Third-party B response to the CMA's Interim Report

1. Introduction

We write further to our submission of 8 May 2026 regarding the proposed acquisition by nexfibre of Substantial (the "Transaction"), and following publication of the CMA's Interim Report on 2 October 2026.

[REDACTED]. As an investor of over £[REDACTED] in the UK fibre market, we remain an interested third party in the CMA's assessment of the Transaction.

The CMA's provisional conclusion is that the Transaction may result in a substantial lessening of competition (SLC) in the wholesale supply of fixed broadband services within the parties' FTTP footprint. Our purpose in making this further submission is to highlight the wider market context and the potential implications of the outcome for the necessary consolidation of the UK fibre sector.

2. Summary of our position

Our position remains broadly consistent with our earlier submission:

- Consolidation across the UK fibre sector is necessary to create sustainable, scaled infrastructure competitors and to support continued investment.
- The landscape of credible buyers capable of acquiring and integrating fibre networks at scale is limited.
- An outcome that effectively removes or materially discourages nexfibre from participating in future consolidation would reduce buyer competition and make orderly and market-led restructuring of the sector more difficult.
- The sector needs multiple credible and well-capitalised consolidators, otherwise the risk of a permanent Openreach monopoly becomes more acute.

3. Consolidation remains necessary

The structural need for consolidation has, in our view, become more apparent since our original submission. Significant capital has been invested across the altnet sector, but many operators remain sub-scale, customer penetration has often developed more slowly than originally forecast and access to new capital has become materially more challenging.

Against that background, the question is not whether consolidation will occur, but whether it takes place through orderly strategic transactions or through more fragmented and potentially distressed outcomes. Orderly consolidation can preserve network investment, support customer service continuity and enable infrastructure platforms to achieve the scale required to compete effectively over the long term.

4. Importance of maintaining a competitive buyer landscape

The number of organisations with the capital, operating capability and strategic appetite to acquire fibre networks at scale is already limited. Maintaining competition between potential acquirers is therefore an important part of a healthy market.

While the CMA's assessment will rightly focus on the competitive effects of this Transaction, there is also a wider signalling effect. An outcome that effectively excludes or discourages nexfibre, or CityFibre, from participating in future consolidation could reduce the number of credible buyers for fibre assets, weakening competition in future sale processes and making sector consolidation more difficult. In our view, the long-term health of the sector is best served by preserving a competitive consolidation landscape, with both CityFibre and nexfibre able to participate in future transactions, subject to appropriate competition scrutiny. It would be counter-productive for infrastructure competition in the UK market if either of the two organisations best placed to deliver consolidation and competition to Openreach were deterred from further participation in the market as a result of the CMA’s decision here.

5. Long-term infrastructure competition

A central objective of UK fibre policy has been the development of sustainable infrastructure competition to Openreach. Achieving that objective requires alternative networks to attain sufficient scale, operating efficiency and customer penetration to support continued investment.

Individual transactions must of course be assessed on their merits. We nevertheless encourage the CMA to consider whether the broader effect of its decision may be to make necessary sector consolidation more difficult at a time when many networks require additional scale and capital. In our view, the long-term interests of consumers are supported by a market structure in which more than one scaled alternative platform can compete effectively with Openreach and with each other.

6. Conclusion

We remain supportive in principle of consolidation in the UK fibre sector. We respectfully encourage the CMA, in reaching its final decision, to take account of the following wider considerations:

- the continuing need for orderly consolidation to create financially sustainable, scaled networks;
- the already limited number of credible buyers for fibre assets;
- the risk that an outcome which effectively excludes or discourages one such buyer could impede future market-led consolidation and reduce competitive tension in the market for acquiring other altnet assets; and
- the benefit to investment and long-term infrastructure competition of maintaining multiple active and well-capitalised consolidators, including both CityFibre and nexfibre.

We appreciate that these considerations form only part of the CMA's assessment and do not displace the need to address any competition concerns arising from the Transaction itself. We would be pleased to provide any further information that may assist the Inquiry Group.

23 October 2026