5]
Community Fibre	[X]	[0-5]
Trooli	[X]	[0-5]

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [X].

Note: The top 10 network providers based on total number of premises passed are included in this table. VMO2's RFOG build data is not included in this table.

⁹² thinkbroadband, [August 2026 update on Openreach full-fibre roll-out | thinkbroadband](#), 12 September 2026 (last accessed on 23 September 2026). This is around 70% of UK premises.

⁹³ For example, Openreach FTTP overbuild with VMO2/nexfibre's FTTP footprint would increase from 80.0% to over 90%, with VMO2/nexfibre's total footprint from 72.4% to over 80% and with Substantial's footprint from 85.5% to over 90%.

Table C.2: 2026 network overlaps – VMO2/nexfibre's full footprint

<i>Provider</i>	<i>Premises covered (millions)</i>	<i>Coverage (%)</i>
VMO2/nexfibre	18.1	100.0
<i>VMO2 Fibre Up</i>	[X]	[X]
<i>nexfibre</i>	2.5	13.8
<i>VMO2 HFC</i>	10.2	56.2
<i>VMO2 RFOG</i>	[X]	[X]
Substantial	2.5	13.6
CityFibre	3.3	18.2
Combined CityFibre/Substantial	5.7	31.9
Openreach FTTP	13.1	72.4
Openreach legacy	5.0	27.5
Community Fibre	[X]	[5-10]
Hyperoptic	[X]	[0-5]
Full Fibre	[X]	[0-5]
Toob	[X]	[0-5]
Grain Connect	[X]	[0-5]
Number of premises with at least one competitor other than Openreach	9.1	50.0
Number of premises with at least one competitor other than Openreach or CityFibre/Substantial	3.3	18.3

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [X].

Note: The top 10 network providers based on total number of premises passed are included in this table.

Table C.3: 2026 network overlaps – Substantial footprint

<i>Provider</i>	<i>Premises covered (millions)</i>	<i>Coverage</i>
Substantial	3.0	100.0
VMO2/nexfibre	2.5	81.9
<i>VMO2 Fibre Up</i>	[X]	[X]
<i>nexfibre</i>	0.2	6.6
<i>VMO2 HFC</i>	1.4	47.7
<i>VMO2 RFOG</i>	[X]	[X]
Openreach FTTP	2.6	85.5
Openreach legacy	0.4	14.4
Grain Connect	[X]	[0-5]
CityFibre	0.0	1.1
Lightspeed	[X]	[0-5]
ITS Technology Group	[X]	[0-5]
VX Fiber	[X]	[0-5]
Ogi	[X]	[0-5]

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [X].

Note: The top 10 network providers based on total number of premises passed are included in this table.

Table C.4: 2026 network overlaps – Merged Entity's FTTP footprint

<i>Providers</i>	<i>Premises covered (millions)</i>	<i>Coverage (%)</i>
Total VMO2/nexfibre/Substantial	8.3	100
VMO2/nexfibre	6.1	73.2
VMO2 Fibre Up	[X]	[X]
nexfibre	[X]	[X]
Substantial	3.0	36.2
Overlapping premises	0.8	9.4
Overlap with VMO2 Fibre Up	0.6	7.0
Overlap with nexfibre	0.2	2.4
Openreach FTTP	6.7	81.0
Openreach legacy	1.6	18.9
CityFibre	1.2	14.2
Full Fibre	[X]	[0-5]
VX Fiber	[X]	[0-5]
Lightspeed	[X]	[0-5]
Community Fibre	[X]	[0-5]
Grain Connect	[X]	[0-5]

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [X].

Note: The top 10 network providers based on total number of premises passed are included in this table.

Table C.5: 2026 network overlaps – Merged Entity's full footprint

<i>Providers</i>	<i>Premises covered (millions)</i>	<i>Coverage (%)</i>
Total VMO2/nexfibre/Substantial	18.6	100
VMO2/nexfibre	18.1	97.1
VMO2 HFC	10.2	54.6
VMO2 Fibre Up	[X]	[X]
nexfibre	2.5	13.4
VMO2 RFOG	[X]	[X]
Substantial	3.0	16.2
Overlapping premises	2.5	13.2
Overlap with VMO2 HFC	1.4	7.7
Overlap with VMO2 Fibre Up	0.6	3.1
Overlap with VMO2 RFOG	0.2	1.3
Overlap with nexfibre	0.2	1.1
Openreach FTTP	13.5	72.7
Openreach legacy	5.1	27.3
CityFibre	3.3	17.7
Community Fibre	[X]	[5-10]
Hyperoptic	[X]	[0-5]
Full Fibre	[X]	[0-5]
Toob	[X]	[0-5]
Grain Connect	[X]	[0-5]
Number of premises with at least one competitor other than Openreach	6.8	36.5
Number of premises with at least one competitor other than Openreach or CityFibre	3.5	18.8

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [X].

Note: The top 10 network providers based on total number of premises passed are included in this table.

Table C.6: 2026 network overlaps – CityFibre/Substantial footprint

<i>Providers</i>	<i>Premises covered (millions)</i>	<i>Coverage (%)</i>
CityFibre/Substantial	7.5	100.0
VMO2/nexfibre	5.7	76.1
VMO2 HFC	3.3	44.2
VMO2 Fibre Up	[REDACTED]	[REDACTED]
VMO2 RFOG	[REDACTED]	[REDACTED]
nexfibre	0.4	5.5

Source: CMA analysis of Ofcom's Connected Nations January 2026 dataset and VMO2 data as of [REDACTED].

Note: We have not included the level of network overbuild from Openreach or altnets other than VMO2/nexfibre because we do not currently have this information available. However, [REDACTED] only limited overlaps between CityFibre and other altnets [REDACTED].

APPENDIX D: Evidence on the transaction's effects relating to retail fixed broadband

- D.1 In this appendix we set out additional evidence supporting certain aspects of the impact of the Transaction at the retail level, which are outlined in the competitive assessment. In particular, we:
- (a) Explain our analysis of retail switching data, which supports our assessment of indirect constraints at the wholesale level that may arise through end-consumer choices at the retail level.
 - (b) Set out evidence underpinning our view that, relative to a counterfactual in which CityFibre purchase Substantial, there would be no further substantial impact of the Transaction on competition at the retail level, beyond the impact of the loss of wholesale competition detailed in our competitive assessment.

Analysis of retail switching data

- D.2 In this section, we explain our analysis of retail customer switching, set out in the competitive assessment. This draws on VMO2's data on customers who changed retail ISP via the One Touch Switch (**OTS**) process. We set out: (i) context on the OTS programme; (ii) our methodology; (iii) issues relating to interpretation of the data; and (iv) our results.

Context on the OTS programme

- D.3 The OTS programme is an Ofcom-mandated and industry-agreed process for residential broadband switching, introduced in September 2024.⁹⁴ The OTS system allows customers to leave their broadband contracts without contacting their old provider to cancel.⁹⁵
- D.4 The Parties provided data on each OTS switch that occurred, for the period 1 January 2025 to 30 June 2026.⁹⁶ For each switch, the data identify who was the losing or gaining ISP on the other side of the switch; the UPRN that the switch took place; and the month of the switch. As set out further below, we have also

⁹⁴ OTS was intended largely to replace a more fragmented process for switching across different physical networks, for example from Openreach to a smaller altnet, which required customers to contact both their old and new providers even when they were not purchasing other products from the old provider. Ofcom, [Simpler and quicker broadband switching is here](#), 12 September 2024 (last accessed on 22 September 2026).

