NON-CONFIDENTIAL VERSION




**Case ME/7146/26**
**Nexfibre / Substantial merger inquiry**

# Response to the CMA's Interim Report

**23 October 2026**

## 1. Introduction and summary

1.1 This submission is provided in response to the CMA's Interim Report dated 2 October 2026 (**Interim Report**). Defined terms have the same meaning as in the Interim Report, unless otherwise stated.

1.2 CityFibre strongly supports the CMA's provisional conclusion that the Transaction will result in a substantial lessening of competition (**SLC**) in the supply of wholesale fixed broadband services in the Parties' combined FTTP network footprint. As CityFibre has said since the Transaction was announced, it risks undermining the long-term competitive future of the wholesale fixed broadband market and the regulatory framework that has been supporting its development. The CMA's provisional findings are consistent with Ofcom's policy of promoting network competition. They are also based on a substantial and convincing body of evidence and the CMA's close engagement with Ofcom and other third parties throughout the inquiry is to be welcomed.[1]

1.3 In particular:

(i) CityFibre agrees that, absent the Transaction, the most likely counterfactual is an acquisition of Substantial by CityFibre, with a subsequent sale of Substantial's retail businesses to a third-party ISP (the **CityFibre Counterfactual**). The significant volume of evidence relied upon by the CMA clearly shows that CityFibre would have obtained the necessary funding to acquire Substantial and Substantial's shareholders were highly motivated to reach terms.

(ii) The CityFibre Counterfactual is materially more competitive than the conditions of competition with the Transaction, with CityFibre providing "*vigorous*" competition[2] thanks to its "*highly competitive terms, with Tier 1 ISPs indicating that they consider CityFibre's wholesale offer to be strong, particularly in terms of price, network speed and reliability*".[3] In contrast, the Transaction reduces the number of wholesale competitors within the Parties' combined FTTP network footprint from 3 to 2. The Transaction enables VMO2/nexfibre to acquire control over a close competitor in many parts of the UK where it already faces limited wholesale competition, while preventing CityFibre from getting access to that substantial footprint. The reduced wholesale competition which results from the Transaction would lead to higher prices and lower service quality at the retail level, to the detriment of consumers.

[1] Interim Report, para 1.9.

[2] See e.g. Interim Report, paras 6.95 and 6.143.

[3] Interim Report, Summary, para 37.

(iii) Even if the CMA had found that the most likely counterfactual involved Substantial continuing to operate on a standalone basis (i.e. the 'Standalone' scenario considered in the Interim Report), the Transaction gives rise to an SLC through a reduction in the number of competitors from 3 to 2.

(iv) The Transaction does not result in any merger-specific efficiencies.

1.4 Since the publication of the Interim Report, the Parties and their shareholders have made a number of unsubstantiated claims in the press attacking the CMA's analytical approach and suggesting that BT Group's acquisition of TalkTalk (the **BT/TalkTalk Merger**) is a material change in circumstance that requires the CMA to revisit its conclusions.[4] For the reasons set out in section 2 below, these claims are entirely without merit.

1.5 CityFibre's shareholders remain fully committed to supporting CityFibre's M&A consolidation strategy and the company's long-term success. The points recently raised by the Parties about CityFibre's "*latest accounts and debt restructuring*"[5] do not represent new evidence – the CMA was aware of these facts and had interrogated the evidence prior to publication of the Interim Report.

1.6 In view of the above, there is no basis for the CMA to reconsider its provisional finding that the Transaction gives rise to an SLC. In those circumstances, prohibition of the Transaction is the only effective and proportionate remedy. No other remedy would address the SLC at source and restore the dynamic process of rivalry between wholesale operators that would be lost as a result of the Transaction.

## 2. The BT/TalkTalk Merger is not a material change in circumstance

2.1 CityFibre is aware that nexfibre's shareholders have recently issued a statement complaining that the CMA's conclusions in the Interim Report "*do not reflect the commercial and financial reality of the UK fibre market*" and that "*[s]ince the Interim Report was published, [the CMA's] position has become even harder to sustain. BT's acquisition of TalkTalk is shrinking the available wholesale market […]. The market has moved on and the CMA's analysis must move with it*".[6]

2.2 CityFibre strongly disagrees. For the reasons set out below, the BT/TalkTalk Merger does not constitute a material change in circumstance that would require the CMA to reconsider the provisional conclusions in the Interim Report.

