

# Promoting competition and investment in fibre networks: Hull Area Review 2026-31

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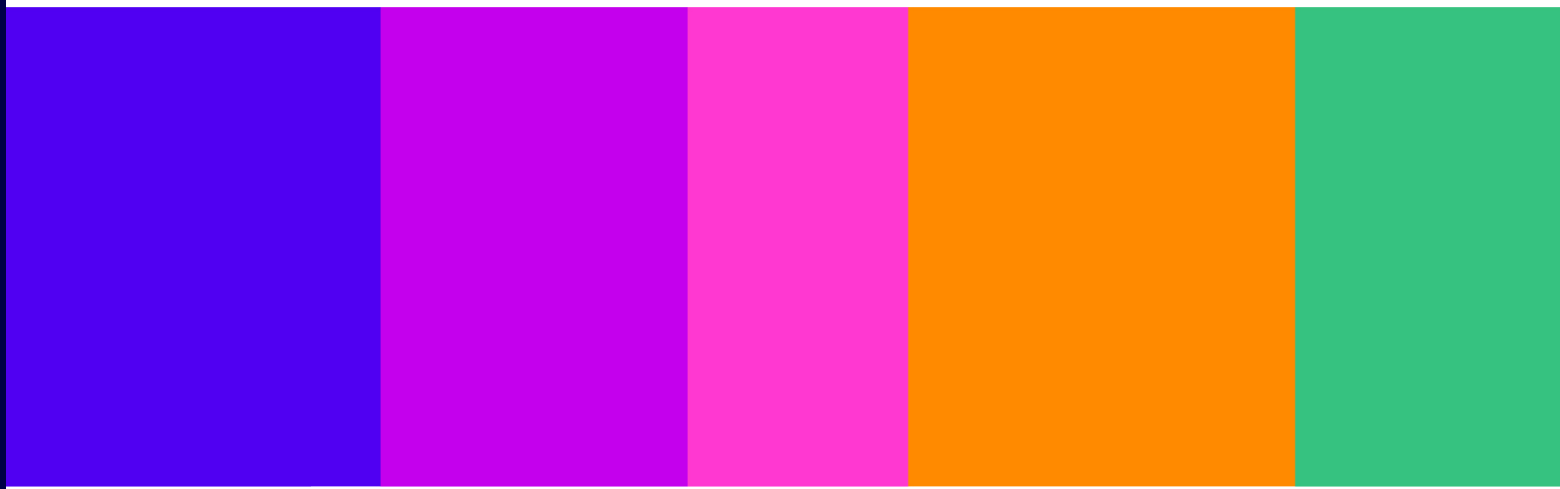
Volume 5: Draft legal instruments

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**Consultation**

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# Proposals for SMP services conditions

## NOTIFICATION OF PROPOSALS UNDER SECTIONS 48A(3) AND 80A(3) OF THE COMMUNICATIONS ACT 2003

**Notification of proposals for the identification of markets, the making of market power determinations and the setting and revocation of SMP services conditions in relation to KCOM under section 45 of the Communications Act 2003 (“Notification”)**

### Background

1. On 28 October 2021, Ofcom published a statement entitled “Promoting competition in fibre networks – Hull Area Wholesale Fixed Telecoms Market Review 2021-26’ (“2021 Statement”). The 2021 Statement set out Ofcom’s conclusions on its review of the wholesale fixed telecoms (local access and leased line access) markets in Hull by identifying markets, making certain market power determinations and setting SMP conditions. At Volume 4 of the 2021 Statement, Ofcom published a notification under section 48 and 79 of the Act containing its market identifications, market power determinations and the setting of SMP conditions and directions to be applied to KCOM (“October 2021 Notification”).
2. Ofcom is today publishing a consultation document entitled “Promoting competition and investment in fibre networks: Hull Area Review 2026-31” (“the Consultation”). In Volumes 1 to 4 of the Consultation, Ofcom is consulting on new proposals to identify markets in the Hull Area, make market power determinations, and set SMP conditions and directions with respect to KCOM.

### Proposals on market identifications and market power determinations

3. Ofcom is proposing to identify the markets listed in Column 1 of Table A below for the purpose of making a determination that the person specified in the corresponding row in Column 2 of that Table has significant market power in that identified services market.

**Table A: Proposed market identifications and market power determinations**

Column 1: Proposed market identification	Column 2: Proposed market power determination
(i) The supply of wholesale local access at a fixed location in the Hull Area	KCOM
(ii) The supply of wholesale leased lines access services in the Hull Area	KCOM

## Proposals to set, apply and revoke SMP services conditions

4. Ofcom is proposing to set, in relation to the markets (i) and (ii) identified in Table A above, the SMP conditions as set out in **Schedule 1** to this notification and which are to be applied to KCOM to the extent specified in that Schedule. These SMP conditions shall, unless otherwise stated in that Schedule, take effect from 1 November 2026 or such other date specified in any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
5. The effect of, and Ofcom’s reasons for making, the proposals in relation to the SMP conditions referred to in this Notification are set out in the accompanying Consultation.
6. Subject to the savings in paragraph 7, Ofcom is (to the extent still extant) proposing to revoke with effect from 1 November 2026 the SMP conditions applied to KCOM as set out in the October 2021 Notification.
7. The savings in this paragraph relate to the SMP Conditions in Schedule 1 to the October 2021 Notification. In relation to the market and type of network access specified in Column 1 of Table B below, Ofcom is proposing that the SMP Conditions listed in Column 2 shall, to the extent they apply to the market concerned, continue to apply in relation to the provision of the services listed in Column 3 until 31 October 2031.

**Table B: Proposed transitional provisions**

Column 1: Market/network access	Column 2: SMP Conditions	Column 3: Services
Dark Fibre Access – the supply of wholesale leased lines access services in the Hull Area	Condition 1.1, 1.3, 1.4, 1.5, 1.6, 2.1, 2.3, 2.4, 2.5, 4.1, 4.2, 5.1, 5.2 (except 5.2(h) and (p), 5.3, 5.4, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 5.13, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 7.1, 7.3, 7.4, 7.5, 7.6, 7.7	Existing Dark Fibre Circuits

## Ofcom’s duties and legal tests

8. Ofcom considers that the proposed SMP conditions above comply with the requirements of sections 45 to 47, 87 and 88 of the Act, as appropriate and relevant to each such SMP condition, and further that the proposed revocations of the SMP conditions referred to above comply with the requirements of sections 45 to 47, 87 and 88 of the Act as appropriate and relevant to them.
9. In making all of the proposals referred to in this Notification, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act and the six requirements in section 4 of the Act.
10. In making the proposals referred to in this Notification, Ofcom has also had regard to both the Statement of Strategic Priorities in accordance with section 2B of the Act, and the desirability of promoting economic growth in accordance with the growth duty set out in section 108 of the Deregulations Act 2015.

## Making representations

11. Representations may be made to Ofcom about any of the proposals set out in this Notification and the accompanying Consultation by no later than 26 February 2026.
12. Copies of this Notification and the accompanying Consultation have been sent to the Secretary of State in accordance with sections 48C(1) and 81(1) of the Act.

## Interpretation

13. For the purpose of interpreting this Notification —
  - a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 14 below, and otherwise any word or expression shall have the same meaning as it has in the Act;
  - b) headings and titles shall be disregarded;
  - c) expressions cognate with those referred to in this Notification shall be construed accordingly; and
  - d) the Interpretation Act 1978 (c.30) shall apply as if this Notification were an Act of Parliament.
14. In this Notification—
  - a) “**Act**” means the Communications Act 2003 (c. 21);
  - b) “**Dark Fibre Access**” has the same meaning as in Schedule 1 to the October 2021 Notification;
  - c) “**Existing Dark Fibre Circuits**” means Dark Fibre Access services which have been ordered on or before 31 October 2026 in the Hull Area;
  - d) “**Hull Area**” means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communication (Hull) plc, (now known as KCOM);
  - e) “**KCOM**” means KCOM Group Limited, whose registered company number is 02150618;
  - f) “**October 2021 Notification**” has the meaning given to it in paragraph 1;
  - g) “**Ofcom**” means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002;
  - h) “**Statement of Strategic Priorities**” means the Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services designated by the Secretary of State for Digital, Culture, Media and Sport for the purposes of section 2A of the Communications Act 2003 on 29 October 2019; and
  - i) “**United Kingdom**” has the meaning given to it in the Interpretation Act.
15. The Schedule to this Notification shall form part of this Notification.

**Signed**

A handwritten signature in black ink, appearing to read "Ben Harries". The signature is written in a cursive style with a large initial 'B' and 'H'.

**Ben Harries**

**Policy Director, Infrastructure and Connectivity Group, Ofcom**

**A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002**

**18 December 2025**

## Schedule 1: SMP conditions

### Part 1: Application

1. The SMP conditions in Part 3 of this Schedule 1, except where specified otherwise, apply to the Dominant Provider in each of the following relevant markets listed in Column 1 of Table 1 below to the extent specified in Column 2 of Table 1. Save as otherwise specified in any condition, each condition shall enter into force on [1 November 2026] and shall have effect until the publication of a notification under section 48(1) of the Act revoking such conditions.