⁹⁵ P1-RF11-Parties, footnote 20.

⁹⁶ P2-s109(01)-Substantial, question 2.

utilised Ofcom's Connected Nations January 2026 dataset, and a list of CityFibre's wholesale customers.⁹⁷

Methodology

- D.5 We first filtered the data to calculate metrics for a subset of premises supporting analysis of the impact of access to CityFibre's network.
- (a) The first subset of premises includes all VMO2 switches that took place in areas where the only other available network was Openreach FTTP.
 - (b) The second subset included all VMO2 switches that took place in areas where the only other available networks were Openreach and CityFibre.^{98,99}
- D.6 To undertake this filtering, we matched VMO2's data, at UPRN level, with Ofcom's Connected Nations January 2026 dataset.¹⁰⁰ Specifically, we use Ofcom's data to identify areas where other networks were present and to segment the areas into only areas with VMO2/nexfibre + Openreach FTTP and only areas with VMO2/nexfibre + Openreach FTTP and CityFibre.
- D.7 We then identified which ISPs were customers of CityFibre and which were not, using the list provided by CityFibre, and calculated metrics which support this assessment. In particular, we calculated the ratio of wins to losses and switching rates.
- (a) The ratio of wins to losses measures the ratio of customers that an ISP wins from a rival ISP, relative to the number of customers an ISP loses to that same ISP. We compute this by taking the total number of customers that a certain ISP wins from a rival and dividing it by the total customers that the same ISP loses to the same rival. Where an ISP has a ratio above 1 this indicates it had net gains from VMO2 and a ratio below 1 indicating net losses.
 - (b) Switching rates measure the proportion of customers switching away from a particular losing ISP which are gained by other ISPs. We compute these by taking the number of customers switching away from the losing ISP who go to the gaining ISP, divided by the total number of customers switching away from the losing ISP. Additionally, we present switching rates for customer

⁹⁷ Third-party response to the CMA's phase 2 third-party questionnaire, question 9: [§]. Appendix D Annex A contains a list of third-party responses to the CMA's phase 2 third-party questionnaire

⁹⁸ We include all premises reached by VMO2/nexfibre's network, regardless of the technology used. Whilst we consider the relevant wholesale product market comprises all FTTP networks and Openreach's legacy networks but not HFC/RFOG networks, we consider that VMO2's HFC/RFOG networks may impose an indirect competitive constraint on other wholesale providers. See the competitive assessment chapter, market definition section.

⁹⁹ We exclude Openreach's network where using legacy technologies, because its lower technical performance weakens the attractiveness of retail offers based on the technology, and this weakening could inhibit comparison of the impact of CityFibre's presence. See the nature of competition chapter and the section on retail effects of the Transaction below.

¹⁰⁰ See Appendix C for discussion of Ofcom's Connected Nations 2026 fixed broadband networks coverage data.

gains and losses separately: we do this because the two measures are often not symmetrical.

Interpretation

- D.8 The Parties submitted that OTS data can only provide a partial indication of competitive constraints they face from, and impose on, other ISPs.¹⁰¹ Substantial further submitted that (i) OTS data does not capture all switches,¹⁰² and (ii) a supplier with a large installed base may account for a substantial proportion of gains even if it is not an especially close competitor; and (iii) that limited switching from a supplier with a smaller or newer addressable customer base does not necessarily indicate a weak competitive constraint.¹⁰³ We discuss these points in turn.
- D.9 First, we recognise that switching evidence is just one indicator of closeness of competition, albeit an important one as it is real-world evidence on consumer choice. In our assessment of retail competition below and when considering the indirect constraint at the wholesale level from retail competition (see competitive assessment chapter) we have considered switching evidence alongside other indicators such as evidence from internal documents and third-party evidence.
- D.10 Second, whilst switching data represents only a subset of previous consumer switches, the evidence indicates that the switching data is broadly representative of those wider flows.
- (a) OTS data does not capture certain categories of switching, such as people moving house.¹⁰⁴ OTS data therefore excludes a non-random set of switches.¹⁰⁵ However, the data captures a material fraction of overall switching, and a high fraction of controllable churn¹⁰⁶ (and so the set of switches we consider are most informative of competitive conditions).¹⁰⁷
- (b) The Parties submitted that OTS switchers are broadly representative of non-OTS switchers.¹⁰⁸ VMO2's documents indicate the OTS data is broadly

¹⁰¹ Substantial said it considers switching alongside a multitude of other factors, such as competitors' prices and offers. Source: P2-RFI1-Parties, question 10.

¹⁰² VMO2's economic advisors, RBB, also said that OTS switchers over-represent the proportion of VMO2 customers acquired via field sales, and are therefore likely to over-represent the proportion of VMO2 customers lost through the same channel. Parties, Additional economic evidence on retail competition, 14 August 2026, section 3.3, page 13.

¹⁰³ P2-RFI1-Parties, question 10.

¹⁰⁴ Additional reasons switching may not be present in the data include acquisition of new customers who are not switching, changing the named customer within a household at the same time as moving provider, business customers outside of residential addresses, and churn for reasons of bad debt (Third-party submission) [X]

¹⁰⁵ The Parties' data included a very small fraction of missing observations, which we have treated as missing at random.

¹⁰⁶ The Parties define controllable churn as all customer churn that does not occur due to non-payment of service, home movement or customer death (P2-RFI1-Parties, question 11).

¹⁰⁷ From January 2025 to April 2026, c.[20-30]% of VMO2's gains were via OTS, c.[30-40]% of its losses were via OTS, and c.[60-70]% of its controllable churn. From January 2025 to April 2026, [50-60]% of Substantial's gains were via OTS, and [10-20]% of its losses were via OTS (P2-RFI1-Parties, question 11).

¹⁰⁸ P2-RFI1-Parties, question 11(a).

consistent with other evidence on flows,¹⁰⁹ and as set out below the Parties use the OTS switching data to inform their decision making.

- (c) BT also told us the information is sufficiently representative to support the commercial decision-making for which BT uses this data.¹¹⁰

- D.11 Third, we consider that greater shares of gains from or losses to a particular provider, the more likely it is these providers are closer competitors, all else equal. We have not used our analysis to inform an assessment of absolute levels of closeness of competition; rather we compare switching ratios between groups of competitors in order to test relative closeness of competition.¹¹¹
- D.12 Finally, we consider that metrics based on switches reflect the revealed preferences of customers who have previously switched providers, but not those who remain with their existing provider. Switching rates may not therefore fully capture the preferences of marginal customers, which reduces the weight we can place on them. However, they remain useful in understanding the historic strengths of different providers in attracting customers away from others. The Parties have considered the switching data as part of their own competitive monitoring and to inform commercial decisions.^{112,113}

Results

- D.13 Tables D.1 and D.2 compare switching outcomes in areas where VMO2 overlaps with Openreach FTTP only against areas where VMO2 overlaps with both Openreach FTTP and CityFibre. Table D.1 shows results for CityFibre ISP customers, while Table D.2 shows results for ISPs that are not CityFibre customers.

