



GaUCHO Rasmussen

Group Director Consumer
Ofcom
Riverside House
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1 October 2018

Dear GaUCHO,

Digital Communications Review: Release of the Undertakings

I am writing to update you on the completion of the final steps necessary for the full implementation of BT's Commitments to enhance the functional separation of Openreach, so that Ofcom can proceed to release BT from the undertakings we gave in 2005 (the "Undertakings").

As you are aware, we have worked hard to deliver the new governance arrangements agreed with Ofcom following the Digital Communications Review (DCR). We have provided you with regular updates on our progress with implementation, including a detailed report in April 2018. We are currently finalising a further submission, covering implementation from April to September 2018, which I hope to send in mid-October. I would like to take this opportunity to thank you, and your team, for the constructive and collaborative nature of our engagement to date.

We have now completed our work on the remaining three pre-conditions of the 10 March 2017 Notification¹:

- BT has waived the pre-conditions (a) regarding the adaptation of the Crown Guarantee in respect of Openreach Limited's liabilities and (b) regarding the BTPS Trustee's consent for Openreach Limited to become a participating employer in the scheme. The BTPS closed to all but 16 members on 30 June 2018. As a result Openreach Limited will not become a participating employer in the BTPS and there will be no need to make changes to the Crown Guarantee.
- We have also addressed pre-condition (c) regarding completion of consultation with the relevant employees and representatives ahead of a TUPE transfer. The consultation closed on 18th of September and on the 30th of September the Board of British Telecommunications plc agreed that consultation had been concluded to its satisfaction and approved the implementation of the DCR arrangements. The TUPE transfer of people to Openreach Limited will take place today.

Now that all conditions have been either waived or successfully met, Ofcom can proceed with the release of the Undertakings within 30 days from this notice.

¹ Paragraph 3, sub-paragraphs (a) to (c) of the March Notification:

<https://www.btplc.com/UKDigitalFuture/Agreed/NotificationtoOfcompursuanttoSection89CCommunicationsAct.pdf>



This is an important milestone for BT and Openreach. We recognise that on-going work is needed to ensure that we deliver appropriate transparency of how BT and Openreach are engaging with each other, and to continue to embed the Commitments in our day-to-day practices, behaviours and culture. We look forward to continue to work together with Ofcom and others to achieve this.

With very best wishes,

Monica Ariño

Director of Regulatory Affairs, BT Group