**Table 1: Relevant markets for the purposes of this Schedule**

Column 1: Relevant Market(s)	Column 2: Applicable SMP conditions as set out in Part 3 of this Schedule 1
The supply of wholesale local access at a fixed location in the Hull Area	Condition 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 2.1, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 5.13, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 7.1, 7.2, 7.4, 7.5, 7.6, 7.7, 8.1, 8.2, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, 9.13, 9.14, 9.15, 9.16, 9.17, 9.18, 9.19, 9.20, 9.21, 9.22, 9.23, 9.24, 9.25, 9.26, 9.27, 9.28
The supply of wholesale leased lines access services in the Hull Area	Condition 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 4.1, 4.2, 4.3, 5.1, 5.2 (except 5.2(h) and 5.2(p) that apply to WLA only), 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 5.13, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 7.1, 7.3, 7.4, 7.5, 7.6, 7.7, 8.1, 8.2, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, 9.13, 9.14, 9.15, 9.16, 9.17, 9.18, 9.19, 9.20, 9.21, 9.22, 9.23, 9.24, 9.25, 9.26, 9.27, 9.28

2. The Conditions referred to in paragraph 1 above are entitled as follows—

<b>Condition 1</b>	Network access on reasonable request
<b>Condition 2</b>	Specific forms of network access
<b>Condition 3</b>	Requests for new forms of network access
<b>Condition 4</b>	No undue discrimination
<b>Condition 5</b>	Publication of a Reference Offer
<b>Condition 6</b>	Notification of charges and terms and conditions
<b>Condition 7</b>	Notification of technical information
<b>Condition 8</b>	Quality of service
<b>Condition 9</b>	Regulatory Financial Reporting

## Part 2: Interpretation

3. In addition to the definitions set out above in this Notification and in each Condition below (where relevant), in this Schedule 1—
- a) **“Access Agreement”** means an agreement entered into between the Dominant Provider and a Third Party for the provision of network access in accordance with an SMP Condition requiring network access;
  - b) **“Access Change Notice”** means a notice given by the Dominant Provider of an Access Change;
  - c) **“Access Change”** means any amendment to the charges, terms and conditions on which the Dominant Provider provides network access or in relation to any charges for new network access;
  - d) **“Access Circuit”** means network access providing uncontended bandwidth connecting an end user premises to—
    - (i) an ODF Site, including a building designated by the Dominant Provider for use as an ODF Site in future; or
    - (ii) a Third Party premises;
  - e) **“Ancillary Services”** mean an associated facility or services associated with an electronic communications network and/or an electronic communications service which enable and/or support the provision of network access provided by the Dominant Provider in accordance with Condition 1 or Conditions 1 and 2 (as applicable);
  - f) **“Cable Connect”** means a connection from a Third Party’s equipment to other equipment located within the same ODF Site, or from a Third Party’s equipment located within the same ODF Site to a fibre cable originating immediately outside an ODF Site;
  - g) **“Dominant Provider”** means KCOM Group Limited, whose registered company number is 02150618, and any of its subsidiaries as defined in section 1159 of the Companies Act 2006;
  - h) **“Dominant Provider’s Price List”** means a document containing the charges for the Dominant Provider’s products and services;
  - i) **“Ethernet Services”** means services presented with the standard networking protocol defined under that name in IEEE 802.3 and published by the Institute of Electrical and Electronics Engineers;
  - j) **“Financial Year”** means the period from 1 April in a given year to 31 March in the following year;
  - k) **“In-Building Handover”** means interconnection between the electronic communications network of the Dominant Provider and the electronic communications network of a Third Party within an ODF Site of the Dominant Provider;
  - l) **“ODF”** means optical distribution frame;
  - m) **“ODF Site”** means the site of an operational building of the Dominant Provider that houses an ODF;
  - n) **“Physical Infrastructure”** means any network element which is intended to host other network elements and which is not itself active including any conduit, tunnel, subway, pipe, structure, pole, in, on, by or from which an electronic communications network is or may be installed, supported, carried or suspended. The term does not include cables (including strands of optical fibre);

- o) **“Physical Infrastructure Access”** means network access comprising predominantly of the provision of space, anchorage, attachment facilities and/or such other facilities as may be reasonably necessary to permit a Third Party to occupy parts of the Dominant Provider’s Physical Infrastructure sufficient to facilitate the establishment, installation, operation and maintenance of the electronic communications network of a Third Party at that location;
- p) **“PIA Ancillary Services”** means an associated facility or service associated with an electronic communications network and/or an electronic communications service which enable and/or support the provision of Physical Infrastructure Access services via that network and/or service or have the potential to do so, which include at a minimum (but without limitation) the following:
  - (i) power
  - (ii) accommodation services (including PIA Co-Location and PIA Co-Mingling);
  - (iii) PIA Site Access;
  - (iv) Cable Connect; and
  - (v) PIA Database Access, in electronic format where available;
- q) **“PIA Co-Location”** means the provision of space permitting a Third Party to occupy part of an MDF Site reasonably sufficient to permit the use of Physical Infrastructure Access;
- r) **“PIA Co-Mingling”** means the provision of PIA Co-Location having the following characteristics:
  - (i) the Third Party’s electronic communications network is situated in an area of the ODF Site which:
    - a. is a single undivided space;
    - b. after proper performance by the Dominant Provider of its obligation to provide Physical Infrastructure Access pursuant to Conditions 1 and 2, would permit the normal operation of the Third Party’s electronic communications network (or would permit if the Dominant Provider removed any object or substance whether toxic or not, which might reasonably prevent or hinder the occupation of the ODF Site for such use); and
    - c. if so requested by the Third Party, is not unreasonably distant from the Dominant Provider’s electronic communications network within the ODF site;
  - (ii) no permanent physical partition is erected in the space between the Third Party’s electronic communications network and the Dominant Provider’s electronic communications network; and
  - (iii) the Third Party’s electronic communications network is neither owned nor run by the Dominant Provider or by any person acting on the Dominant Provider’s behalf;
- s) **“PIA Database Access”** means access to up-to-date information (as far as reasonably practicable) held by the Dominant Provider in relation to the Dominant Provider’s Physical Infrastructure, including location and capacity, for the purpose of a Third Party planning the deployment of an electronic communications network to provide electronic communications services over Physical Infrastructure Access. This database

shall include any technical specifications or information related to the Dominant Provider's Physical Infrastructure as Ofcom may from time to time direct;

- t) **"PIA Site Access"** means access (including the right of entry) to the Dominant Provider's ODF Sites in order for a Third Party to install and operate an electronic communications network to provide electronic communications services over Physical Infrastructure Access;
  - u) **"Pole"** means any pole forming part of the Dominant Provider's Physical Infrastructure;
  - v) **"Pole Response Notice"** means a notice responding to a request by a Third Party for the Dominant Provider to relieve a congested Pole which confirms either:
    - (i) that the request has been accepted by the Dominant Provider and how the Dominant Provider proposes to relieve any congestion; or
    - (ii) that the request has been refused by the Dominant Provider and the reasons for the refusal of the request;
  - w) **"Reference Offer"** means the terms and conditions on which the Dominant Provider is willing to enter into an Access Agreement;
  - x) **"Response Notice"** means a notice responding to a request by a Third Party for Physical Infrastructure Access, including where relevant to relieve congested Physical Infrastructure, including the repair of existing faulty infrastructure and the construction of new Physical Infrastructure, other than a congested Pole which confirms either:
    - (i) that the request has been accepted by the Dominant Provider and how the Dominant Provider proposes to relieve any congestion; or
    - (ii) that the request has been refused by the Dominant Provider and the reasons for the refusal of the request;
  - y) **"Service Level Commitment"** means the quality standards that the Dominant Provider must meet when performing its obligations;
  - z) **"Service Level Guarantees"** means a commitment specifying the amount payable by the Dominant Provider to a Third Party for a failure to adhere to a Service Level Commitment;
  - aa) **"Special Offer"** means a temporary price reduction for a particular product or service, applicable to all customers on a non-discriminatory basis, which is stated to apply for a limited and predefined period and where the price immediately on expiry of that period is no higher than the price immediately before the start of that period;
  - bb) **"Specified Services"** means the services or groups of services that KCOM is required to report to Ofcom pursuant to Direction 4, Annexes 19 and 20;
  - cc) **"Third Party"** means a person, other than KCOM, providing a public electronic communications service or a person providing a public electronic communications network;
  - dd) **"Wholesale End-to-End Circuits"** means network access providing uncontended bandwidth connecting an end user premises and another end user premises; and
  - ee) **"Working Day"** means any day other than Saturdays, Sundays, public holidays or bank holidays in England and Wales, Scotland or Northern Ireland (as applicable).
4. For the purpose of interpreting this Schedule, except in so far as the context otherwise requires, the terms or descriptions of products and/or services used in this Schedule shall be construed as having the same meaning as those provided by the Dominant Provider on its website for definitions and explanations of its products or services in addition to future product

updates. These product definitions, including quality assurance information and pricing are as at 9 December 2025 on the product information pages on the following websites:

a) as to WLA:

(i) [pricing.kcomhome.com/media/1573/p13-s27\\_wholesale\\_fibreline\\_local\\_access.pdf](https://pricing.kcomhome.com/media/1573/p13-s27_wholesale_fibreline_local_access.pdf).

b) as to LLA:

(i) [pricing.kcomhome.com/media/1476/p13-s19\\_ethernet\\_connect\\_access\\_service.pdf](https://pricing.kcomhome.com/media/1476/p13-s19_ethernet_connect_access_service.pdf); and

(ii) [pricing.kcomhome.com/media/1475/p13-s10\\_ethernet\\_direct\\_access\\_service.pdf](https://pricing.kcomhome.com/media/1475/p13-s10_ethernet_direct_access_service.pdf).

c) as to PIA in both WLA and LLA:

(i) [www.kcom.com/wholesale/media/je3hncfb/pia-service-description.pdf](https://www.kcom.com/wholesale/media/je3hncfb/pia-service-description.pdf); and

(ii) [www.kcom.com/wholesale/media/uhnakhfn/p13-s63\\_pia.pdf](https://www.kcom.com/wholesale/media/uhnakhfn/p13-s63_pia.pdf).

## Part 3: SMP conditions

### Condition 1 – Network access on reasonable request

<b>1.1</b>	Except insofar as Ofcom may from time to time otherwise consent in writing, and subject to Condition 1.2 the Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
<b>1.2</b>	Condition 1.1 does not apply to requests for copper-based network access.
<b>1.3</b>	<p>The provision of network access by the Dominant Provider in accordance with this Condition must:</p> <ul style="list-style-type: none"> <li>(a) take place as soon as reasonably practicable after receiving the request from a Third Party; and</li> <li>(b) be on: <ul style="list-style-type: none"> <li>(i) fair and reasonable terms, conditions and charges; and</li> <li>(ii) such terms, conditions and charges as Ofcom may from time to time direct.</li> </ul> </li> </ul>
<b>1.4</b>	The provision of network access by the Dominant Provider in accordance with this Condition must also include such associated facilities as are reasonably necessary for the provision of network access and such other entitlements as Ofcom may from time to time direct.
<b>1.5</b>	The provision of network access by the Dominant Provider in accordance with this Condition shall also include such Ancillary Services as are reasonably necessary for the provision of network access and such other entitlements as Ofcom may from time to time direct.
<b>1.6</b>	The Dominant Provider must comply with any direction Ofcom may make under this Condition.