¹⁰⁹ A January 2026 VMO2 Internal Document sets out data from VMO2's leaver survey and OTS switching data. For example, the leaver survey measured [REDACTED] (VMO2 internal document, Annex '[REDACTED]' to the FMN, slide 25).

¹¹⁰ Third-party call note: [REDACTED].

¹¹¹ Were all providers today equally close competitors, we would expect to see shares of gains to reflect shares of installed bases. We would however expect the share of losses to reflect the (reciprocal of the) number of competing providers. Specifically, if all providers are equally close competitors, then absent market features such as capacity constraints, then customers would switch to rivals with equal probability. The share of wins at any given provider would however reflect the installed bases of rivals: were a uniform proportion of customers to switch away from their provider, a higher number of customers would be drawn from providers with larger installed base, and so the relative numbers of switchers arriving at any given provider would reflect those installed bases. These represent only theoretical benchmarks and were all provider equally close competitors in the past we would expect them to be equal.

¹¹² For example, a VMO2 document discusses how [REDACTED] (VMO2 internal document, Annex '[REDACTED]' to the FMN, slide 25).

¹¹³ A Brsk board document also presents OTS switching data. The document states that the data provides a '[REDACTED]' and [REDACTED]. (Substantial annex to P1-s109(01)-Substantial: Annex 1.1.68, '[REDACTED]', slide 27).

Table D.1: Impact of CityFibre Network Presence on Strength of Constraint Imposed on VMO2 – CityFibre ISP Customers Only

Network Overlap Area	Ratio of wins from VMO2 to losses to VMO2	Share of VMO2 Gains (%)	Share of VMO2 Losses (%)
VMO2 Overlap with BT FTTP Only	[X]	[X]	[X]
VMO2 Overlap with BT FTTP and CityFibre	[X]	[X]	[X]
Difference between CityFibre area and Openreach Only	[X]	[X]	[X]

Source: CMA analysis of VMO2, Ofcom and CityFibre's data.

Table D.2: Impact of CityFibre Network Presence on Strength of Constraint Imposed on VMO2 – ISPs that are not CityFibre Customers

Network Overlap Area	Ratio of wins from VMO2 to losses to VMO2	Share of VMO2 Gains (%)	Share of VMO2 Losses (%)
VMO2 Overlap with BT FTTP Only	[X]	[X]	[X]
VMO2 Overlap with BT FTTP and CityFibre	[X]	[X]	[X]
Difference between CityFibre area and Openreach Only	[X]	[X]	[X]

Source: CMA analysis of VMO2, Ofcom and CityFibre's data.

D.14 Drawing on these tables, we first compare the **ratio of wins** from VMO2 to losses to VMO2. This ratio was higher among ISPs with a contract with CityFibre in areas where they relied on CityFibre, compared to areas where the same ISPs relied on Openreach FTTP. Further, while ISPs that are not CityFibre customers also had higher win/loss ratio from VMO2 in areas where CityFibre is present, the difference was smaller. This suggests ISPs compete more effectively when using the CityFibre network itself. Specifically:

- (a) In areas where VMO2 overlapped with CityFibre, CityFibre's ISP customers won [X] customers from VMO2 for every customer they lost to VMO2. Whereas, in areas where the same ISPs relied on Openreach FTTP they only won [X] customers from VMO2 for every customer lost to VMO2.
- (b) In areas where VMO2 overlapped with CityFibre, non-CityFibre ISP customers won [X] customers from VMO2 for every customer they lost to VMO2. Whereas, in areas where CityFibre is not present the same ISPs only won [X] customers from VMO2 for every customer lost to VMO2.¹¹⁴

D.15 We then compare the **share of VMO2's losses** going to each ISP group. CityFibre ISP customers accounted for a higher share of VMO2 customer losses in areas where they relied on CityFibre, compared to areas where the same ISPs relied on Openreach FTTP. Specifically, in areas where VMO2 overlapped with CityFibre, CityFibre ISPs accounted for [X]% of VMO2 customer losses. Whereas, in areas where the same ISPs relied on Openreach FTTP, they accounted for [X]% of VMO2 customer losses.¹¹⁵ This indicates that VMO2 lost a

¹¹⁴ The difference in win/loss ratio for CityFibre customers was [X] across the two areas, whereas the difference in ratio of wins to losses for ISPs that are not CityFibre customers was [X]. This represents over [X] as many customers being gained for every customer lost to VMO2 by ISPs that use CityFibre compared to ISPs that do not use CityFibre.

¹¹⁵ This represents a difference of [X] percentage points.

larger proportion of customers to CityFibre's ISP customers in areas where those ISPs could use CityFibre's network, than where they could not.¹¹⁶

- D.16 We consider that these results show ISPs compete more effectively with VMO2 in the CityFibre area, and that this increase is more pronounced for CityFibre's ISP customers. We consider this to be indicative of how rivals' access to CityFibre's wholesale offering may strengthen constraints on VMO2.

Supporting analysis of retail horizontal effects of the Transaction

- D.17 In this section, we set out further evidence supporting our view in the competitive assessment that there will be no substantial further impact of the Transaction on competition at the retail level, beyond the impact of the loss of wholesale competition detailed in that chapter.
- D.18 We first consider what factors currently give rise to closeness of competition between providers; second explain what would be the conditions of competition in the relevant counterfactual (in which CityFibre purchases Substantial); and third explain why we do not expect the Transaction to give rise to additional competition concerns arising from horizontal unilateral effects at the retail level.
- D.19 First, ISPs' abilities to offer low prices or better quality to customers depends on their (effective) costs of accessing a network (see the competitive assessment chapter), as well as the network technology used, their ability to bundle broadband with other attractive products, and vertical integration.
- (a) As explained in the nature of competition chapter, FTTP connections provide higher technical performance (such as speed) relative to other types of connection, particularly copper-based ones. Respondents generally said offerings on legacy networks offer a weaker constraint than FTTP, and offerings on HFC a strong or very strong constraint.¹¹⁷
 - (b) Offering fixed broadband together with mobile or TV offerings also appears to strengthen providers. An Ofcom survey suggests that switching tends to be higher for customers who do not purchase as part of a bundle.¹¹⁸ Consistent with this, VMO2's internal documents indicate its view that increasing sales of

¹¹⁶ For completeness, we also compared the share of VMO2 gains going to each group of ISPs. This showed a smaller difference across groups of [X]%. This indicates that the impact of competing against CityFibre occurs more on VMO2's ability to [X] customers than on its ability to [X] customers.

¹¹⁷ Whilst one provider also considered copper-based connections of equivalent speeds to symmetric FTTP offerings offer a very strong constraint, the three other respondents rated their constraints no higher than moderate. Third-party responses to the CMA's phase 2 third-party questionnaire, question 20(b): [X].