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[4] See e.g. https://nationalwholesalechallenger.co.uk/response-to-the-cmas-interim-report/.

[5] See https://nationalwholesalechallenger.co.uk/response-to-the-cmas-interim-report/.

[6] See https://nationalwholesalechallenger.co.uk/response-to-the-cmas-interim-report/.

2.3 **First**, the BT/TalkTalk Merger does not materially "*shrink[ ] the available wholesale market*" or reduce the potential for the emergence of three scaled wholesale providers across a material part of the UK:

(i) Whilst TalkTalk was previously an important source of customer demand for wholesale services, its importance has declined and continues to decline. Recent data from Enders Analysis shows that TalkTalk's share of residential broadband connections has fallen from [10-20]% in Q1 2013 to just [0-5]% in Q2 2026 (a reduction of more than 70%):[7]

[REDACTED]

*Source:* *Enders Analysis, UK fixed line market Q2 2026 - Residential broadband, share of subscribers*

(ii) TalkTalk has lost broadband customers in almost every quarter since 2019 and has divested large parts of its customer base.[8] TalkTalk's customer losses have accelerated since 2023, with those customers moving principally to VodafoneThree and challenger altnets rather than BT/EE and VMO2. In other words, whilst TalkTalk's share has declined, the shares of BT/EE and VMO2 have remained largely static, with TalkTalk's customers migrating to other third-party (i.e. contestable) ISPs.

(iii) CityFibre's reliance on TalkTalk for new connections on its network has reduced [REDACTED], with TalkTalk now accounting for [0-5]% of installations in 2026.

(iv) CityFibre's dependence on TalkTalk has been further reduced as a result of the transfer of the TalkTalk customer base on the CityFibre network to 4th Utility / Rise Fibre[9] in the summer of 2026.

(v) TalkTalk's importance for CityFibre volumes has decreased [REDACTED] since [REDACTED] and, as a response to TalkTalk's well known financial difficulties, CityFibre's business plan [REDACTED]. In light of the BT/TalkTalk Merger, [REDACTED].

[7] The Enders Analysis residential broadband market share data is broadly consistent with the retail broadband market share data that Ofcom included in its annual Communications Market Reports until 2025. Ofcom's Communications Market Report for 2026 (available here) does not include retail broadband market share data.

[8] See e.g. https://www.ispreview.co.uk/index.php/2026/08/13500-talktalk-uk-broadband-and-phone-customers-sold-to-fleur-telecom.html; and https://www.ispreview.co.uk/index.php/2026/08/broadband-isp-talktalk-sells-130000-uk-customers-to-rise-fibre.html.

[9] Rise Fibre is one of the consumer-facing retail brands operated by 4th Utility.

2.4 **Secondly**, any strengthening of Openreach's market position arising from the BT/TalkTalk Merger does not affect the CMA's finding that the Transaction gives rise to an SLC in wholesale fixed broadband. As the CMA notes in the Interim Report, the constraint from Openreach is insufficient to mitigate the impact of the Transaction on wholesale competition, as Openreach is constrained to some extent by regulation and it does not replicate the important competitive role played by a strong altnet wholesaler.[10]

2.5 **Thirdly**, while CityFibre assumes that the CMA will have followed the same competition-assessment framework in both cases,[11] it is worth emphasising that the BT/TalkTalk Merger and the Transaction involve different circumstances which give rise to materially different issues. In particular, TalkTalk was on the verge of insolvency and the Secretary of State has intervened in the BT/TalkTalk Merger to protect the public interest, which does not prejudge the outcome of the CMA's review of the competition issues. There are no equivalent circumstances in this case. The CMA has made clear in the Interim Report that its provisional findings "*are based on [its] assessment of **this specific acquisition**, and the particular competition concerns which arise as a result of the degree of network overlap between the Parties*" and that they "*do not reflect any view on consolidation in the wider altnet sector*".[12] The CMA must continue to assess the impact of the Transaction on its own merits.

