

Supplementary guidance on WCT over the lacuna period

In Ofcom's '[Review of the fixed narrowband services markets](#)', published on 26 September 2013, we set out our guidance on the setting of fair and reasonable fixed termination rates (FTRs) in Annex 10 ("the guidance"), for the purposes of compliance with SMP Condition 1 as set out in Schedule 3 of Annex 1 to that statement. The guidance applies to all communications providers subject to that SMP Condition (as listed in Annex A to that Schedule 3).

In the guidance, we stated (in paragraph A10.7) that: *"FTRs for wholesale call termination are presumed to be fair and reasonable where the 24 hour average FTR is **no higher than the charge control rate applied to BT (hereafter the "Benchmark FTR")** ... Ofcom's rebuttable presumption is that 24 hour average FTRs that are higher than the Benchmark FTR are unlikely to be fair and reasonable"* (emphasis added).

The charge control rate applied to BT (i.e. the Benchmark FTR) for the last year of the current charge controls for its FTRs expires on 30 September 2016.

In light of BT's approach to interim pricing of its FTRs (see our related correspondence relating to the period after the expiry of current charge controls and before the implementation of any proposed new controls, the so-called "lacuna period"), we intend to apply the guidance as if the reference in paragraph A10.7 to *"the charge control rate applied to BT"* is a reference to *"the average charge control rate applied to BT for its FTRs in 2015/16"*. This change to the guidance will apply from 1 October 2016 until the end of the lacuna period. In all other respects, the guidance will continue to apply.