¹¹⁸ Ofcom [Pricing and consumer engagement report](#) Figure 5 (last accessed on 23 September 2026). The survey is partially derived from an online commercial panel, and therefore we do not place full evidential weight on these results (see [CMA 78](#)). However, the CMA can treat results from such surveys as indicative.

fixed-mobile converged sales,¹¹⁹ likely through its bundled propositions, [REDACTED].¹²⁰

- (c) ISPs may also benefit from being vertically integrated.^{121,122} Most respondents to our third-party questionnaire said that operating network infrastructure strengthens a retail ISP's ability to compete for customers.¹²³ This is consistent with VMO2's documents, which show that [REDACTED]. It is also consistent with examples we saw in documents of VMO2's [REDACTED],¹²⁴ and with VMO2's assessment that [REDACTED].¹²⁵

- D.20 Second, as set out in our analysis of the counterfactual, we consider that the most likely eventual purchaser of Substantial's retail ISP (YouFibre) would have been [REDACTED] or [REDACTED]. We do not expect this ([REDACTED]) would have given rise to competition concerns, because [REDACTED] are particularly close competitors with Substantial, and in any event sufficient constraints would remain from VMO2, BT Group, and Tier 1 ISPs with access to the CityFibre network.¹²⁶ As set out below, however, conditions of competition would be different under this counterfactual from those prevailing to date.
- D.21 Third, against this counterfactual we consider that the Transaction would not give rise to horizontal competition concerns in the supply of retail fixed broadband, on any geographic basis.

¹¹⁹ Fixed Mobile Convergence can refer to convergence between fixed- and mobile- telecommunications products, in services that have previously been seen as distinct are increasingly seen as interchangeable, networks that used to be distinct increasingly adopt common characteristics and/or different services that used to be sold separately to consumers are sold together as part of a retail bundle. Source: CMA, [BT Group plc and EE Limited Final Report](#), 15 January 2016, paragraph 5.6.

¹²⁰ VMO2 annex to P2-s109(01)-VMO2: '[REDACTED]', page 4.

¹²¹ An [REDACTED] document provided by Substantial indicates that vertical integration provides pricing flexibility, though it also recognises challenges such as scale and organisational complexity (Substantial annex '[REDACTED]' to FMN, page 146).

¹²² A document dated 22 January 2026 produced by Enders Analysis said that LitFibre, once it had sold its network to CityFibre and despite having a competitive wholesale offer with CityFibre, could not offer the same attractive retail pricing terms it had used as a vertically integrated firm (Substantial annex '[REDACTED]' to FMN, page 4). Consistent with this, an ISP said that Lit Fibre's retail businesses struggled after selling its network assets to CityFibre. The ISP suggested Lit Fibre's struggle to achieve profitability once separated from ownership of infrastructure related to Lit Fibre's retail scale, with the ISP noting that scale is an important determinant of success for standalone retail businesses (Third-party call note: [REDACTED]).

¹²³ Advantages identified were pricing advantages ([REDACTED]), network investment and product development ([REDACTED]), higher quality customer journey ([REDACTED]), improved control over installation process ([REDACTED]), regulatory risk, such as that relating to use of Openreach's regulated products ([REDACTED]) network quality and service levels ([REDACTED]), and first-to-network advantages ([REDACTED]). Third-party responses to the CMA's phase 2 third-party questionnaire, question 24: [REDACTED]. Less than half of such respondents said such benefits are mitigated or removed where wholesale access is available on competitive or fair, reasonable and non-discriminatory terms. We note this is unlikely to be the case currently in VMO2 and YouFibre overlap areas given VMO2/nexfibre and Substantial do not currently provide wholesale access to any other ISPs. Third-party responses to the CMA's phase 2 third-party questionnaire, question 24: [REDACTED].

¹²⁴ VMO2 was [REDACTED]; we consider this [REDACTED] (VMO2 annex '[REDACTED]' to P2-s109(01)-VMO2, page 2). VMO2 also identified [REDACTED]; we consider its [REDACTED] (VMO2 annex '[REDACTED]' to P2-s109(01)-VMO2, pages 4 and 9).

¹²⁵ VMO2 annex '[REDACTED]' to P2-s109(01)-VMO2, page 18.

¹²⁶ For example, [REDACTED] operates [REDACTED], and they [REDACTED] shares of supply.

- (a) The vertically integrated nature of YouFibre and its sole access to the Substantial network seems to be an important determinant of how closely it currently competes with VMO2 where the Parties' networks overlap.¹²⁷
- (b) In the counterfactual, the purchaser would [X] access the Substantial network via an agreement with CityFibre, and the Substantial network would also become available to other ISPs.¹²⁸ The Transaction would remove that access; however, that is the focus of our wholesale theory of harm set out in our competitive assessment.
- (c) In the counterfactual, the purchaser would also benefit from acquiring YouFibre's customer base of around 500,000 customers,¹²⁹ in [X] representing a [X] increment to their national customer bases.¹³⁰ Although scale increases can reduce wholesale prices particularly for small ISPs,¹³¹ the [X] we do not expect the purchase of YouFibre's customer base would materially strengthen the constraint of [X], beyond that which they would anyway impose on VMO2 post-Transaction.¹³²
- (d) In this context and abstracting from the impact of the wholesale theory of harm, in both the counterfactual and post-Transaction, VMO2 would continue to face competitive constraints from BT and other Tier 1 ISPs. Evidence from third parties,¹³³ as well as internal documents,^{134,135} indicate these ISPs will impose the closest competitive constraint on VMO2 in the areas affected by the Transaction following the Merger.

¹²⁷ As set out in Appendix C, Table C.3, Substantial's network primarily overlaps with Openreach and VMO2/nexfibre's networks, implying vertically integrated status provided it with a relative strength over most competitors who functioned on a wholesale-only model.

¹²⁸ See the counterfactual chapter.

¹²⁹ [YouFibre hits milestone of 500,000 customers | YouFibre News](#) (last accessed 30 September 2026).

¹³⁰ See, for example, CMA analysis of retail shares of supply in the nature of competition chapter.

¹³¹ [X]: [Parties' response to the Areas of focus](#), 20 July 2026, paragraph 188(ii).

¹³² CityFibre submitted that [X] (P2-RF13-CityFibre, question 2).

¹³³ We asked third-party ISPs to identify and rate their current and potential competitors in retail fixed broadband. Whilst constraints may vary with geography and network access, responses suggest BT and Sky tend to be the strongest third-party competitors, followed by VodafoneThree, TalkTalk and others. 17 ISPs were named by the ISPs which responded to our questionnaire. ISPs most frequently mentioned the following third parties: Sky and BT jointly, then VodafoneThree and TalkTalk. For comparison, VMO2 was the most frequently named, and YouFibre the fifth most frequently named. Other third parties were identified by fewer than half of respondents. Sky, BT, and VodafoneThree when mentioned were never rated very weak or weak. A minority of ratings of Sky, BT and VMO2 were 'moderate' (or weaker), whereas a majority of ratings of VodafoneThree were 'moderate'. A majority of TalkTalk's ratings were weak or very weak. For comparison, half of YouFibre's ratings were moderate. Third-party responses to the CMA's phase 2 third-party questionnaire, question 23: [X].

¹³⁴ A VMO2 internal document identifies [X] as the greatest source of its OTS gross adds nationally, and [X] as the greatest destination of gross losses. The document indicates it gains a low proportion of [X] leavers. When comparing competitors, the document highlights wider product portfolios of [X], but not [X] (VMO2 annex '[X]' to P2-s109(01)-VMO2, pages 29 and 31).

¹³⁵ A nexfibre internal document notes [X]. The document also identifies competitive attributes held by [X], such as convergence opportunities from its mobile base (Parties' annex to FMN, '[X]', slide 24).