2.6 Given the above, there is no credible basis to support the Parties' view that the BT/TalkTalk Merger constitutes a material change in circumstance, still less one that is capable of undermining the CMA's well-reasoned provisional conclusions in the Interim Report.

## 3. The counterfactual (section 5 of the Interim Report)

### 3A The CityFibre Counterfactual

3.1 CityFibre agrees with the CMA's provisional conclusions that:

(i) Absent the Transaction, the most likely counterfactual is an acquisition of Substantial by CityFibre, with a subsequent sale of Substantial's retail businesses to a third-party ISP.[13]

(ii) Following CityFibre's acquisition of Substantial, wholesale access to the combined CityFibre/Substantial network would quickly have been made available to all of CityFibre's existing ISP customers. These ISPs would benefit from CityFibre's

[10] Interim Report, paras 6.194 and 6.199.

[11] CityFibre has not seen the CMA's report on the BT/TalkTalk Merger that was delivered to the Secretary of State on 19 October 2026.

[12] Interim Report, Summary, para 48, emphasis added.

[13] Interim Report, paras 5.142 and 5.177(a).

competitive wholesale offering (particularly in terms of price and service quality[14]), which would in turn enable them to have a more competitive retail offering in the CityFibre/Substantial network area.[15]

3.2 The CMA has carefully evaluated a **significant volume of evidence** in reaching its provisional conclusions, including evidence from Substantial, CityFibre, CityFibre's key shareholders (Antin, GS and Mubadala) and PJT Partners.[16, 17] That evidence clearly shows that CityFibre's proposed acquisition of Substantial was a credibly financed alternative both before and after the Transaction was announced in February 2026. In particular, there is strong contemporaneous evidence demonstrating that:

(i) CityFibre's shareholders were willing to invest a significant amount of equity into the deal, and CityFibre would have been given more time to raise the required funding absent the Transaction.[18]

(ii) Independent ISPs had a firm interest in buying Substantial's ISP business and CityFibre would likely have obtained a significant sum from the sale of the ISP business.[19]

(iii) By February 2026, the requirement to meet the change of control consents contained in Substantial's loan facilities would partially have been met through rollover of the majority of Substantial's debt.[20]

(iv) Developments since February 2026 do not cast doubt on CityFibre's ability to fund M&A. CityFibre has obtained significant additional funding commitments from its shareholders since February 2026.[21] CityFibre's three largest shareholders (Antin, GS and Mubadala) sent a letter to CityFibre's Board on 15 July 2026 stating that "*we are long-term investors in CityFibre and we have supported (and continue to support) the [CityFibre] Group, including by providing new funding as part of the last refinancing in 2025. We have seen and continue to see real value in the business and its future growth*".[22] A CityFibre press release dated 6 October 2026 stated that CityFibre's shareholders "*remain fully supportive of CityFibre's strategy, reflected in the £900m*

[14] Including repair times and installation performance.

[15] Interim Report, para 6.205.

[16] Interim Report, paras 5.62-5.63, 5.78-5.82 and 5.90-5.139.

[17] PJT Partners is a global advisory-focused investment bank [REDACTED].

[18] Interim Report, paras 5.62-5.92.

[19] Interim Report, paras 5.93-5.98.

[20] Interim Report, para 5.121.

[21] Interim Report, para 5.136.

[22] Interim Report, paras 5.83(d) and 5.124-5.125.

*equity commitment proposed in August 2026 to support growth plans*" and that "*[t]his new equity provides the firepower needed to accelerate industry consolidation and expand CityFibre's network*".[23]

(v) [REDACTED].[24]

3.3 Since the publication of the Interim Report, the Parties have made a number of unsubstantiated claims in the press questioning CityFibre's ability to acquire Substantial and CityFibre's financial position more generally.[25] For example, nexfibre's statement of 20 October 2026 suggests that "*CityFibre's latest accounts and debt restructuring raise further questions about its financial viability*".[26] These claims amount to baseless speculation and politicking, and the CMA should dismiss them as a calculated attempt to muddy the waters.