**Condition 2 – Specific forms of network access**

<p><b>2.1</b></p>	<p>Without prejudice to the generality of Condition 1, except insofar as Ofcom may from time to time otherwise consent in writing, the provision of network access under that Condition must include, where the Third Party, in writing, reasonably requests, the form of network access specified in this Condition.</p>
<p><b>2.2 (LLA only)</b></p>	<p>Ethernet Services including the provision of the following services:</p> <ul style="list-style-type: none"> <li>(i) Access Circuits;</li> <li>(ii) Wholesale End-to-End Circuits.</li> </ul>
<p><b>2.3</b></p>	<p>Physical Infrastructure Access.</p>
<p><b>2.4</b></p>	<p>The provision of Physical Infrastructure Access by the Dominant Provider in accordance with this Condition shall also include the provision of such PIA Ancillary Services as may be reasonably necessary for the use of such Physical Infrastructure Access.</p>
<p><b>2.5</b></p>	<p>The provision of network access by the Dominant Provider in accordance with this Condition shall also include such other entitlements as Ofcom may from time to time direct.</p>
<p><b>2.6</b></p>	<p>The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.</p>

**Condition 3 – Requests for new forms of network access (WLA only)**

<p><b>3.1</b></p>	<p>The Dominant Provider must, for the purposes of transparency, publish guidelines in relation to requests for new forms of network access made to it. Such guidelines must set out:</p> <ul style="list-style-type: none"> <li>(a) the form in which such a request should be made;</li> <li>(b) the information that the Dominant Provider requires in order to consider a request for a new form of network access;</li> <li>(c) the timescales in which such requests will be handled by the Dominant Provider; and</li> <li>(d) any provisions directed by Ofcom.</li> </ul>
<p><b>3.2</b></p>	<p>The guidelines must meet the following principles:</p> <ul style="list-style-type: none"> <li>(a) the process for consideration of requests shall be documented end-to-end;</li> <li>(b) the timescales for each stage of the process shall be reasonable, including providing (where relevant) adequate time for interested persons other than the Third Party making the request to make representations;</li> <li>(c) the criteria by which requests will be assessed shall be clearly identified;</li> <li>(d) the process for determining, with a Third Party that has made a request, the information in that request that is to be treated as confidential, shall be documented end-to-end;</li> <li>(e) the reasons for rejecting any request shall be clear and transparent;</li> <li>(f) the avenues of redress for rejected requests shall be clearly identified; and</li> <li>(g) any changes to the guidelines shall be agreed between the Dominant Provider and other communications providers in an appropriate manner.</li> </ul>
<p><b>3.3</b></p>	<p>The Dominant Provider must, upon reasonable request from a Third Party considering making a request for a new form of network access, provide that Third Party with such information as may be reasonably required to enable that Third Party to make a request for a new form of network access. Such information must be provided within a reasonable period.</p>
<p><b>3.4</b></p>	<p>Except in so far as Ofcom may from time to time otherwise consent in writing, where the Dominant Provider receives a request from a Third Party for a new form of network access the Dominant Provider must:</p> <ul style="list-style-type: none"> <li>(a) deal with the request in accordance with the guidelines described in Condition 3.1 above;</li> <li>(b) inform the party making the request that the request falls within the scope of the guidelines described in Condition 3.1 above; and</li> <li>(c) publish the non-confidential elements of the request no later than 5 days after receipt of the request.</li> </ul>

<p><b>3.5</b></p>	<p>Publication pursuant to Condition 3.4(c) shall be effected by the Dominant Provider placing a copy of the non-confidential elements of the request on any relevant publicly accessible website, which for the avoidance of doubt shall not require password access, operated or controlled by the Dominant Provider:</p> <p>(a) prominently; and</p> <p>(b) in such form and/or manner as Ofcom may from time to time direct.</p>
<p><b>3.6</b></p>	<p>A modification of a request for a new form of network access which has previously been submitted to the Dominant Provider, and rejected by the Dominant Provider, must be considered as a new request.</p>
<p><b>3.7</b></p>	<p>The Dominant Provider must, in accordance with the requirements of Conditions 3.8 and 3.9 below, publish in relation to requests the information specified in KPI(i) to KPI(x) below, and any such additional information as Ofcom may from time to time direct.</p> <p><b>KPI(i) – Total number of requests received</b> the total number of requests that were received by the Dominant Provider during the corresponding Relevant Period;</p> <p><b>KPI(ii) - Total number of 25-day Unanswered Requests</b> for the corresponding Relevant Period, the total number of requests received by the Dominant Provider in respect of which the Dominant Provider has not provided a response within 24 Working Days of that request having been received;</p> <p><b>KPI(iii) - Total number of 75-day Unanswered Requests</b> for the corresponding Relevant Period, the total number of requests received by the Dominant Provider in respect of which the Dominant Provider has not provided a response within 74 Working Days of that request having been received;</p> <p><b>KPI(iv) – Total number of Accepted Requests</b> the total number of requests that were accepted by the Dominant Provider during the corresponding Relevant Period;</p> <p><b>KPI(v) – Total number of Rejected Requests</b> the total number of requests that were rejected by the Dominant Provider during the corresponding Relevant Period;</p> <p><b>KPI(vi) – Total number of 25-day Rejected Requests</b> the total number of requests that were rejected by the Dominant Provider more than 25 Working Days after being received by the Dominant Provider during the corresponding Relevant Period;</p> <p><b>KPI(vii) – Total number of 45-day Rejected Requests</b> the total number of requests that were rejected by the Dominant Provider more than 45 Working Days after being received by the Dominant Provider during the corresponding Relevant Period;</p>

	<p><b>KPI(viii) – Total number of Project Plans</b> the total number of Project Plans agreed between the Dominant Provider and the Third Party making the request during the corresponding Relevant Period;</p> <p><b>KPI(ix) – Total number of 80-day Project Plans</b> the total number of Project Plans agreed between the Dominant Provider and the Third Party making the request more than 80 Working Days after being received by the Dominant Provider; and</p> <p><b>KPI(x) – Total number of 95-day Project Plans</b> the total number of Project Plans agreed between the Dominant Provider and the Third Party making the request more than 95 Working Days after being received by the Dominant Provider.</p>
<p><b>3.8</b></p>	<p>The information required to be published under Condition 3.7 above must be published by the Dominant Provider no later than one month after the end of each Relevant Period.</p>
<p><b>3.9</b></p>	<p>Publication referred to in Condition 3.7 shall be effected by the Dominant Provider:</p> <ul style="list-style-type: none"> <li>(a) placing the information prominently (including in such form as Ofcom may from time to time direct) on any relevant publicly accessible website operated or controlled by the Dominant Provider, which for the avoidance of doubt shall not require password access; and</li> <li>(b) sending a copy of the information to Ofcom.</li> </ul>
<p><b>3.10</b></p>	<p>In this Condition 3:</p> <ul style="list-style-type: none"> <li>(a) <b>“Project Plan”</b> means an agreed plan between the Dominant Provider and a Third Party on project execution and project control for the development for a new form of network access. For the avoidance of doubt, Project Plans are agreed between the Dominant Provider and a Third Party with a view to concluding an Access Agreement; and</li> <li>(b) <b>“Relevant Period”</b> means the following periods of six months beginning either (as applicable) on: <ul style="list-style-type: none"> <li>(i) 1 August and ending on 31 January; and</li> <li>(ii) 1 February and ending on 31 July.</li> </ul> </li> </ul>
<p><b>3.11</b></p>	<p>The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition requiring amendments to the guidelines.</p>

**Condition 4 – No undue discrimination**

<p><b>4.1</b></p>	<p>Except insofar as Ofcom may from time to time otherwise consent in writing, the Dominant Provider must not unduly discriminate against particular persons or against a particular description of persons, in relation to the provision of network access in accordance with Conditions 1 and 2, as applicable.</p>
<p><b>4.2</b></p>	<p>In this Condition, the Dominant Provider may be deemed to have shown undue discrimination if it unfairly favours to a material extent an activity carried on by it so as to place one or more Third Parties at a competitive disadvantage in relation to activities carried on by the Dominant Provider.</p>
<p><b>4.3</b></p>	<p>The Dominant Provider must publish all such information in relation to the provision of Physical Infrastructure Access provided by the Dominant Provider under Conditions 1 and 2 in such manner and form, and including such content, as Ofcom may from time to time direct for the purposes of providing transparency in relation to the Dominant Provider’s compliance with its obligations under Condition 4.</p>

**Condition 5 – Publication of a Reference Offer**

<p><b>5.1</b></p>	<p>Except in so far as Ofcom may from time to time otherwise consent in writing, the Dominant Provider must publish a Reference Offer in relation to the provision of network access pursuant to Conditions 1 and 2 (as applicable) and act in the manner set out below.</p>
<p><b>5.2</b> <b>5.2(h) and 5.2(p)</b> <b>only apply to</b> <b>WLA</b></p>	<p>Subject to Condition 5.11, the Dominant Provider must ensure that a Reference Offer in relation to the provision of network access pursuant to Condition 1 or Conditions 1 and 2 (as applicable) includes, where applicable, at least the following, and any other matters Ofcom may direct from time to time:</p> <ul style="list-style-type: none"> <li>(a) a description of the network access to be provided, including technical characteristics (which shall include information on network configuration where necessary to make effective use of network access);</li> <li>(b) the locations at which network access will be provided;</li> <li>(c) any relevant technical standards for network access (including any usage restrictions and other security issues);</li> <li>(d) the conditions for access to ancillary, supplementary and advanced services (including operational support systems, information systems or databases for pre-ordering, provisioning, ordering, maintenance and repair requests and billing);</li> <li>(e) any ordering and provisioning procedures;</li> <li>(f) relevant charges, terms of payment and billing procedures;</li> <li>(g) details of maintenance and quality as follows— <ul style="list-style-type: none"> <li>(i) specific time scales for the acceptance or refusal of a request for supply and for completion, testing and hand-over or delivery of services and facilities, and for provision of support services (such as fault handling and repair);</li> <li>(ii) Service Level Commitments, namely the quality standards that each party must meet when performing its contractual obligations;</li> <li>(iii) the amount of compensation payable by one party to another for failure to perform contractual commitments;</li> <li>(iv) a definition and limitation of liability and indemnity; and</li> <li>(v) procedures in the event of alterations being proposed to the service offerings, for example, launch of new services, changes to existing services or change to prices;</li> </ul> </li> <li>(h) details of measures to ensure compliance with requirements for network integrity;</li> <li>(i) details of any relevant intellectual property rights;</li> <li>(j) a dispute resolution procedure to be used between the parties;</li> <li>(k) details of duration and renegotiation of agreements;</li> <li>(l) provisions regarding confidentiality of the agreements;</li> <li>(m) rules of allocation between the parties when supply is limited (for</li> </ul>