ANNEX A to Appendix D: Third party respondents to the CMA’s phase 2 questionnaire

Table D.3: Third party respondents to the CMA’s phase 2 questionnaire

[✂]

APPENDIX E: VMO2 and nexfibre's incentives to wholesale competitively

- E.1 A vertically integrated provider that supplies both wholesale access and retail broadband services may face competing incentives when determining the terms on which it wholesales access to its network. On the one hand, attracting wholesale customers can increase network utilisation and generate additional wholesale revenues. On the other hand, offering attractive wholesale terms may intensify downstream retail competition, including by enabling third-party ISPs to compete more effectively for customers located on the provider's network footprint. In those circumstances, a vertically integrated provider faces a trade-off between the gains associated with additional wholesale volumes and the potential impact on its retail business.¹³⁶
- E.2 As set out in a submission from Substantial, this trade-off gives rise to several practical considerations, including:¹³⁷
- (a) Wholesale pricing and retail cannibalisation: The wholesale price must generate enough contribution to support the network owner's economics. Retail contribution margins are typically higher than wholesale contribution margins, so wholesale supply is sustainable only if it delivers genuinely incremental take-up rather than replacing higher-margin retail customers with lower-margin wholesale connections.
 - (b) Retail price pressure and churn: For vertically integrated operators, wholesale supply can also reduce retail margins by increasing retail competition on the operator's own footprint.
 - (c) Implementation costs and demand risk: Wholesale supply also requires substantial effort before meaningful volumes are realised.
- E.3 Below, we consider whether VMO2's vertically integrated business model is likely to weaken VMO2/nexfibre's incentives to compete competitively in wholesale over time, relative to a combined CityFibre/Substantial in the counterfactual. This is distinct from the question of whether VMO2/nexfibre would wholesale at all. As discussed in the counterfactual chapter, our provisional view is that VMO2/nexfibre would continue to compete in wholesale in the counterfactual.
- E.4 As a starting point, our provisional view is that VMO2/nexfibre faces few wholesale rivals in its footprint,¹³⁸ and that wholesale supply is a very important factor in retail

¹³⁶ See, for example, submission from a Tier 1 ISP (Third-party submission); Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 66.; and Substantial's submission: [X].

¹³⁷ Substantial's submission: [X].

¹³⁸ See competitive assessment chapter, market structure section.

competition. This is likely to give VMO2/nexfibre a strong ability to influence downstream competition via the competitiveness of its wholesale offer.

- (a) Our view of the importance of wholesale supply is supported by the evidence set out in the competitive assessment chapter (indirect retail constraints section) and Appendix D, which indicates that ISPs partnered with CityFibre compete more effectively in CityFibre areas.
- (b) In addition, wholesale supply makes up a significant portion of supplier costs and determines much of the quality and innovation of the retail offer (see competitive assessment chapter, pass through of competitive effects to retail consumers section).

E.5 Our assessment therefore focuses on VMO2/nexfibre's *incentive* to compete competitively in wholesale. In making this assessment, we have considered: (i) submissions from the Parties and third parties, (ii) VMO2/nexfibre's internal documents, (iii) VMO2/nexfibre's observed behaviour, (iv) nexfibre's governance arrangements, and (v) quantitative modelling.

Submissions from the Parties and third parties

E.6 The Parties submitted that both nexfibre and VMO2 have clear incentives to compete at the wholesale level by offering attractive terms to ISPs.¹³⁹ They stated that:

- (a) Evidence for these strong incentives includes: (i) nexfibre is a wholesale-only player with a commercial imperative to actively wholesale; (ii) InfraVia, as an independent co-controlling shareholder in nexfibre, has no economic interest at the retail level and its sole focus is in maximising nexfibre's wholesale revenues; and (iii) maximising wholesale revenues with competitive offers to third-party ISPs is intrinsic to the Transaction rationale, investment thesis and business plans.¹⁴⁰
- (b) VMO2's customers are less susceptible to cannibalisation than customers of a smaller retail-focused operator such as YouFibre, given it has an established and premium brand through its TV offering and strong mobile propositions¹⁴¹ and given that bundled customers are associated with lower switching rates than standalone customers.¹⁴²

¹³⁹ [Parties' response to the Areas of focus](#), 20 July 2026, heading 6.1.

¹⁴⁰ [Parties' response to the Areas of focus](#), 20 July 2026, paragraphs 189 and 194 and section 6.1.2.

¹⁴¹ Parties' response dated 3 August 2026 to the CMA's RFI dated 10 July 2026 (**P2-RF11-Parties**), question 4b.

¹⁴² The Parties added that VMO2 is also less dependent on each incremental retail acquisition to build scale, meaning that wholesale gains are more likely to serve customers it would not otherwise have won at retail, rather than displace future retail additions (Substantial's submission, '[§§]', 28 August 2026, paragraph 42(c)).

- (c) At the same time, VMO2's technology offer is no longer [REDACTED]. [REDACTED].¹⁴³
- (d) Any putative hypothetical incentive for nexfibre to pursue a strategy which is not profit-maximising at the wholesale level post-Transaction is mitigated by:
 - (i) nexfibre's robust corporate governance and arm's-length framework ensuring its operational independence from VMO2; and (ii) InfraVia's shareholder rights afforded to protect its financial return and designed to allow it to monitor/control nexfibre's wholesale strategy.¹⁴⁴

E.7 However, some third parties raised concerns about VMO2/nexfibre's incentives to wholesale competitively. For example:

- (a) One third party submitted that VMO2's established retail market position means that it has more to lose through the cannibalisation of its retail margins from providing wholesale services, compared to altnets with no or a materially smaller retail position. It also submitted that as VMO2 is already operating at scale, it also has less to gain from wholesaling than altnets which are still seeking to build minimum efficient scale.¹⁴⁵
- (b) One Tier 1 ISP submitted that a significant proportion of the incremental subscribers that a large third-party ISP like [REDACTED] would win would be expected to come from VMO2, given VMO2's significant market share in its footprint, and given that [REDACTED] is a relatively close competitor to VMO2, estimating that around [REDACTED]% of the new subscribers it wins in VMO2's footprint come from VMO2.¹⁴⁶ It also noted that VMO2 has a significant back-book of high-ARPU subscribers, including subscribers on legacy contracts and bundled services, which increases its margin per subscriber and potential retail losses. Lastly, it noted that if VMO2 lost a bundled retail customer, it would be likely to not only lose the broadband margin, but also the margin for associated bundled services (given that VMO2 requires Pay TV subscribers to also purchase broadband from VMO2).¹⁴⁷
- (c) Another Tier 1 ISP submitted that it is concerned that the Transaction might provide VMO2 with the opportunity to worsen wholesale access conditions for competing ISPs, which could, in turn, have negative downstream effects on retail broadband competition.¹⁴⁸

E.8 In addition, as part of its recent TAR, Ofcom found that VMO2's presence in the retail market means that wholesaling is likely to lead to some cannibalisation of its own customer and revenue base. It found that this may be perceived as a risk by

¹⁴³ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraphs 51-55.

¹⁴⁴ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 12.

¹⁴⁵ Third party submission: [REDACTED].

¹⁴⁶ Third party submission: [REDACTED].

¹⁴⁷ Third party submission: [REDACTED].

¹⁴⁸ Third party submission: [REDACTED].