3.4 The points recently raised by the Parties about CityFibre's financial position provide no new evidence – the CMA was aware of, and had interrogated, these facts before it published the Interim Report and it took due account of them in the Interim Report. In particular:

(i) In August and September 2026 CityFibre provided a significant amount of information to the CMA concerning its ability to fund an acquisition of Substantial, including a large number of contemporaneous documents, and the CMA had detailed discussions with CityFibre's management, shareholders and corporate advisers. For example, [REDACTED].[27] [REDACTED].[28] [REDACTED].[29]

(ii) [REDACTED].

(iii) CityFibre made the CMA aware of its latest accounts and the CMA took due account of them in its Interim Report.[30] The accounts show strong underlying revenue and

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[23] See https://cityfibre.com/news/cityfibre-delivering-strong-underlying-performance-as-it-moves-to-strengthen-its-capital-structure-and-prepares-for-acquisition-drive-2. On the new £900m equity commitment, see also https://www.broadbandtvnews.com/2026/07/31/cityfibre-raises-900m-to-fund-broadband-acquisitions/.

[24] [REDACTED]

[25] Substantial and nexfibre's shareholders have also complained that the CMA's provisional decision "*rests on a highly speculative counterfactual*" and that CityFibre "*had the opportunity in a competitive sale process, and it did not succeed*" (see here). This represents a fundamental misunderstanding of the relevant legal test. As the CMA makes clear in para 5.122 of the Interim Report, the CMA's task is to "*consider, to the extent practicable, how CityFibre's negotiations with Substantial would have evolved* ***absent the Transaction***" (emphasis added). The question of who ultimately succeeded in the "*competitive sale process"* is therefore not relevant to the assessment of the most likely counterfactual.

[26] https://nationalwholesalechallenger.co.uk/response-to-the-cmas-interim-report/.

[27] [REDACTED].

[28] [REDACTED].

[29] [REDACTED].

[30] Interim Report, paras 5.56 and 5.85.

profitability growth, with revenue increasing 36% to £164 million and adjusted EBITDA quadrupling to £60 million.[31]

3.5 Contrary to what the Parties may seek to suggest, CityFibre is well-placed to continue its expansion plans through M&A activity:

(i) Since the publication of the Interim Report, CityFibre's shareholders, including Mubadala, have reiterated their commitment to supporting CityFibre's M&A activity and the company's long-term success. As noted above, a CityFibre press release dated 6 October 2026 stated that CityFibre's shareholders "*remain fully supportive of CityFibre's strategy, reflected in the £900m equity commitment proposed in August 2026 to support growth plans*" and that "*[t]his new equity provides the firepower needed to accelerate industry consolidation and expand CityFibre's network*".[32]

(ii) Recognising that its capital structure needs to evolve to support M&A activity, CityFibre has recently commenced a recapitalisation process. CityFibre's CEO stated on 6 October 2026 that this process will "*establish a strong, long-term capital structure for the business*", enabling CityFibre to "*accelerate consolidation in the sector creating a larger business with the funding and financial flexibility to deliver its long-term plan*".[33]

(iii) As part of the recapitalisation process, CityFibre has [REDACTED].[34] [REDACTED].

(iv) [REDACTED].

(v) [REDACTED].

3.6 In view of the above, there is no basis for the CMA to reconsider its provisional conclusion that CityFibre would have obtained the necessary funding to acquire Substantial absent the Transaction.[35]

## 3B The counterfactual for VMO2/nexfibre

3.7 In relation to the counterfactual for VMO2/nexfibre, the Interim Report provisionally concludes that, absent the Transaction, VMO2 has clear incentives to continue upgrading its cable

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[31] See https://cityfibre.com/news/cityfibre-delivering-strong-underlying-performance-as-it-moves-to-strengthen-its-capital-structure-and-prepares-for-acquisition-drive-2.

[32] See https://cityfibre.com/news/cityfibre-delivering-strong-underlying-performance-as-it-moves-to-strengthen-its-capital-structure-and-prepares-for-acquisition-drive-2. On the new £900m equity commitment, see also https://www.broadbandtvnews.com/2026/07/31/cityfibre-raises-900m-to-fund-broadband-acquisitions/.