	<p>example, for the purpose of providing accommodation services or location of masts);</p> <p>(n) the standard terms and conditions for the provision of network access;</p> <p>(o) details of interoperability tests; and</p> <p>(p) details of traffic and network management.</p>
<p><b>5.3</b></p>	<p>Subject to Condition 5.11, and to the extent not already required by condition 5.2 above, the Dominant Provider must ensure that a Reference Offer in relation to the provision of Physical Infrastructure Access pursuant to Conditions 1 and 2 includes, at least the following, and any other matters Ofcom may direct from time to time —</p> <p>(a) the location of Physical Infrastructure or the method by which Third Parties may obtain information about the location of Physical Infrastructure;</p> <p>(b) technical specifications for Physical Infrastructure Access including:</p> <ul style="list-style-type: none"> <li>i) technical specifications for permitted cables and associated equipment;</li> <li>ii) cable installation, attachment and recovery methods;</li> <li>iii) technical specifications relevant when Third Parties elect to undertake repair works on behalf of the Dominant Provider; and</li> <li>iv) technical specifications relevant when Third Parties elect to undertake build works on behalf of the Dominant Provider;</li> </ul> <p>(c) the methodology for calculating availability of spare capacity in Physical Infrastructure;</p> <p>(d) procedures for the provision of information to Third Parties about spare capacity, including arrangements for visual surveys of Physical Infrastructure to determine spare capacity;</p> <p>(e) conditions for reserving capacity that shall apply equally to the Dominant Provider and Third Parties;</p> <p>(f) conditions for the installation and recovery of cables and associated equipment;</p> <p>(g) arrangements for relieving congested Physical Infrastructure, including the repair of existing faulty infrastructure and the construction of new Physical Infrastructure;</p> <p>(h) conditions for Third Parties to gain access to the Physical Infrastructure including if appropriate training, certification and authorisation requirements for personnel permitted to access and work in/on Physical Infrastructure;</p> <p>(i) the arrangements for maintenance of cables and associated equipment installed by Third Parties and of the Physical Infrastructure, including provision for the temporary occupation of additional infrastructure capacity for the installation of replacement cables;</p>

	<ul style="list-style-type: none"> <li>(j) conditions for the inspection of the Physical Infrastructure at which access is available or at which access has been refused on grounds of lack of capacity;</li> <li>(k) the information that a Third Party is required to provide to the Dominant Provider where that Third Party is requesting the repair of existing faulty infrastructure and/or the construction of new Physical Infrastructure necessary for the Service Level Commitments and Service Level Guarantees required by Conditions 5.3(l) and (m) below;</li> <li>(l) Any reasonably necessary Service Level Commitments including in respect of at least the following:             <ul style="list-style-type: none"> <li>i) the provision by the Dominant Provider to a Third Party of a Response Notice (other than where a Response Notice is not required);</li> <li>ii) the completion by the Dominant Provider of any works necessary to relieve congested Physical Infrastructure including the repair of existing faulty infrastructure and the construction of new Physical Infrastructure other than a congested Pole;</li> <li>iii) the provision by the Dominant Provider of a response to a request by a Third Party to undertake works itself to relieve congested Physical Infrastructure (other than where a response is not required);</li> <li>iv) the provision by the Dominant Provider to a Third Party of a Pole Response Notice; and</li> <li>v) the completion by the Dominant Provider of any works necessary to relieve a congested Pole.</li> </ul> </li> <li>(m) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 5.3(l) above;</li> <li>(n) conditions for the provision of forecasts by Third Parties in respect of their future requirements for Physical Infrastructure Access; and</li> <li>(o) conditions on which Third Parties may elect to undertake repair or build works on behalf of the Dominant Provider.</li> </ul>
<p><b>5.4</b></p>	<p>To the extent that the Dominant Provider provides to itself network access that:</p> <ul style="list-style-type: none"> <li>(a) is the same, similar or equivalent to that provided to any Third Party; or</li> <li>(b) may be used for a purpose that is the same, similar or equivalent to that provided to any Third Party;</li> </ul> <p>in a manner that differs from that detailed in a Reference Offer in relation to network access provided to any Third Party, the Dominant Provider must ensure that it publishes a Reference Offer in relation to the network access that it provides to itself which includes, where relevant, at least those matters detailed in Condition 5.2(a) to (p) and any other matters Ofcom may direct from time to time.</p>

<b>5.5</b>	Subject to Condition 5.7 below, the Dominant Provider must, on the date that this Condition enters into force, publish a Reference Offer in relation to any network access that it is providing as at the date that this Condition enters into force.
<b>5.6</b>	The Dominant Provider must update and publish the Reference Offer in relation to any amendments or in relation to any further network access provided as soon as reasonably practicable after the date that this Condition enters into force.
<b>5.7</b>	The Dominant Provider must publish a Reference Offer in relation to Physical Infrastructure Access updated to reflect the entry into force of Condition 5.3 no later than 1 May 2027 <sup>1</sup> .
<b>5.8</b>	Publication referred to above shall be effected by the Dominant Provider placing a copy of the Reference Offer on any relevant publicly accessible website operated or controlled by the Dominant Provider.
<b>5.9</b>	The Dominant Provider must send a copy of the current version of the Reference Offer to any person at that person's written request (or such parts as have been requested).
<b>5.10</b>	Where Service Level Guarantees are required by this Condition 5, any payments required by the Service Level Guarantees must be provided proactively, and without prejudice to the right of either party to claim for additional loss.
<b>5.11</b>	The Dominant Provider must make such modifications to the Reference Offer as Ofcom may direct from time to time.
<b>5.12</b>	The Dominant Provider must provide network access at the charges, terms and conditions in the relevant Reference Offer and must not depart therefrom either directly or indirectly.
<b>5.13</b>	The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

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<sup>1</sup> This date assumes that the SMP conditions take effect on 1 November 2026.

## Condition 6 – Notification of charges and terms and conditions

6.1	Except in so far as Ofcom may from time to time otherwise consent in writing, the Dominant Provider must publish charges, terms and conditions and act in the manner set out in this Condition or any other manner as Ofcom may from time to time direct.
6.2	Where it proposes an Access Change, the Dominant Provider must send to Ofcom, and to every person with whom it has entered into an Access Agreement pursuant to Condition 1 or Conditions 1 and 2 (as applicable), an Access Change Notice.
6.3	The obligation in Condition 6.2 shall not apply where the Access Change is directed or determined by Ofcom or is a consequence of such direction or determination (including pursuant to the setting of an SMP services condition under the power in section 45 of the Act) or required by a notification or enforcement notification issued by Ofcom under sections 96A or 96C of the Act.
6.4	<p>An Access Change Notice must:</p> <ul style="list-style-type: none"> <li>(a) in the case of an Access Change involving new network access, be sent not less than 28 days before any such amendment comes into effect;</li> <li>(b) in the case of an Access Change relating solely to a reduction in the price of existing network access (including, for the avoidance of doubt, the introduction of a Special Offer), be sent not less than 28 days before any such amendment comes into effect;</li> <li>(c) in the case of an Access Change relating to the end of a temporary price reduction in accordance with the terms of the Special Offer, be sent not less than 28 days before any such amendment comes into effect;</li> <li>(d) in the case of any other Access Change involving Physical Infrastructure Access, be sent not less than 90 days before any such amendment comes into effect; and</li> <li>(e) in the case of any other Access Change involving any other form of existing network access, be sent not less than 56 days before any such amendment comes into effect.</li> </ul>
6.5	<p>The Dominant Provider must ensure that an Access Change Notice includes—</p> <ul style="list-style-type: none"> <li>(a) a description of the network access in question;</li> <li>(b) a reference to the location in the Dominant Provider’s current Reference Offer of the terms and conditions associated with the provision of that network access;</li> <li>(c) the current and proposed new charge and/or current and proposed new terms and conditions (as the case may be); and</li> <li>(d) the date on which, or the period for which, the Access Change will take effect (the “<b>effective date</b>”).</li> </ul>
6.6	The Dominant Provider must not apply any Access Change identified in an Access Change Notice before the effective date.

<p><b>6.7</b></p>	<p>To the extent that the Dominant Provider provides to itself network access that—</p> <ul style="list-style-type: none"> <li>(a) is the same, similar or equivalent to that provided to any Third Party; or</li> <li>(b) may be used for a purpose that is the same, similar or equivalent to that provided to any Third Party,</li> </ul> <p>in a manner that differs from that detailed in an Access Change Notice in relation to network access provided to any Third Party, the Dominant Provider must ensure that it sends to Ofcom a notice in relation to the network access that it provides to itself which includes, where relevant, at least those matters detailed in Conditions 6.5(a) to (d) and, where the Dominant Provider amends the charges, terms and conditions on which it provides itself with network access, it must ensure it sends to Ofcom a notice equivalent to an Access Change Notice.</p>
<p><b>6.8</b></p>	<p>The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.</p>

## Condition 7 – Notification of technical information

<p><b>7.1</b></p>	<p>Except in so far as Ofcom may from time to time otherwise consent in writing, where the Dominant Provider provides network access pursuant to Condition 1 or Conditions 1 and 2 (as the case may be) and proposes new or amended terms and conditions relating to the following—</p> <ul style="list-style-type: none"> <li>(a) technical characteristics (including information on network configuration, where necessary, to make effective use of the network access provided);</li> <li>(b) the locations at which network access will be provided; or</li> <li>(c) technical standards (including any usage restrictions and other security issues),</li> </ul> <p>the Dominant Provider must publish a written notice (the “<b>Notice</b>”) of the new or amended terms and conditions within a reasonable time period.</p>
<p><b>7.2</b> <b>WLA only</b></p>	<p>The reasonable notice referred to in Condition 7.1 must be not less than 90 days before either the Dominant Provider enters into an Access Agreement to provide the new network access or the amended terms and conditions of an existing Access Agreement come into effect.</p>
<p><b>7.3</b> <b>LLA only</b></p>	<p>Save where the new or amended terms and conditions relate to or are a consequence of new or amended technical specifications determined by NICC Standards Limited (whose registered company number is 06613589), the reasonable notice referred to in Condition 7.1 must be not less than 90 days before either the Dominant Provider enters into an Access Agreement to provide the new network access or the amended terms and conditions of an existing Access Agreement come into effect.</p>
<p><b>7.4</b></p>	<p>The obligation in Condition 7.1 shall not apply where the new or amended charges or terms and conditions are directed or determined by Ofcom or is a consequence of such direction or determination (including pursuant to the setting of an SMP services condition under the power in section 45 of the Act) or are required by a notification or enforcement notification issued by Ofcom under sections 96A or 96C of the Act.</p>
<p><b>7.5</b></p>	<p>The Dominant Provider must ensure that the Notice includes—</p> <ul style="list-style-type: none"> <li>(a) a description of the network access in question;</li> <li>(b) a reference to the location in the Dominant Provider’s Reference Offer of the relevant terms and conditions associated with the provision of that network access; and</li> <li>(c) the date on which or the period for which the Dominant Provider may enter into an Access Agreement to provide the new network access will be available or any amendments to the relevant terms and conditions will take effect (the “<b>effective date</b>”).</li> </ul>
<p><b>7.6</b></p>	<p>The Dominant Provider must not enter into an Access Agreement containing the terms and conditions identified in the Notice or apply any new relevant terms and conditions identified in the Notice before the effective date.</p>

<b>7.7</b>	<p>Publication referred to in Condition 7.1 must be effected by the Dominant Provider—</p> <ul style="list-style-type: none"><li>(a) placing a copy of the Notice on any relevant publicly accessible website operated or controlled by the Dominant Provider;</li><li>(b) sending a copy of the Notice to Ofcom;</li><li>(c) where the Notice identifies an amendment to existing relevant terms and conditions, sending a copy of the Notice to every person with which the Dominant Provider has entered into an Access Agreement pursuant to Conditions 1 and 2 (as applicable); and</li><li>(d) sending a copy of the Notice to any person at that person’s written request. The provision of such a copy of the Notice by the Dominant Provider may be subject to a reasonable charge.</li></ul>
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## Condition 8 – Quality of service

<b>8.1</b>	The Dominant Provider must publish all such information as to the quality of service in relation to network access provided by the Dominant Provider pursuant to Condition 1, or Conditions 1 and 2 (as applicable) in such manner and form, and including such content, as Ofcom may from time to time direct.
<b>8.2</b>	The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition 8.

