



Dame Melanie Dawes DCB
Chief Executive
Ofcom
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2 October 2026

Dear Melanie

Re: Potential acquisition of TalkTalk Group by BT – request for regulatory comfort to ensure continuity of service for UK customers and businesses

As you know, we have been proactively supporting both TalkTalk Group's continued operation for many years. Despite this support and our good faith engagement on how Openreach could support potential bidders, we understand the TalkTalk has been unable to agree terms on a sale transaction as part of its ongoing M&A process, with the proposals received to date not being deliverable in practice. We believe that there is no alternative transaction that is now capable of execution within the timeframe necessary to avoid a liquidation of the Group.

On this basis, we have today advanced a non-binding offer for TalkTalk Group's consumer and wholesale businesses. This would be a significant undertaking for BT, necessary to protect continuity of service for customers and avoid the risk of material harm to TalkTalk customers. In that context, we are writing to seek confirmation from Ofcom that regulations will be applied proportionately and pragmatically during the period of transition from TalkTalk's legacy network to BT's.

Migration is a significant undertaking that will take material time and resources

Migrating customers off TalkTalk's outdated, under-invested legacy network will take several years. Our starting point is our responsibility to customers - our own and those we would be asked to protect. If we acquire TalkTalk, we will stabilise the business, safeguard continuity of service, and prioritise vulnerable and critical-infrastructure customers so far as we can identify them. We will bring the full weight of BT and Openreach's engineering, operational and customer-service capability to bear on an orderly migration onto resilient, strategic networks. That commitment is unqualified.

This is a very substantial undertaking. It will stretch BT's resources and create material risks, some of which we cannot identify in advance given the near-total absence of time for normal due diligence. We currently estimate the one-off costs and obligations BT would be significant including turnaround, migration and integration costs. None of our cost estimates includes the potentially significant cost of remedying historic regulatory non-compliance in the TalkTalk business.

During this period, BT will need comfort that existing regulatory rules will be applied proportionately, and that BT will not be held liable for any past non-compliance by TalkTalk. Without that comfort, the BT Board may be unable to proceed to step-in and protect end customers. An open-ended, unquantifiable set of inherited regulatory risks - including high-profile, high-cost enforcement for matters BT did not cause - is not something the Board could reasonably ask its shareholders, many of them British pension savers, to bear.

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Let me be clear about the spirit of this request. BT takes its responsibilities to customers, and to the UK's security and resilience, extremely seriously. We are not seeking a sweeping or a permanent exemption from the rules that govern our sector. We are seeking a proportionate, collaborative approach to a genuinely unprecedented situation, in which BT would voluntarily inherit a distressed legacy business it has had almost no opportunity to examine, to prevent a national harm that would otherwise fall to Government and the public.

The case for regulatory comfort

BT should not face unfair or disproportionate regulatory consequences for decisions and non-compliances that occurred under previous TalkTalk management, before BT had any ownership, control or knowledge of them. Given TalkTalk's recent challenges, we are concerned the business may already face significant non-compliances, that its network may be increasingly prone to outages as equipment reaches end of life, and that there could be historic regulatory risks in how it has approached customer relationships, commercial practices and contracts that we cannot fully assess in the time available.

Wherever possible we have sought to ring-fence such liabilities through the transaction structure, but that will not always be possible, and the compressed timetable means BT would necessarily take on known and unknown compliance risks no acquirer could reasonably quantify. To then face significant compliance costs or expensive enforcement for matters BT inherited while protecting UK customers would be a perverse result - penalising the party stepping forward to prevent a national harm and undermining the case for doing so.

We therefore ask Ofcom to confirm that, within the discretion you hold, you will apply regulation proportionately in light of BT's unique position: inheriting a legacy business that needs major migration and remediation to stabilise and protect future service for more than two million broadband customers and some 80,000 business connectivity customers. This transition will require a collaborative rather than a punitive approach.

We understand and respect that there are limits to what comfort you can provide. While neither the Secretary of State nor Ofcom can be compelled to disapply regulatory obligations, you have discretion on how they are best applied in the interests of consumers and citizens.