[33] See https://cityfibre.com/news/cityfibre-delivering-strong-underlying-performance-as-it-moves-to-strengthen-its-capital-structure-and-prepares-for-acquisition-drive-2.

[34] [REDACTED].

[35] Interim Report, paras 5.139 and 5.141(e).

network to FTTP.[36] CityFibre agrees with this conclusion, particularly as the CMA makes clear in the Interim Report that VMO2's incentives to upgrade its network are "*consistently displayed across VMO2's internal documents*".[37] CityFibre also notes that:

(i) Ofcom expects VMO2 to continue to have longer term incentives to upgrade its network to remain competitive.[38]

(ii) [REDACTED].[39]

(iii) [REDACTED]. This suggests that VMO2/nexfibre has ascribed significant value to an anticompetitive outcome.[40]

3.8 CityFibre also agrees with the CMA's provisional finding that VMO2/nexfibre would seek to compete in the wholesale supply of fixed broadband absent the Transaction.[41] VMO2's internal documents show that VMO2 has a clear strategic objective to wholesale to ISPs and has made investments to develop the infrastructure and capabilities to achieve this.[42] In other words, an acquisition of Substantial would not enhance VMO2/nexfibre's ability and incentive to wholesale, which would remain strong if the Transaction does not proceed.

## 4. Competitive assessment (section 6 of the Interim Report)

4.1 CityFibre agrees with the CMA's provisional conclusion that the Transaction will result in an SLC in the supply of wholesale fixed broadband services in the Parties' combined FTTP network footprint.[43] In simple terms, the Transaction is a **3-to-2 merger** at the wholesale level in areas where the Parties' networks overlap.

4.2 In the CityFibre Counterfactual, absent the Transaction there would be wholesale competition between three providers in overlap areas: Openreach, VMO2/nexfibre and CityFibre/Substantial.

(i) Contrary to what VMO2/nexfibre has recently claimed, having three network providers across a material part of the UK is not a "pipe dream".[44] Openreach has ubiquitous

[36] Interim Report, para 5.167.

[37] Interim Report, para 5.161.

[38] Interim Report, para 5.162.

[39] [REDACTED].

[40] [REDACTED]. CityFibre notes in this respect that the Parties have an incentive to delay a CityFibre acquisition of Substantial, as it extends the period during which VMO2/nexfibre faces reduced competition in a substantial part of its footprint.

[41] Interim Report, para 5.176.

[42] Interim Report, paras 5.172-5.176 and Appendix B.

[43] Interim Report, paras 6.197-6.201 and 8.1(b).

[44] See e.g. https://capacityglobal.com/news/2bn-netomnia-deal-nexfibre-ceo-rajiv-datta/.

network coverage; VMO2/nexfibre already has a scale FTTP network and has strong incentives to continue upgrading its cable network to FTTP absent the Transaction; and CityFibre remains well-placed to continue its expansion plans through M&A activity, as evidenced by the recent £900m equity commitment from CityFibre's shareholders. The BT/TalkTalk Merger has no bearing on any of these points for the reasons set out in section 2 above.

(ii) An acquisition of Substantial would enable CityFibre to exert a stronger competitive constraint on Openreach and VMO2/nexfibre across a substantial part (c. 32%) of the VMO2/nexfibre footprint. Following CityFibre's acquisition of Substantial, wholesale access to the combined CityFibre/Substantial network would quickly have been made available to all of CityFibre's existing ISP customers; and Openreach, VMO2/nexfibre and CityFibre/Substantial would engage in a dynamic process of competition in this area. Each of the three operators would have strong incentives to improve its offering over time in response to technological developments, changing customer requirements and the commercial propositions of its rivals. The result would be not just lower wholesale prices and improved service quality, but also greater levels of innovation.[45,46]

4.3 By contrast, if the Transaction were allowed to proceed, there would be wholesale competition between only two providers in overlap areas: Openreach and VMO2/nexfibre, with no prospect of this increasing.[47] As the CMA has found, there is a high level of overlap between the VMO2/nexfibre and Substantial networks.[48] Approximately 14% of VMO2/nexfibre's network is overlapped by Substantial; and based on future FTTP overlaps incorporating VMO2's likely upgrade of its cable network, approximately 82% of Substantial's network would be overlapped by VMO2/nexfibre.[49] The Transaction would therefore reduce wholesale fixed broadband competition across a material part of the UK by removing an important alternative source of wholesale access for independent ISPs.[50] The result would be higher wholesale prices, worse service quality and lower levels of innovation.