ISPs (eg because VMO2 may advantage its retail arm in areas where it is competing with ISPs) and make VMO2's network less attractive compared to other altnets. Ofcom recognised that these risks may be mitigated by contractual clauses but noted that agreeing such clauses may add to the costs of dealing with VMO2.¹⁴⁹

- E.9 Consistent with this Ofcom submitted that, at this point, it is sceptical of VMO2/nexfibre's incentives to wholesale on competitive terms. This is because:¹⁵⁰
- (a) The risks of cannibalisation of the VMO2 retail base could limit the incentives for VMO2/nexfibre to offer attractive wholesale prices to the market (and so contribute to providing a strong, direct competitive constraint). The loss of an independent rival could further strengthen this cannibalisation effect from a wholesale deal.
 - (b) VMO2/nexfibre has also not yet secured a major third-party ISP customer, even with the development of the nexfibre business and network, and despite discussing [REDACTED].
 - (c) It remains unclear what tangible, verifiable, merger-specific changes would enable VMO2 to start making wholesale deals.

Internal documents

- E.10 Our provisional view is that VMO2/nexfibre's internal documents provide strong evidence that nexfibre has an incentive to wholesale and is actively seeking to grow its wholesale business. As discussed in the counterfactual chapter, VMO2/nexfibre's internal documents clearly indicate that securing third-party wholesale customers had been a strategic priority for both nexfibre and VMO2 prior to the Transaction.
- E.11 Further, we have not seen evidence that concerns regarding retail cannibalisation have prevented VMO2/nexfibre from pursuing wholesale opportunities. Nor have we seen evidence that retail cannibalisation has been a significant focus of VMO2/nexfibre's internal assessment of their wholesale strategy. We understand that VMO2 has not undertaken any substantive analysis of the potential [REDACTED] of its retail sales in recent years, subsequent to an analysis in 2021 which did not expect the onboarding of [REDACTED].¹⁵¹
- E.12 However, our provisional view is that this lack of internal documents assessing cannibalisation does not itself show that VMO2/nexfibre would have strong

¹⁴⁹ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 2: Market definition and SMP assessment](#), 17 March 2026, paragraph 4.118.

¹⁵⁰ Ofcom response dated 18 September 2026 to the CMA's RFI dated 15 September 2026, pages 11 and 12.

¹⁵¹ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 58.

incentives to offer wholesale access on competitive terms. Instead, it indicates to us that VMO2/nexfibre would be willing to offer wholesale access at a price and on terms that it considers to be suitable.

VMO2/nexfibre's observed behaviour

- E.13 As discussed in detail in the competitive assessment chapter (comparison of wholesale offers section), evidence indicates that VMO2/nexfibre's current wholesale offer overall is less competitive than CityFibre's wholesale offer. For example, compared to CityFibre, VMO2/nexfibre's wholesale offer would initially be available to a narrower set of ISPs, involve less attractive commercial terms, and require further integration activity.
- E.14 Our provisional view is that this observed behaviour is consistent with VMO2/nexfibre having weaker incentives than a wholesale-only operator to wholesale competitively.
- E.15 This observed behaviour may also reflect other differences in commercial strategy – for example, the Parties submitted that while some altnets [redacted] do currently offer lower price points, this is loss-leading pricing which is not financially sustainable over the long-run.¹⁵² However, our view is that the Parties did not provide compelling evidence to support this submission and we have not received evidence to support the view that the discounts offered by CityFibre (for example) are unsustainable.¹⁵³

nexfibre's governance arrangements

- E.16 We agree with the Parties' submissions that InfraVia is likely to have a strong incentive to wholesale competitively to maximise nexfibre's wholesale revenues. We consider that InfraVia's shareholder rights to protect its financial return may mitigate the extent to which VMO2's retail considerations influence nexfibre's wholesale competitiveness.
- E.17 However, we do not consider that they eliminate the alignment of interests between nexfibre and VMO2. nexfibre is a 50:50 joint venture between Liberty Global and Telefónica (via an entity Opal Holdco Limited) on the one hand and Crown Infra Bidco Limited (an entity wholly owned by funds managed by InfraVia) on the other hand.¹⁵⁴ The shareholders' agreement between Opal Holdco Limited and InfraVia contains customary provisions for the governance of a 50:50 joint venture that result in InfraVia and Opal Holdco Limited having joint control over

¹⁵² Parties' submission: [redacted]; and Parties' letter to the CMA, 2 September 2026, page 3.

¹⁵³ For further detail, see competitive assessment chapter, comparison of wholesale offers section.

¹⁵⁴ See [Companies House page](#) and filings for nexfibre (ie Opal JVco Limited).

decision making with respect to nexfibre.¹⁵⁵ Liberty Global and Telefónica are also joint owners of VMO2.

- E.18 We also note that other evidence indicates that nexfibre's decision-making is likely to be closely aligned with those of VMO2:
- (a) VMO2 and nexfibre market and present joint wholesale propositions to third-party ISPs.¹⁵⁶ VMO2 is nexfibre's anchor and only wholesale customer.¹⁵⁷
 - (b) The fact that Liberty Global and Telefónica do not fully own nexfibre strengthens their incentives to protect VMO2's retail business, as any retail losses would only be replaced with a 50% share of wholesale gains. In theory, this increased incentive to protect VMO2's retail business could offset InfraVia's strong incentive to maximise nexfibre's wholesale revenues.
 - (c) Finally, we note that Ofcom treated VMO2 and nexfibre as a single entity in its recent TAR.¹⁵⁸

Quantitative modelling

- E.19 We have also considered quantitative modelling submitted by VMO2/nexfibre, Substantial, and a third-party ISP. Each of these models seeks to quantify the balance between wholesale gains and potential retail losses arising from wholesaling. However, each model relies on assumptions regarding future customer behaviour, wholesale take-up, pricing and cannibalisation that are inherently uncertain. In addition, the models differ significantly in their treatment of key parameters. Overall, our provisional view is that we can only place limited weight on any of these models and only do so where they are consistent with our wider evidence base. We discuss them briefly below.

VMO2/nexfibre modelling

- E.20 VMO2/nexfibre's modelling purports to show that both VMO2 and nexfibre would have an incentive to wholesale in the long-term at [X], although the Parties submit that this analysis is illustrative and purely theoretical, because it assumes away the fact that nexfibre is a wholesale-only provider with no direct vertical links to take into account.¹⁵⁹ As a starting point, we note that in assuming a [X], this analysis supports our concern that VMO2/nexfibre would offer a less competitive offer than would be available in the Substantial footprint in the counterfactual. We

¹⁵⁵ Consolidated annual report and financial statements for the year ended 31 December 2024 for Opal JVco Limited, page 49, available on [Companies House](#).

¹⁵⁶ Parties, FMN, paragraph 7.

¹⁵⁷ Parties, FMN, paragraph 192. The VMO2 group includes the GiffGaff retail brand.

¹⁵⁸ Ofcom, [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 – Volume 2: Market definition and SMP assessment](#), 17 March 2026, paragraph 2.17.