**Condition 9 – Regulatory Financial Reporting**

<b>9.1</b>	Except in so far as Ofcom may consent otherwise in writing, the Dominant Provider shall act in the manner set out in this Condition 9.
<b>9.2</b>	Ofcom may from time to time make such directions as they consider appropriate in relation to the Dominant Provider’s Cost Accounting System, Accounting Separation System and its obligations under this Condition 9.
<b>9.3</b>	The Dominant Provider shall comply with any direction Ofcom may make from time to time under this Condition 9.
<b>9.4</b>	<p>For the purpose of this Condition 9, publication shall be effected by:</p> <ul style="list-style-type: none"> <li>(a) placing a copy of the relevant information on any relevant publicly accessible website, which for the avoidance of doubt shall not require password access, operated or controlled by the Dominant Provider; and</li> <li>(b) sending a copy of the relevant information to any person at that person’s written request.</li> </ul>
<b>Requirements relating to the preparation, audit, delivery and publication of the Regulatory Financial Statements</b>	
<b>9.5</b>	<p>The Dominant Provider shall in respect of the Market and the Disaggregated Activities (as applicable) for each Financial Year:</p> <ul style="list-style-type: none"> <li>(a) prepare such Regulatory Financial Statements as directed by Ofcom from time to time in accordance with the Accounting Documents (the relevant Accounting Documents to be identified in the Regulatory Financial Statements by reference to their date);</li> <li>(b) secure the expression of an audit opinion upon the Regulatory Financial Statements as directed by Ofcom from time to time;</li> <li>(c) deliver to Ofcom the Regulatory Financial Statements and corresponding audit opinion identified as directed by Ofcom from time to time and in accordance with Condition 9.6(a);</li> <li>(d) publish the Regulatory Financial Statements and corresponding audit opinion as directed by Ofcom from time to time and in accordance with Condition 9.6(b) and (c);</li> <li>(e) ensure that any Regulatory Financial Statements and corresponding audit opinion that it delivers to Ofcom and/or publishes are fit for such purpose (or purposes), if any, as notified by Ofcom in writing;</li> <li>(f) in so far as it is reasonably practicable to monitor the effect of such changes, deliver to Ofcom a report detailing any changes in the Accounting Documents, any Process and any other methodology which caused any figure presented on any one of the Regulatory Financial Statements to change by more than 5% from the figure that would have been presented had such a change not been made. Any such report shall include details sufficient to render transparent such changes in accordance with any relevant direction Ofcom may make from time to time; and</li> <li>(g) in respect of the Financial Year beginning on 1 April 2026 and ending on 31 March 2027, prepare the Regulatory Financial Statements and all</li> </ul>

	<p>associated documents and records required by this condition and the directions made under this condition, as if this condition and the directions made under this condition had applied from 1 April 2026.</p>
<b>9.6</b>	<p>The Dominant Provider shall:</p> <ul style="list-style-type: none"> <li>(a) deliver to Ofcom copies of the Regulatory Financial Statements and any corresponding audit opinion, each and all of which shall be in the form in which they are ultimately to be published, at least two weeks before they are required to be published;</li> <li>(b) publish the Regulatory Financial Statements and any corresponding audit opinions within 9 months after the end of the period to which they relate; and</li> <li>(c) publish with the Regulatory Financial Statements any written statement made by Ofcom and provided to the Dominant Provider commenting on the data in, the notes to or the presentation of any or all of the Regulatory Financial Statements and/or the Accounting Documents.</li> </ul>
<b>9.7</b>	<p>The Dominant Provider shall make such amendments to the form and content of the Regulatory Financial Statements as are necessary to give effect fully to the requirements of this Condition 9. The Dominant Provider shall provide to Ofcom particulars of any such amendment, the reasons for it and its effect, when it delivers the Regulatory Financial Statements to Ofcom.</p>
<b>9.8</b>	<p>The Dominant Provider shall prepare all Regulatory Financial Statements, explanations or other information required by virtue of this Condition 9 on a current cost basis and shall be capable of doing so in relation to any period. Such Financial Statements, explanations or other information shall be, in the opinion of Ofcom, meaningfully reconcilable to the Statutory Financial Statements.</p>
<b>9.9</b>	<p>The Dominant Provider shall ensure that Accounting Policies shall be applied consistently within the same Regulatory Financial Statements, between Regulatory Financial Statements for the same Financial Year and from one Financial Year to the next. Each Regulatory Financial Statement shall include Prior Year Comparatives which shall be prepared on a basis consistent with Current Year Figures. The Dominant Provider may depart from this requirement in preparing the Regulatory Financial Statements for a Financial Year if there are reasons for doing so provided that the particulars of the departure, the reasons for it and its effect are stated in a note in the Regulatory Financial Statements in accordance with Accounting Standards and GAAP.</p>
<b>9.10</b>	<p>The Dominant Provider shall secure that sufficient checks, controls and meaningful reconciliations are performed between figures contained in the Regulatory Financial Statements and the accounting records (or between figures supplied by either the Cost Accounting System or the Accounting Separation System upon which the Regulatory Financial Statements rely and (i) other figures supplied by either the Cost Accounting System or the Accounting Separation System and/or (ii) the accounting records) to:</p> <ul style="list-style-type: none"> <li>(a) enable the Regulatory Auditor to conclude that, in its opinion, both the Cost Accounting System and the Accounting Separation System complies with the Accounting Documents; and</li> <li>(b) enable the Regulatory Financial Statements to be audited and an audit opinion expressed upon them in accordance with any relevant direction of Ofcom under this Condition 9.</li> </ul>

9.11	The Dominant Provider shall preserve records sufficient to provide an adequate explanation of each Regulatory Financial Statement for a period of six years from the date on which each Regulatory Financial Statement is delivered to Ofcom.
<b>Requirements relating to audit of the Regulatory Financial Statements</b>	
9.12	The Regulatory Auditor that the Dominant Provider from time to time appoints shall at all times be satisfactory to Ofcom having regard to such matters as Ofcom consider appropriate. The Dominant Provider shall notify Ofcom in writing of the Auditor appointed to secure compliance with this Condition 9 before the Auditor carries out any work for that purpose. The Dominant Provider shall notify Ofcom of any proposed change of Regulatory Auditor 28 days before effect is given to that change.
9.13	<p>In the event that the Regulatory Auditor is in the opinion of Ofcom unsatisfactory, the Dominant Provider shall appoint and instruct an Alternative Regulatory Auditor that is at all times satisfactory to Ofcom having regard to such matters as Ofcom consider appropriate. The Dominant Provider shall ensure that the Alternative Regulatory Auditor:</p> <ul style="list-style-type: none"> <li>(a) carries out such on-going duties as are required to secure compliance with this Condition 9;</li> <li>(b) carries out work or further work, in addition to that performed by the Statutory Auditor and/or by the former Regulatory Auditor, in relation to such matters connected to compliance with this Condition 9 as are of concern to Ofcom and notified to the Dominant Provider in writing; and/or</li> <li>(c) re-performs work previously performed by the Statutory Auditor and/or by the former Regulatory Auditor in relation to such matters connected to compliance with this Condition as are of concern to Ofcom and notified to the Dominant Provider in writing.</li> </ul>
9.14	The Dominant Provider shall extend to the Alternative Regulatory Auditor such assistance and cooperation as would be extended to the Statutory Auditor and/or to the Regulatory Auditor and, to the extent similar assistance and co-operation may be required from the Statutory Auditor and/or from the former Regulatory Auditor, the Dominant Provider shall use its best endeavours to secure such assistance and co-operation.
9.15	The Dominant Provider's letter of engagement appointing the Regulatory Auditor shall include such provisions acknowledging the acceptance by the Regulatory Auditor of duties and responsibilities to Ofcom in respect of its audit work, audit report and audit opinion as are consistent with the ICAEW Guidance.
9.16	The Dominant Provider shall use its best endeavours to obtain from the Regulatory Auditor any further explanation and clarification of any audit opinion required under this Condition 9 and any other information in respect of the matters which are the subject of that audit opinion as Ofcom shall require.
<b>Requirements relating to the Primary and Secondary Accounting Documents</b>	

<b>9.17</b>	The Dominant Provider shall prepare, maintain and keep up-to-date the Primary and Secondary Accounting Methodology Documents in accordance with this Condition 9.
<b>9.18</b>	The Dominant Provider must deliver an up-to-date version of the Primary and Secondary Accounting Documents to Ofcom when it delivers the Regulatory Financial Statements to Ofcom.
<b>9.19</b>	The Dominant Provider shall publish an up-to-date version of the Primary and Secondary Accounting Documents on or before the day of publication of the Regulatory Financial Statements.
<b>9.20</b>	<p>Insofar as there is any inconsistency between any or all of the Primary Accounting Documents, the Primary Accounting Documents shall have the following order of priority:</p> <ul style="list-style-type: none"> <li>(a) the Regulatory Accounting Principles;</li> <li>(b) the Attribution Methods;</li> <li>(c) the Transfer Charge System Methodology;</li> <li>(d) the Accounting Policies.</li> </ul>