[45] For example, market entry by altnets has resulted in the introduction of state-of-the-art XGS-PON networks capable of delivering speeds of up to 8Gb/s. See CityFibre's initial submission dated 30 April 2026, para 2.22.

[46] The Parties have acknowledged that innovation is an important parameter of competition at the wholesale level. See Interim Report, para 4.19.

[47] Interim Report, paras 6.78 et seq.

[48] Interim Report, paras 6.77-6.84.

[49] Interim Report, para 6.84(b).

[50] The CMA notes that, relative to the counterfactual, the Transaction results in a reduction of the proportion of VMO2/nexfibre's total network in which VMO2/nexfibre, CityFibre and Openreach are all present from c.32% to c.18%. See Interim Report, para 6.83(a).

4.4 CityFibre also agrees with the CMA's findings that:

(i) The impact of the Transaction on wholesale competition would be particularly significant because **CityFibre is a "*vigorous competitor*"**.[51] Tier 1 ISPs[52] have told the CMA that CityFibre's wholesale offering is very strong, especially in terms of price, network speed and reliability.[53]

(ii) **The constraint from Openreach and other altnets is insufficient** to mitigate the impact of the Transaction on wholesale competition. As the CMA notes, Openreach is constrained to some extent by regulation[54] and does not replicate the important competitive role played by a strong altnet wholesaler; and other altnets are small-scale and lack wholesale capabilities.[55]

(iii) The reduction in wholesale competition would result in **higher prices and lower service quality at the retail level**, to the clear detriment of consumers.[56] Dynamic rivalry at the wholesale level is what generates consumer benefits in terms of price, choice, quality and innovation; and the evidence in the Interim Report clearly shows that ISPs who use CityFibre's network can offer lower prices and better service to consumers.[57]

4.5 Furthermore, **Ofcom's concerns** about the Transaction are striking. Ofcom has made clear that the Transaction "*presents a risk to its regulatory strategy to promote network competition*" and that this "*could mean potentially significant benefits to consumers of network competition are not realised in some areas where they could have otherwise occurred*".[58] It has also cautioned that the Transaction "*could result in less rivalry and competitive pressure across the materially-sized area where the merging Parties' networks overlap*".[59] CityFibre agrees.

4.6 It is also notable that **none of the Tier 1 ISPs are supportive of the Transaction** (the Interim Report states that "*Two Tier 1 ISPs expressed concerns regarding the Transaction*" and that *"[t]wo other Tier 1 ISPs did not express a clear view on the Transaction*").[60] The lack of support

[51] Interim Report, paras 6.95-6.96 and 6.143. See also Interim Report, Summary, para 37.

[52] "Tier 1 ISPs" is the Parties' term for the five largest ISPs (BT Group, Sky, VMO2, TalkTalk and VodafoneThree).

[53] Interim Report, paras 6.96-6.97. See also Interim Report, Summary, para 37.

[54] For example, Ofcom's decision of 28 September 2026 directed Openreach to withdraw its 'Incremental New to Openreach Customer Offer' on the basis that it could harm the development of network competition (see here).

[55] Interim Report, paras 6.194 and 6.199.

[56] Interim Report, paras 6.202-6.205.

[57] Interim Report, paras 6.203-6.204.

[58] Interim Report, para 6.196(d)(i).

[59] Interim Report, para 6.196(d)(ii).

[60] Interim Report, para 6.196(b).

from Tier 1 ISPs is another clear indication that the Transaction is bad for wholesale competition in fixed broadband; if the Transaction would genuinely enhance wholesale competition, as claimed by the Parties, Tier 1 ISPs would be expected to support it.