¹⁵⁹ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraphs 62-66 and 75.

also note that [REDACTED],¹⁶⁰ whereas CityFibre/Substantial would provide wholesale access to [REDACTED] large ISPs after integration of the CityFibre and Substantial businesses. In any case, we have concerns with the structure and assumptions of the modelling, which means that we can only place limited weight on it in our provisional assessment:

- (a) In relation to retail cannibalisation, [REDACTED].¹⁶¹ [REDACTED].¹⁶² While we accept that there is no simple way to estimate retail cannibalisation rates, we consider this [REDACTED] to be a very conservative estimate, given that VMO2/nexfibre planned to wholesale to [REDACTED].
- (b) We also note that in modelling the impact of retail cannibalisation, VMO2/nexfibre [REDACTED],¹⁶³ [REDACTED].¹⁶⁴ [REDACTED].¹⁶⁵ Given the characteristics of VMO2's retail customer base, including its premium brand and bundled offerings (see above) and high retail prices,¹⁶⁶ we have reservations as to whether these assumptions are realistic.

E.21 In addition, the modelling indicates that wholesale supply becomes [REDACTED].¹⁶⁷ However, forecasts over such a long time horizon are subject to substantial uncertainty, as the Parties' acknowledge,¹⁶⁸ particularly in a market characterised by evolving technology, changing competitive conditions and uncertainty regarding ISP wholesale demand.

Third-party ISP modelling

- E.22 Second, modelling from a third-party ISP purports to show that under a plausible and internally consistent set of assumptions on margins and diversion ratios, a 75% pass-through rate and linear demand, the Merged Entity would only be willing to offer the third-party ISP a small discount of [REDACTED]% relative to Openreach's pricing.¹⁶⁹
- E.23 Our provisional view is that the ISP's assumptions regarding cannibalisation are not supported by the wider evidence base. In particular, the model does not account for the likelihood that VMO2 would lower its retail prices in response to

¹⁶⁰ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 76.

¹⁶¹ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 76.

¹⁶² P2-RF11-Parties, question 4b.

¹⁶³ [REDACTED]. P2-RF11-Parties, questions 4 and 7.

¹⁶⁴ [REDACTED]. P2-RF11-Parties, question 4. We note that because nexfibre is a relatively new entrant, VMO2's retail share is just [REDACTED]% in the nexfibre footprint, compared to over [REDACTED]% in the full VMO2/nexfibre footprint. We therefore consider it unlikely that VMO2 would benefit from a large back-book of high-margin customers in the nexfibre footprint, as it does in its own footprint. CMA analysis of Ofcom's January 2026 Connected Nations data.

¹⁶⁵ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 80; and P2-RF11-Parties, question 4.

¹⁶⁶ A third party submitted that analysis of public data and its own data showed that VMO2 has the highest average revenue per user or ARPU out of all retail ISPs (Third party submission: [REDACTED]).

¹⁶⁷ For example, [REDACTED] (Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 81).

¹⁶⁸ See for example, P2-RF11-Parties, question 4a.

¹⁶⁹ The model assumes that VMO2 would target half the level of profit as absent the Transaction (as VMO2 will only have a 50% stake in the Merged Entity) (Third party submission: [REDACTED]).

any of the ISP's discounts to avoid the prospect of retail cannibalisation.¹⁷⁰ We consider this a particularly important omission because we have evidence that VMO2 has indeed reacted to stronger retail competition from rival ISPs in CityFibre areas by reducing its retail prices, as discussed in our competitive assessment. VMO2 has also submitted that its most likely response to any [REDACTED] would be to [REDACTED].¹⁷¹

Substantial modelling

- E.24 Third, Substantial's modelling purports to show that a standalone Substantial would not have an incentive to wholesale in the counterfactual, including because wholesale would give large ISPs a low-cost input to compete against YouFibre.¹⁷² Our provisional view is that this modelling is not informative of VMO2/nexfibre's incentives to wholesale, including because: (i) it considers standalone Substantial's incentives, which faces a very different financial situation and economic incentives compared to VMO2/nexfibre; and (ii) it does not consider standalone Substantial's incentives beyond [REDACTED],¹⁷³ which introduces a structural bias against wholesaling (which incurs some short-term costs that could be outweighed in the long run).

Provisional conclusion on VMO2/nexfibre's incentives to wholesale competitively

- E.25 Overall, our provisional view is that as a result of its vertically integrated offering, VMO2/nexfibre may have weaker incentives to wholesale competitively than wholesale-only competitors (such as a combined CityFibre/Substantial in the counterfactual), and that this is consistent with its observed wholesale offer, which is less competitive than CityFibre's offer. However, we have not seen internal document evidence directly supporting this concern, and we recognise that VMO2/nexfibre's less competitive terms might be a result of several factors – including the extent of wholesale competition, which would be reduced by the Transaction compared to the counterfactual.
- E.26 In assessing that VMO2/nexfibre may have weaker incentives to wholesale, we have considered that:
- (a) VMO2 faces few wholesale rivals in its footprint, and wholesale supply is a very important factor in retail competition, making up a significant portion of

¹⁷⁰ Third party submission: [REDACTED].

¹⁷¹ Parties, nexfibre's Incentives to Wholesale Paper, 1 July 2026, paragraph 74.

¹⁷² Substantial's submission: [REDACTED].

¹⁷³ Substantial's submission: [REDACTED].

supplier costs and determining much of the quality and innovation of the retail offer.

- (b) VMO2 has a significant retail market share ([REDACTED])¹⁷⁴ that could be won by more competitive retail competitors if VMO2/nexfibre wholesaled on more competitive terms. This is in the context of retail margins being higher than wholesale margins.¹⁷⁵
- (c) VMO2/nexfibre's priority wholesale customers – [REDACTED] – are some of VMO2's closest and strongest retail competitors, competing strongly with VMO2 for its retail customers, including bundled customers.¹⁷⁶
- (d) As described above, Tier 1 ISPs using CityFibre are more effective at winning business from VMO2, compared to when they use Openreach's wholesale offering.
- (e) While we consider that InfraVia has a strong incentive to wholesale competitively and ultimately VMO2/nexfibre would wholesale in the counterfactual, VMO2's shareholders are joint owners of nexfibre and have an even stronger incentive to protect VMO2's retail business because any retail losses would only be replaced with a 50% share of wholesale gains.

¹⁷⁴ CMA analysis of Ofcom's Connected Nations 2026 fixed broadband networks coverage data.

¹⁷⁵ A third party also submitted that analysis of public data and its own data showed that VMO2 has the highest average revenue per user or ARPU out of all retail ISPs (Third party submission: [REDACTED]).

¹⁷⁶ See competitive assessment chapter, indirect retail constraints section.