<b>Requirements relating to the up-dating of systems, Accounting Documents and form and content</b>	
<b>9.21</b>	<p>The Dominant Provider shall make such amendments as are from time to time required to:</p> <ul style="list-style-type: none"> <li>(a) the Cost Accounting System and the Accounting Separation System;</li> <li>(b) the Accounting Documents; and</li> <li>(c) the form and content of the Financial Statements,</li> </ul> <p>in order to ensure that they are consistent with, and give effect fully to:</p> <ul style="list-style-type: none"> <li>(i) any modifications of any SMP conditions;</li> <li>(ii) any formal undertakings given by the Dominant Provider to Ofcom following investigations by them into possible contraventions by the Dominant Provider of any SMP conditions or any provisions of the Act and following any dispute considered by Ofcom under the Act; and</li> <li>(iii) any enforcement notifications, directions, consents and determinations given or made by Ofcom from time to time under any SMP condition or under the Act or in relation to any dispute considered by Ofcom under the Act, and the Dominant Provider shall make such amendments, and notify Ofcom in writing of such amendments, within three months of the modifications, formal undertakings, enforcement notifications, directions, consents and determinations having been made, provided that the requirements of this paragraph shall be suspended pending the final disposal of any proceedings seeking to have any such modifications, enforcement notifications, directions, consents, or determinations, quashed, set aside, modified or varied.</li> </ul>
<b>Requirements relating to deficiencies in the Regulatory Financial Statements and the Accounting Documents</b>	
<b>9.22</b>	<p>Where Ofcom have reasonable grounds to believe that any or all of the Regulatory Financial Statements and/or Accounting Documents are deficient, the Dominant Provider shall, where directed by Ofcom,</p> <ul style="list-style-type: none"> <li>(a) amend the Accounting Documents in order to remedy the deficiencies identified by Ofcom;</li> <li>(b) restate the Regulatory Financial Statements identified by Ofcom as requiring restatement in accordance with the Accounting Documents which have, where necessary, been amended pursuant to subparagraph (a);</li> <li>(c) secure in accordance with any relevant direction of Ofcom under this Condition the expression of an audit opinion on the restated Regulatory Financial Statements;</li> <li>(d) deliver to Ofcom the restated Regulatory Financial Statements and corresponding audit opinion; and</li> </ul>

	(e) publish the restated Regulatory Financial Statements and corresponding audit opinion.
<p><b>Requirements relating to the maintenance of sufficient accounting records</b></p>	
<p><b>9.23</b></p>	<p>The Dominant Provider shall maintain accounting records in a form which, on a historical cost basis and on a current cost basis:</p> <ul style="list-style-type: none"> <li>(a) enables the Network Services, and, insofar as they have been disaggregated in terms of Network Activities, each of the Network Activities, to be separately identified; and the costs, revenues, assets and liabilities of the Network Services, and, insofar as they have been disaggregated in terms of Network Activities, each of the Network Activities, to be separately attributable;</li> <li>(b) enables the Accounting Separation Market Activities and, insofar as these comprise or use Accounting Separation Activities, each of the Accounting Separation Activities, to be separately identified; and the revenues, costs, assets and liabilities of the Accounting Separation Market Activities and, insofar as these comprise or use Accounting Separation Activities, the revenues, costs, assets and liabilities of each of those Accounting Separation Activities, to be separately attributable; and</li> <li>(c) shows and explains the transactions of the Accounting Separation Market Activities and, insofar as these comprise or use Accounting Separation Activities, the transactions of each of the Accounting Separation Activities.</li> </ul>
<p><b>9.24</b></p>	<p>The accounting records referred to in Condition 9.23 and all associated documentation shall be, as appropriate:</p> <ul style="list-style-type: none"> <li>(a) maintained in accordance with the Accounting Documents;</li> <li>(b) maintained in order to ensure compliance with this Condition 9;</li> <li>(c) sufficient to enable the Regulatory Financial Statements to have expressed upon them any relevant audit opinion required under this Condition 9;</li> <li>(d) sufficient to ensure that charges for Network Access can be shown to be fair and reasonable and not to be unduly discriminatory; and</li> <li>(e) sufficient to provide a complete justification of the Dominant Provider’s charges for Network Access; and</li> <li>(f) sufficient, to provide a complete justification of the Dominant Provider’s charges for the provision of services to End Users.</li> </ul>
<p><b>Requirements relating to the preparation and maintenance of a Wholesale Catalogue</b></p>	
<p><b>9.25</b></p>	<p>The Dominant Provider must prepare, maintain and keep up-to-date a Wholesale Catalogue, in which:</p> <ul style="list-style-type: none"> <li>(a) each of its Wholesale Services is identified as either an External Wholesale Service and placed on the External Wholesale Services List or an Internal Wholesale Service and placed on the Internal Wholesale Services List or, where appropriate, is identified as being both an External Wholesale Service and an Internal Wholesale Service and placed</li> </ul>

	<p>on both the External Wholesale Services List and the Internal Wholesale Services List;</p> <p>(b) an accurate description is prepared of each of the Dominant Provider’s Internal Wholesale Services, External Wholesale Services and Wholesale Activities sufficient to enable them to determine whether these activities have been appropriately identified and sufficiently described; and</p> <p>(c) an accurate description is prepared of each of the Dominant Provider’s Network Services and the extent to which these activities are used in the course of supplying Wholesale Services sufficient to enable them to determine whether these activities and their use have been appropriately identified and adequately described.</p>
<p><b>9.26</b></p>	<p>The Dominant Provider shall deliver the Wholesale Catalogue to Ofcom when it delivers the Regulatory Financial Statements to Ofcom.</p>
<p><b>Further accounting separation requirements</b></p>	
<p><b>9.27</b></p>	<p>The Dominant Provider shall maintain a separation for accounting purposes of the Accounting Separation Market Activities from other activities and of Accounting Separation Activities from other activities, so as to:</p> <p>(a) identify all elements of revenue, cost, assets and liabilities, with the basis of their calculation and the detailed attribution methods used, related to the Accounting Separation Market Activities and Accounting Separation Activities including an itemised breakdown of fixed assets; and</p> <p>(b) ensure that Accounting Separation Market Activities and Accounting Separation Activities are identified and are recorded at an appropriate amount in accordance with the Accounting Documents.</p>
<p><b>Requirements relating to the demonstration of non-discrimination</b></p>	
<p><b>9.28</b></p>	<p>The Dominant Provider shall ensure it is able to demonstrate that at any point in time:</p> <p>(a) where a Network Service or combination of Network Services is used by the Dominant Provider in providing Internal Wholesale Services, the amount applied and incorporated in the Transfer Charge for the Internal Wholesale Service in respect of the use of the Network Services is equivalent to the amount applied and incorporated for the use of the Network Services or combination of Network Services in the charge payable for an equivalent External Wholesale Service;</p> <p>(b) the same amount as applied and incorporated in the Transfer Charge for the Internal Wholesale Service in subparagraph (a) in respect of the use of the Network Services is applied to the Network Service or combination of Network Services whenever it is used by the Dominant Provider in providing an Internal Wholesale Service;</p> <p>(c) the same amount as applied and incorporated in the Transfer Charge for the equivalent External Wholesale Service in subparagraph (a) in respect of the use of the Network Services is applied to the Network Service or combination of Network Services whenever it is used by the Dominant Provider in providing an External Wholesale Service; and</p>

	<p>(d) the amount applied and incorporated in the Transfer Charge for the Internal Wholesale Service in subparagraph (a) in respect of the use of the Network Services shall be the cost of those Network Services unless the Network Service concerned is one of the Accounting Separation Activities.</p>
<p><b>Definitions</b></p>	
<p><b>9.29</b></p>	<p>For the purpose of interpreting this Condition 9 the following definitions shall apply:</p> <ul style="list-style-type: none"> <li>(a) <b>“Accounting Documents”</b> means together the Primary Accounting Documents, the Secondary Accounting Documents, and either the Wholesale Catalogue or the Retail Catalogue as appropriate, all as amended from time to time in accordance with this Condition 9;</li> <li>(a) <b>“Accounting Policies”</b> means the manner in which the requirements of the Companies Act 2006, the Accounting Standards and the accounting policies whenever not superseded by the Regulatory Accounting Principles, are applied by the Dominant Provider in each of the Regulatory Financial Statements;</li> <li>(b) <b>“Accounting Separation Activities”</b> means Wholesale Services and those Wholesale Activities, Network Services and Network Activities used directly or indirectly in the course of supplying Wholesale Services;</li> <li>(c) <b>“Accounting Separation Attribution”</b> means the totality of all apparatus, data, procedures and activities which the Dominant Provider uses or holds for use to determine the costs, revenues, assets and liabilities to be attributed to an activity, either based upon data recorded by an Accounting Separation Measuring System or otherwise;</li> <li>(d) <b>“Accounting Separation Market Activities”</b> means all of the Wholesale Services supplied in the Market and all of the Wholesale Activities, Network Services and Network Activities used directly or indirectly in the course of supplying those Wholesale Services;</li> <li>(e) <b>“Accounting Separation Measuring System”</b> means the totality of all apparatus, systems, data, procedures and activities which the Dominant Provider uses or holds for use to determine the extent to which costs, revenues, assets and liabilities are to be attributed to activities related to Network Access;</li> <li>(f) <b>“Accounting Separation System”</b> means the Accounting Separation Attribution and Accounting Separation Measuring System taken together;</li> <li>(g) <b>“Accounting Standards”</b> means the accounting standards by reference to which the Dominant Provider are required to prepare the Statutory Financial Statements;</li> <li>(h) <b>“Alternative Regulatory Auditor”</b> means any Auditor not for the time being appointed as the Dominant Provider’s Regulatory Auditor;</li> <li>(i) <b>“Attribution Methods”</b> means the practices used by the Dominant Provider to attribute revenue (including appropriate Transfer Charges),</li> </ul>