4.7 Finally, the Transaction would still give rise to a wholesale SLC if the CMA had found that the most likely counterfactual involved Substantial continuing to operate on a standalone basis (i.e. the 'Standalone' scenario considered in the Interim Report). The Standalone scenario is materially more competitive than the conditions of competition with the Transaction, with Substantial retaining capabilities to respond to wholesale opportunities.[61] Substantial would have been a credible constraint on VMO2/nexfibre at the wholesale level in areas where their networks overlap. The Transaction would remove this constraint, ultimately leading to worse outcomes for consumers in terms of price, choice, quality and innovation.

## 5. Countervailing factors (section 7 of the Interim Report)

5.1 CityFibre agrees with the CMA's provisional conclusion that the Transaction will not result in any efficiencies which are timely, likely and merger-specific, and that the Parties' efficiency claims are not supported by the evidence.[62] It follows that the claimed efficiencies will not enhance rivalry in a way that mitigates the anti-competitive effects of the Transaction on the wholesale supply of fixed broadband.

5.2 CityFibre wishes to highlight the following points in relation to the Parties' efficiency claims:

(i) As CityFibre has made clear in previous submissions, combining two overlapping fixed broadband networks is fundamentally inefficient as it results in the duplication of infrastructure.[63]

(ii) The Interim Report notes that VMO2 would still have a strong incentive to continue upgrading its cable network to FTTP absent the Transaction. Any efficiencies claimed by the Parties in this regard are therefore not merger-specific.

(iii) The Parties' claim that the Transaction would significantly increase their FTTP network scale, and therefore make wholesaling to independent ISPs viable, does not stand up to scrutiny. As the Interim Report states, (a) VMO2 already has a scaled FTTP network; (b) VMO2 would upgrade its cable network to FTTP in any event; (c) any incremental scale is limited to the c. 0.6 million non-overlapping Substantial premises; and (d) those premises would be wholesaled by CityFibre in the counterfactual.[64] Furthermore, the

[61] Interim Report, para 5.44.

[62] Interim Report, para 7.42.

[63] See e.g. CityFibre's initial submission dated 30 April 2026, para 4.5.

[64] Interim Report, paras 7.18, 7.30 and 7.32.

Parties have provided limited evidence to support their claim that the Transaction would materially increase the likelihood of ISPs agreeing a wholesale deal with VMO2/nexfibre.[65] The Transaction would not increase the number of FTTP networks serving any premises.

(iv) As regards the Parties' submission that the Transaction incentivises VMO2 to migrate customers from HFC to FTTP sooner than it otherwise would, CityFibre agrees with the CMA that this claimed efficiency is primarily relevant to retail competition and is therefore incapable of preventing the SLC in the supply of wholesale fixed broadband.[66]

## 6. Prohibition of the Transaction is the only effective and proportionate remedy

6.1 CityFibre notes that as a result of the SLC identified in the Interim Report, the CMA will consider possible remedies to address the SLC.[67] The CMA published its Invitation to Comment on Remedies on 20 October 2026, explaining that the Parties have not made a remedy proposal to address the SLC provisionally identified in the Interim Report.[68]

6.2 As set out in CityFibre's submission on remedies of 6 October 2026, CityFibre considers that prohibition of the Transaction is the only remedy which would be effective in preventing the SLC and proportionate to the scale of the SLC and its resulting adverse effects. No other remedy would address the SLC at source and restore the dynamic process of rivalry between wholesale providers that would be lost as a result of the Transaction. Nor would any other remedy restore or replicate the benefits that would flow from the competitive process in the CityFibre Counterfactual, including lower prices, better service quality and greater levels of innovation.

## 7. Conclusion

7.1 For the reasons set out above, CityFibre agrees with the CMA's provisional conclusions in the Interim Report, which are well-reasoned and strongly supported by the evidence. The Transaction would cause serious harm to fixed broadband competition at both the wholesale and retail levels of the market, contrary to Ofcom and Government policy. UK consumers would ultimately suffer in terms of price, choice, quality and innovation.

7.2 In the circumstances, the only effective and proportionate remedy is to prohibit the Transaction.

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[65] Interim Report, para 7.32(b).

[66] Interim Report, paras 7.36-7.38.

[67] Interim Report, para 9.2.

[68] CMA Invitation to Comment on Remedies, para 12.