We therefore ask instead for the considered exercise of the broad discretion you already hold. Ofcom's enforcement powers are permissive - it may investigate, may issue notifications and may impose penalties - and to date Ofcom has taken a collaborative, proportionate posture in the early years of the security framework, without imposing penalties. We seek the judicious application of that discretion to a plainly exceptional case. We accept this is discretionary case management, and remains bounded by the regulatory regime's overriding objectives, which we would fully respect.

This is a reasonable request. Exercising discretion here would not weaken the regime or set an unwelcome precedent; it would simply recognise that it cannot be right to visit the full force of enforcement on a rescuer for failings it did not create and could not have prevented.

What we are asking of you

Subject to completion of the transaction, we ask you to confirm in writing your agreement to the following principles and approach:

1. A pragmatic approach to monitoring and reporting to Government on the Designated Vendor Direction consistent with regulatory treatment so far in TalkTalk's network. Due diligence to date indicates TalkTalk continues to operate Huawei kit in some parts of its network. Our understanding is Ofcom is aware of the situation as part of its monitoring role. While our migration plan is not finalised, we would not make substantive changes or new investment in the legacy TalkTalk network, including in any further removal or replacement of Huawei equipment unless we discovered any in the optical core. Any residual Huawei exposure will be mitigated by the reduction in customer connections on the legacy TalkTalk network, and keeping the TalkTalk legacy network entirely separate from BT's network including our core, from which we have removed all Huawei equipment. No Huawei equipment would be adopted or migrated into any of BT's networks as part of the migration exercise.

2. A pragmatic approach to wider regulation. We ask Ofcom to confirm a pragmatic, evidence-led approach to regulating the legacy TalkTalk network and services during a potentially multi-year migration. We ask Ofcom for a letter of comfort confirming it will apply its enforcement discretion with full account of BT's mitigating actions in respect of:
 - our Security Duties flowing from the Communications Act, including the Security Regulations, and Code of Practice. Where full alignment with the code on legacy networks is not feasible, BT will identify, apply and explain any compensating controls and keep Ofcom informed;
 - the investigation of any network outages resulting from legacy equipment: Similar to Ofcom's pragmatic approach to the PSTN migration, we ask it to confirm that it will take a similarly pragmatic approach to any regulatory action arising from significant outages caused by TalkTalk's legacy and increasingly unsupported, equipment; and
 - wider regulatory obligations that could be affected by the significant resource requirement of migrating customers from the TalkTalk network, including resource implications for Openreach arising from Ethernet migrations and potential knock-on effect on its Quality of Service obligations.
3. Historic and unknown non-compliance. We ask Ofcom to confirm in writing that it will treat past TalkTalk non-compliance pragmatically and collaboratively rather than punitively, recognising that BT cannot be made responsible for any TalkTalk failures to comply with regulation to date. BT will move quickly to identify and notify non-conformances and would welcome Ofcom sharing its own view of potential TalkTalk risk areas after completion.
4. Proportionate application of new obligations. We ask you to confirm in writing that new regulatory obligations will not be applied to the legacy TalkTalk business without regard to the real costs and practical difficulties of investing in legacy networks, IT and customer-service systems.

Where remediation is required, we will seek practical solutions - including mitigations rather than wholesale removals of end of life equipment - wherever there is a clear path to migration onto BT and Openreach strategic solutions. Our objective throughout is compliance and customer protection on a realistic timetable.

Why this matters to our decision

Without sufficient comfort on these principles, the BT Board may be unable to proceed. In that event, the financial and societal consequences of an unmanaged failure of critical national infrastructure would fall to Government and the public. We would far prefer to help avoid that - on a balanced basis in which BT and policymakers each take on a fair and proportionate set of commitments and risks for the benefit of TalkTalk's customers and employees.

Conclusion

BT is ready to act, at pace and in good faith, to protect millions of UK customers and businesses from a genuinely catastrophic outcome. To do so responsibly, we need to know that Ofcom will meet us with a pragmatic, proportionate and collaborative approach through the transition, and that BT will not be unfairly exposed for the past decisions and non-compliances of the business we would step in to save. I would be grateful for your confirmation in writing of these principles and broad approach, and of your willingness to apply regulation proportionately within the discretion available to you. My team and I are ready to discuss any aspect immediately; at whatever hour the urgency demands.

Yours sincerely



ALLISON KIRKBY