	<p>costs (including appropriate Transfer Charges), assets and liabilities to activities or, insofar as those activities have been aggregated into Wholesale Segments or Retail Segments in a given Market, to each Wholesale Segment or Retail Segment;</p> <p>(j) <b>“Auditor”</b> means any auditor which could be appointed as the Dominant Provider’s auditor in accordance with the requirements of the Companies Act 2006;</p> <p>(k) <b>“Cost Accounting Attribution”</b> means the totality of all apparatus, data, procedures and activities which the Dominant Provider uses or holds for use to determine the costs, revenues, assets and liabilities to be attributed to an activity, either based upon data recorded by a Cost Accounting Measuring System or otherwise;</p> <p>(l) <b>“Cost Accounting Measuring System”</b> means the totality of all apparatus, systems, data, procedures and activities which the Dominant Provider uses or holds for use to determine the extent to which costs, revenues, assets and liabilities are to be attributed to an activity related to Network Access or the provision of services to End-Users (as appropriate);</p> <p>(m) <b>“Cost Accounting System”</b> means Cost Accounting Attribution and Cost Accounting Measuring System taken together;</p> <p>(n) <b>“Current Year Figures”</b> means, in relation to any set of Financial Statements, the amounts relating to the Financial Year to which the accounts relate;</p> <p>(o) <b>“Disaggregated Activities”</b> means, in respect of a Market, the Wholesale Segments, Wholesale Services, Wholesale Activities, Network Services, Network Activities, Retail Segments, Retail Products, Retail Activities and/or Retail Support Activities used or carried out in the Market, as appropriate;</p> <p>(p) <b>“External Wholesale Services”</b> means services supplied or offered to any communications provider other than the Dominant Provider;</p> <p>(q) <b>“External Wholesale Services List”</b> means the list of External Wholesale Services prepared under condition 9.25;</p> <p>(r) <b>“Financial Year”</b> means a financial year of the Dominant Provider in respect of which annual statutory accounts are required to be (or to have been) prepared and audited in accordance with the requirements of the Companies Act 2006;</p> <p>(s) <b>“GAAP”</b> (Generally Accepted Accounting Practice(s)) means United Kingdom or international (as appropriate) conventions, rules and procedures that define currently accepted accounting practice (including, for the avoidance of doubt, not only broad guidelines of general application but also any detailed practices and procedures);</p> <p>(t) <b>“ICAEW Guidance”</b> means guidance issued by the Institute of Chartered Accountants in England &amp; Wales regarding reporting to regulators on regulated accounts;</p> <p>(u) <b>“Internal Wholesale Services”</b> means services equivalent to the External Wholesale Services which, in the absence of horizontal or vertical integration, could be supplied within the Dominant Provider;</p>
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- (v) **“Internal Wholesale Services List”** means the list of Internal Wholesale Services prepared under condition 9.25;
- (w) **“Market”** means each market to which this condition 9 applies;
- (x) **“Network Activities”** means any activities related to Network Access used directly or indirectly (or which in the absence of horizontal or vertical integration would be used directly or indirectly) in the course of supplying Wholesale Services and any activities used in the course of such activities, excluding those activities which are Wholesale Activities;
- (y) **“Network Component”** means, to the extent they are used in the Market, the network components specified in any direction given by Ofcom from time to time for the purposes of these conditions;
- (z) **“Network Services”** means those groups of Network Activities used directly (or which in the absence of horizontal or vertical integration would be used directly) in the course of supplying Wholesale Services;
- (aa) **“Primary Accounting Documents”** means documentation setting out the Accounting Policies, the Attribution Methods, the Regulatory Accounting Principles, and the Transfer Charge System Methodology;
- (bb) **“Prior Year Comparatives”** means, in relation to any set of Financial Statements, the amounts relating to the Financial Year immediately preceding the Financial Year to which the accounts relate, re-evaluated if necessary to ensure that such figures are comparable to the Current Year Figures;
- (cc) **“Process”** means the series of inter-related activities or actions to obtain, record or hold data or information or to carry out any operation or set of operations on the data or information, including:
  - i) organisation, storage, adaptation, or alteration of the data or information;
  - ii) retrieval, consultation, computation or use of the data or information;
  - iii) disclosure of the data or information by transmission, dissemination, or otherwise making available; or
  - iv) alignment, combination, blocking, erasing or destruction of the data or information;
- (dd) **“Regulatory Accounting Principles”** means the principles applied or used by the Dominant Provider in the preparation of the Regulatory Financial Statements;
- (ee) **“Regulatory Auditor”** means the Auditor for the time being appointed by the Dominant Provider in accordance with these conditions;
- (ff) **“Regulatory Financial Statement”** means any financial statement in respect of a Financial Year prepared, or required to be prepared by the Dominant Provider in accordance with this Condition 9;
- (gg) **“Retail Activities”** means any activities wholly and exclusively carried out (or which in the absence of horizontal or vertical integration would wholly and exclusively be carried out) in the course of supplying Retail Products and any activities wholly and exclusively carried out in the course of such activities, excluding those activities which are Wholesale Services;

	<p>(hh) <b>“Retail Products”</b> means services used by or offered to any End Users (including The Dominant Provider);</p> <p>(ii) <b>“Retail Segments”</b> means groups of Retail Products;</p> <p>(jj) <b>“Retail Support Activities”</b> means any activities carried out directly or indirectly (or which in the absence of horizontal or vertical integration would be carried out directly or indirectly) in the course of supplying Retail Products and any activities directly or indirectly carried out in the course of such activities, excluding those activities which are Retail Activities or Wholesale Services;</p> <p>(kk) <b>“Secondary Accounting Documents”</b> means documentation setting out details of the policies, methodologies, systems, processes and procedures for deriving or calculating the costs, revenues, assets and liabilities (including detailed attribution methods and detailed valuation methodology) used by the Dominant Provider in addition to the Primary Accounting Documents, the Wholesale Catalogue and the Retail Catalogue to prepare the Regulatory Financial Statements;</p> <p>(ll) <b>“Statutory Auditor”</b> means the Auditor for the time being appointed by the Dominant Provider in accordance with the requirements of the Companies Act 2006;</p> <p>(mm) <b>“Statutory Financial Statements”</b> means any annual report required to be prepared by the Dominant Provider in accordance with the requirements of the Companies Act 2006;</p> <p>(nn) <b>“Transfer Charge”</b> means the charge or price that is applied, or deemed to be applied, by the Dominant Provider to itself for the use or provision of an activity or group of activities. For the avoidance of doubt, such activities or group of activities include, amongst other things, products and services provided from, to or within the Market and the use of Network Components in the Market;</p> <p>(oo) <b>“Transfer Charge System Methodology”</b> means the methodology of the system employed by the Dominant Provider which enables an activity to use a service or good from another activity and to account for it as though it had purchased that service or good from an unrelated party (including accounting for it at an appropriate amount);</p> <p>(pp) <b>“Wholesale Activities”</b> means any activities wholly and exclusively carried out (or which in the absence of horizontal or vertical integration would wholly and exclusively be carried out) in the course of supplying Wholesale Services and any activities wholly and exclusively carried out in the course of such activities;</p> <p>(qq) <b>“Wholesale Catalogue”</b> means the documentation required to be produced by the Dominant Provider under condition 9.25;</p> <p>(rr) <b>“Wholesale Segments”</b> means groups of Wholesale Services; and</p> <p>(ss) <b>“Wholesale Services”</b> means services related to Network Access used by or offered to any communications provider (including the Dominant Provider).</p>
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## Proposed Direction under SMP Condition 1 and SMP Condition 5 in relation to KCOM's WLA Reference Offer

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**Notification of proposals under sections 49 and 49A of the Communications Act 2003, Condition 1 (Network access on reasonable request) and Condition 5 (Publication of a Reference Offer) relating to the requirement to publish a Reference Offer in relation to the provision of network access in the wholesale local access market ("Notification")**

### Background

1. Ofcom is today publishing a consultation document entitled "Promoting competition and investment in fibre networks: Hull Area Review 2026-31" (the "Consultation") setting out Ofcom's proposals to identify markets in the Hull Area, make market power determinations and set SMP conditions with respect to KCOM.
2. In the Consultation, Ofcom proposes to impose SMP condition 1 (Network access on reasonable request) and SMP condition 5 (Publication of a Reference Offer) on KCOM in respect of the wholesale local access services market. Pursuant to the proposed SMP condition 5, Ofcom may from time to time give certain directions relating to KCOM's Reference Offer.

### Proposals in this Notification

3. Ofcom is proposing to give the direction set out in the Schedule to this Notification under sections 49 and section 49A of the Act, SMP condition 1.3(b)(ii), 1.4 and 1.5, and SMP condition 5.11.
4. The effect of this direction, and Ofcom's reasons for giving it, are set out in the Consultation accompanying this Notification, in particular in Volume 3, Section 3.

### Ofcom's duties and legal tests

5. Ofcom considers that the direction set out in this Notification complies with the requirements of section 49(2) of the Act for the reasons set out in the Consultation accompanying this Notification.
6. Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six requirements in section 4 of the Act.

### Making representations

7. Representations may be made to Ofcom about the proposals set out in this Notification and no later than 26 February 2026.
8. A copy of this Notification, together with the Schedule, has been sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.

### Interpretation

9. For the purpose of interpreting this Notification:

- (a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 10 below;
- (b) save where otherwise defined in this Notification, words or expressions shall have the meaning assigned to them in the notification of proposed SMP conditions, given on the same date as this Notification;
- (c) otherwise any word or expression has the same meaning as it has in the Act;
- (d) headings and titles shall be disregarded;
- (e) expressions cognate with those referred to in this Notification shall be construed accordingly; and
- (f) the Interpretation Act 1978 (c. 30) shall apply as if this Notification were an Act of Parliament.

10. In this Notification:

- (a) “**Act**” means the Communications Act 2003 (c. 21);
- (b) “**Hull Area**” means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communication (Hull) plc, (now known as KCOM);
- (c) “**KCOM**” means KCOM Group Limited, whose registered company number is 02150618;
- (d) “**Ofcom**” means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002.
- (e) “**In-Building Handover**” means interconnection between the electronic communications network of the Dominant Provider and the electronic communications network of a Third Party within an ODF Site of the Dominant Provider;
- (f) “**ODF Site**” means the site of an operational building of the Dominant Provider that houses an optical distribution frame;
- (g) “**Reference Offer**” means the terms and conditions published in accordance with SMP Condition 5 on which the Dominant Provider is willing to enter into an Access Agreement; and
- (h) “**Third Party**” means a person, other than KCOM, providing a public electronic communications service or a person providing a public electronic communications network.

11. The Schedule to this Notification forms part of this Notification.

**Signed**



**Ben Harries**

**Policy Director, Infrastructure and Connectivity Group, Ofcom**

**A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002**

**18 December 2025**

## SCHEDULE

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**[Draft] Direction under section 49 of the Communications Act 2003, SMP condition 1 and SMP condition 5 relating to the terms on which KCOM publishes a Reference Offer**

### Background

1. This direction is made under section 49 of the Communications Act 2003; SMP Condition 1.3(b)(ii), 1.4 and 1.5; and SMP Condition 5.11.
2. This direction applies to the market for the supply of wholesale local access at a fixed location in the Hull Area with effect from [1 November 2026].