Glossary

Term	Definition
the Act	The Enterprise Act 2002
ADSL	Asymmetric Digital Subscriber Line
ALR	Access Link Rental
altnet	Alternative broadband network provider
Anchor tenant	A major initial wholesale customer whose long-term demand helps support the financing and commercial viability of a network. VMO2 is Nexfibre's anchor tenant
API	Application Programming Interface
Areas of Focus	The CMA's phase 2 document identifying the principal issues and potential theories of harm that the Inquiry Group expects to investigate
ARPU	Average revenue per user
B2B	Business-to-business
B2B2C	Business-to-business-to-consumer
B2C	Business-to-consumer
Backhaul	The part of the network carrying traffic from local access infrastructure towards aggregation points and the core network
Brsk ISP	Brsk ISP Limited
BT	BT Group plc, the telecommunications group that owns Openreach and supplies retail and wholesale communications services
BTOR	BT Openreach
Build Plan	A network operator's planned deployment by location and period, including the number of premises expected to be passed or made RFS

Term	Definition
Bundling	The sale of two or more products or services together as a combined package, commonly broadband, landline, mobile or television services. The bundle may have a combined price or other benefits not available when purchasing each service separately
Capex	Capital expenditure
CDD	Commercial Due Diligence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Churn	The number or percentage of customers who disconnect or cancel their service during a given period
CityFibre	CityFibre Limited
CMA	The Competition and Markets Authority
CMA2	Guidance to the CMA's jurisdiction and procedure
CMA17	CMA rules of procedure for merger, market and special reference groups (CMA17)
CMA87	Merger remedies
CMA108	Interim measures in merger investigations
CMA129	Merger Assessment Guidelines
Community Fibre	London-focused full-fibre network operator and retail ISP
Connected	Premises at which an active, live customer service has been installed
Consortium	A group of independent organisations working together on a particular transaction, investment or project while remaining legally separate

Term	Definition
Copper	Traditional telecommunications wiring that carries electrical signals between network equipment and customer premises. Copper supports voice and DSL broadband, but performance generally deteriorates as line length increases
Core Network	The central part of a telecommunications network that aggregates and routes traffic between access networks and external services
Counterfactual	The likely competitive situation absent the merger
CP	Communications provider
Duct	An underground conduit through which telecommunications cables are deployed
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Equinox 1	Openreach's first Equinox FTTP pricing offer, preceding Equinox 2
Equinox 2	Openreach's second Equinox commercial pricing offer, providing discounted FTTP wholesale prices to participating communications providers subject to specified terms
EV	Enterprise value
Fast-track Reference	A process through which a merger can be referred to Phase 2 more quickly, without completing the ordinary Phase 1 substantive assessment
Fibre	Optical fibre: thin strands of glass or plastic that transmit data using light. Fibre is used throughout modern telecommunications networks, but the term should not be used alone to describe a retail connection because it may refer to either full-fibre or part-fibre services
Fibre Up	Working label for a project or programme concerned with upgrading an existing telecommunications network to full fibre.

Term	Definition
FMN	Final Merger Notice
Footprint	The premises or geographic area reached, or planned to be reached, by a network
FTTC	Fibre to the cabinet, with copper used for the final connection between the street cabinet and the premises
FTTH	Fibre to the Home
FTTP	Fibre to the premises
Gbps / Mbps	Gigabits per second / Megabits per second: units used to measure data-transfer speed or network bandwidth. One gigabit per second equals 1,000 megabits per second
Giffgaff	VMO2-owned retail communications brand supplying mobile services and, more recently, broadband over the nexfibre network
Gigabit-capable	Capable of delivering download speeds of at least 1 Gbit/s. FTTP and upgraded HFC networks can be gigabit capable
Gigaclear	Rural-focused UK full-fibre network operator and retail ISP
GPON	Gigabit Passive Optical Network: an established FTTP architecture with lower aggregate capacity than XGS-PON
Grain	UK full-fibre alternative network operator and retail ISP
HFC	Hybrid fibre-coaxial
Hyperoptic	UK full-fibre network operator and retail ISP, with a particular focus on apartment buildings and urban areas
IM	Information Memorandum

Term	Definition
INCA	Independent Networks Cooperative Association
InfraVia	InfraVia Capital Partners
Inquiry Group	Group of CMA Panel Members
ISM	Initial Substantive Meeting
ISP	Internet service provider
ITC	Invitation to Comment: the CMA's public invitation for interested parties to submit views on a merger
Joint Venture (JV)	A commercial arrangement under which two or more parties combine resources or ownership to pursue a shared activity, commonly through a jointly owned entity
Liberty Global	Liberty Global Ltd.
LLA	Leased Line Access to third parties
Merged Entity	nexfibre, VMO2 and Substantial for statements relating to the future (if the Transaction was to proceed)
Netomnia	Netomnia Limited
Network Overlap	Premises or geographic areas covered by two or more competing networks
nexfibre	Opal JVco Limited
Ofcom	Office of Communications: the UK regulator for telecommunications, broadcasting, postal services and certain online services
Opal	Opal JvCo Limited
Openreach	BT Group subsidiary that builds and operates the UK's largest fixed-access network and provides wholesale network access to communications providers

Term	Definition
Order ARPU	Average monthly revenue associated with orders placed during a particular month, measured at the point of sale and before installation
Orders	Residential and business orders for YouFibre and BRSK ISP products, regardless of whether they have progressed to installation
Overbuild	Deployment of a network in an area already served by another network, creating overlapping network coverage
Parties	VMO2, together with nexfibre and Substantial
Penetration	Connected premises expressed as a percentage of RFS premises
Phase 1	The CMA's initial merger investigation, ordinarily used to determine whether there is a realistic prospect that the merger may result in an SLC
Phase 2	The CMA's in-depth merger investigation, conducted by an independent inquiry group to determine whether the merger is expected to result in an SLC
PIA	Physical Infrastructure Access
Pole	Above-ground physical infrastructure used to carry telecommunications cables.
PON	Passive Optical Network: fibre-network architecture in which optical capacity is shared between multiple premises using passive splitters
POR	Plan of Record
Premises Passed	Premises within the physical reach of the network that could be connected without requiring further network build
PXC	The wholesale arm of TalkTalk Group
RCBs	Relevant customer benefits

Term	Definition
REEs	Rivalry-enhancing efficiencies
RFI	Request for information.
RFOG	Radio Frequency over Glass
RFS	Ready for Service: premises where the network has been built and tested and is technically capable of accepting a live customer order and connection
RMS	Relevant merger situation
S109	A formal compulsory notice issued under section 109 of the Enterprise Act 2002 requiring documents, information or evidence.
TalkTalk	The retail ISP business of TalkTalk Group
Sky	UK retail provider of broadband, television, mobile and communications services
SLC	Substantial lessening of competition
SMP	Significant Market Power
Substantial	Substantial Topco Limited. A holding company which includes Netomnia Limited (Netomnia), Brsk Limited (Brsk) (which develop and operate FTTP networks), YouFibre Limited (YouFibre) and Brsk ISP Limited (Brsk ISP) (retail providers of FTTP broadband) (together, Substantial Group)
Take-up	The proportion of premises within a network footprint that purchase an active service. Depending on the document, this may be used similarly to penetration, although the denominator should be checked
TAR	Telecoms Access Review 2026–2031
Telefónica	Telefónica, S.A. and Telefónica O2 Holdings Limited

Term	Definition
TOH	Theory or theories of harm: an explanation of how a merger may substantially lessen competition
Transaction	The anticipated acquisition by Opal JVco Limited (nexfibre) of Substantial Topco Limited (Substantial)
UK	United Kingdom
VMO2	VMED O2 UK Limited
VodafoneThree	UK ISP network operator formed through the combination of Vodafone UK and Three UK
WBA	Wholesale broadband access
Wholesale Agreement	A contract under which a network operator supplies network access or related services to a communications provider
Wholesale-Only	A business model under which a network operator sells access to communications providers rather than selling broadband directly to end users
WLA	Wholesale Local Access
XGS-PON	10-gigabit symmetrical passive optical network: advanced FTTP architecture with capacity of approximately 10 Gbit/s in both downstream and upstream directions
YouFibre	YouFibre Limited
Zen	Zen Internet, a UK provider of residential and business broadband and communications services