### Direction

3. The Dominant Provider must remove conditions in its Reference Offer which require or have the effect of requiring In-Building Handover.
4. The Dominant Provider must modify its Reference Offer, to describe the manner in which a Third Party may interconnect its electronic communications network, to the electronic communications network of the Dominant Provider at locations anywhere in the Hull Area where a reasonable request for such interconnection might be made.

## Proposed Direction under SMP Condition 2 and SMP Condition 5 in relation to KCOM's PIA Reference Offer

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**Notification of proposals under section 49 and 49A of the Communications Act 2003 and Condition 2 (Specific forms of network access) and Condition 5 (Publication of a Reference Offer) relating to the requirement to publish Reference Offer in respect of Physical Infrastructure Access in the wholesale local access and wholesale leased line access services markets ("Notification")**

### Background

1. Ofcom is today publishing a consultation document entitled "Hull Area: Wholesale Fixed Telecoms Market Review 2026-31" (the "Consultation") setting out Ofcom's proposals to identify markets in the Hull Area, make market power determinations and set SMP conditions with respect to KCOM.
2. In the Consultation, Ofcom proposes to impose SMP condition 2 (specific forms of network access) and SMP condition 5 (Publication of a Reference Offer) on KCOM in respect of the wholesale local access services and wholesale leased lines access services markets. KCOM will be required to comply with any direction that Ofcom makes from time to time under these SMP conditions.

### Proposals in this Notification

3. Ofcom is proposing to give the direction set out in the Schedule to this Notification under section 49 and section 49(A) of the Act, SMP condition 2.5 and 2.6, and SMP condition 5.11.
4. The effect of this direction, and Ofcom's reasons for giving it, are set out in the Consultation accompanying this Notification, in particular in Volume 3, section 5.

### Ofcom's duties and legal tests

5. Ofcom considers that the direction set out in this Notification complies with the requirements of section 49(2) of the Act for the reasons set out in the Consultation accompanying this Notification.
6. In making the proposal referred in paragraph 3 above, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six requirements in section 4 of the Act.

### Making representations

7. Representations may be made to Ofcom about the proposals set out in this Notification and no later than 26 February 2026.
8. A copy of this Notification, together with the Schedule, has been sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.

## Interpretation

9. For the purpose of interpreting this Notification:

- (a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 10 below;
- (b) save where otherwise defined in this Notification, words or expressions shall have the meaning assigned to them in the notification of proposed SMP conditions, given on the same date as this Notification;
- (c) otherwise any word or expression has the same meaning as it has in the Act;
- (d) headings and titles shall be disregarded;
- (e) expressions cognate with those referred to in this Notification shall be construed accordingly; and
- (f) the Interpretation Act 1978 (c. 30) shall apply as if this Notification were an Act of Parliament.

10. In this notification:

- (a) “**Act**” means the Communications Act 2003 (c. 21);
- (b) “**Defective Pole**” means a pole that has been identified by the Dominant Provider as unsuitable for additional connections due to the pole being decayed, damaged or otherwise defective;
- (c) “**Hull Area**” means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communication (Hull) plc, (now known as KCOM);
- (d) “**KCOM**” means KCOM Group Limited, whose registered company number is 02150618;
- (e) “**Ofcom**” means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002.
- (f) “**Lead-in Duct**” means duct that connects, or is intended to connect, a distribution point to a Network Termination Point;
- (g) “**Network Termination Point**” means the physical point at which a Relevant Subscriber is provided with access to a public electronic communications network;
- (h) “**PIA Adjustment Service**” means any of the services listed in Section 1 of Schedule 2 to this Notification which is provided for the purposes of making adjustments to physical infrastructure, such adjustments being reasonably requested for the provision of Physical Infrastructure Access in accordance with SMP Conditions 1 and 2;
- (i) “**PIA Adjustment Limit**” refers to the financial limit that is calculated as set out in paragraph 5 of the direction set out in the Schedule 1 of this Notification;
- (j) “**PIA Pole Adjustment Service**” means any of the services listed in Section 2 of Schedule 2 to this Notification which is provided for the purposes of making adjustments to physical infrastructure, such adjustments being reasonably necessary for the provision of Physical Infrastructure Access in accordance with SMP Conditions 1 and 2;

- (k) **“PIA Order”** means: (i) a request for Physical Infrastructure Access submitted to the Dominant Provider by a Third Party; (ii) any subsequent request for Physical Infrastructure Access which has been accepted by the Dominant Provider and is linked to the initial request; and (iii) any subsequent request for access to Lead-in Duct which facilitates the extension of the electronic communications network deployed using the Physical Infrastructure ordered under (i) and (ii);
- (l) **“PIA Spine Duct”** means all duct other than Lead-in Duct;
- (m) **“Reference Offer”** means the terms and conditions published in accordance with SMP Condition 5 on which the Dominant Provider is willing to enter into an Access Agreement;
- (n) **“Relevant Subscriber”** means any person who is party to a contract with a provider of public electronic communications services for the supply of such services;
- (o) **“Third Party”** means a person, other than KCOM, providing a public electronic communications service or a person providing a public electronic communications network.

11. The Schedules to this Notification shall form part of this Notification.

**Signed**



**Ben Harries**

**Policy Director, Infrastructure and Connectivity Group, Ofcom**

**A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002**

**18 December 2025**

## SCHEDULE 1

---

**[Draft] Direction under section 49 of the Communications Act 2003, SMP condition 2 and SMP condition 5 relating to the terms on which KCOM publishes a Reference Offer for Physical Infrastructure Access**

### Background

1. This direction is made under section 49 of the Communications Act 2003; SMP Condition 2.5 and 2.6, and SMP condition 5.11.
2. This direction applies to the markets for the supply of wholesale local access at a fixed location in the Hull Area and wholesale leased lines access services in the Hull Area with effect from [1 November 2026].

### Direction

3. The Dominant Provider must remove conditions in its Reference Offer which levy, or have the effect of levying, a charge for PIA Adjustment Services, unless the total amount of charges that would otherwise have been accrued for PIA Adjustment Services in the PIA Order exceeds the PIA Adjustment Limit.
4. The Dominant Provider must modify its Reference Offer to provide that it will only charge a Third Party, as a maximum, the amount in excess of the PIA Adjustment Limit for providing PIA Adjustment Services set out in the PIA Order.
5. The Dominant Provider must modify its Reference Offer to provide that the PIA Adjustment Limit is calculated by multiplying the total number of kilometres of PIA Spine Duct requested as part of the PIA Order by £2,725.
6. For the purposes of paragraphs 3 and 4, the references to PIA Adjustment Services do not include:
  - a) PIA Pole Adjustment Services undertaken to provide capacity on a pole to facilitate the provision of a drop wire; and
  - b) PIA Pole Adjustment Services undertaken to replace a Defective Pole used to facilitate the provision of a drop wire.
7. The Dominant Provider must remove conditions in its Reference Offer which levy, or have the effect of levying, a charge for the services referenced in paragraphs 6a. and 6b.
8. KCOM must comply with the requirements set out in this Schedule by [1 May 2027]<sup>2</sup>.

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<sup>2</sup> This date assumes that the final Direction will take effect on 1 November 2006.

## SCHEDULE 2

### Section 1 – Meaning of “PIA Adjustment Services”

1. For the purposes of this direction, the expression “PIA Adjustment Services” shall be construed as including all services specified in Section 1 of this Annex, subject to such changes as Ofcom may direct, following any proposal by the Dominant Provider to introduce a new service or withdraw or substitute one or more of these services for another (in which case this list shall be construed accordingly).

Activity
New Small Footway Box
New Medium Footway Box
New Large Footway Box
New Small Carriageway Box
New Medium Carriageway Box
New Large Carriageway Box
Joint box breakthrough
Manhole breakthrough
Demolish chamber
Joint Chamber/Manhole 'pull through'; per 100m sub-duct
New Duct - soft; per metre
New Duct - footway; per metre
New Duct - carriageway; per metre
Cable recovery (light) - per 100m
Cable recovery (heavy) - per 100m
Cable recovery (large) - per 100m
Clearing a block in a Duct (Soft / Footway) first blockage
Clearing a block in a Duct (Carriageway) first blockage
Clearing a block in a Duct (Soft / Footway) subsequent blockage
Clearing a block in a Duct (Carriageway) subsequent blockage
Removal of locked lids - visit
Removal of locked lids - per hour
Issue of Security Key 1A - per key
Renew/replace frame and cover Carriageway
Renew/replace frame and cover Footway
Fit ladder in a manhole

New Pole
Replacement Carrier Pole
Replacement DP Pole
Pole recovery (removal) per pole
Renew and/or provide a Pole Stay
Renew, provide and/or re position Pole steps on Pole - per pole
Renew, provide and/or re position Bass step on Pole - per pole
Provide pole top ring-head
Block and tail renewal (rationalise copper blocks)
Erect Fibre Drop Cable / Tube
Customer changeover, per pole visit
Customer changeover - hourly rate
Re-tension, Refix and Renewal of aerial Cable
Re-tension, Refix and Renewal of drop wire
Lead assessor accreditation - surveyor
Lead assessor accreditation - overhead build
Lead assessor accreditation - underground build
Licensing of CP site as being suitable to deliver PIA non- civils accreditations (cost per site)
Diversiary Works; per hour
Restoration; per hour
Co-op Survey; per survey
KCOM Assist - per visit
KCOM Assist - per hour
Work Point Set-Up (Overhead and Cabling); per day
Network Adjustment Verification (Complex e.g. including rodding)
Network Adjustment Verification (Simple)
Work outside Working Hours (outside working day and not including Sundays or Bank Holidays) - per hour
Work outside Working Hours (Bank Holidays or Sundays) - per hour
KCOM Partner Mobilisation
Local Authority fees
Non- standard civils work
Road closures (cable works)

## Section 2 - Meaning of “PIA Pole Adjustment Services”

1. For the purposes of this direction, the expression “PIA Pole Adjustment Services” shall be construed as including all services specified in Section 2 of this Schedule, subject to such changes as Ofcom may direct, following any proposal by the Dominant Provider to introduce a new service or withdraw or substitute one or more of these services for another (in which case this list shall be construed accordingly).

<b>Activity</b>
New Pole
Replacement DP Pole
Pole recovery (removal) per pole
Renew and/or provide a Pole Stay
Renew, provide and/or re position Pole steps on Pole - per pole
Renew, provide and/or re position Bass step on Pole - per pole
Provide pole top ring-head
Block and tail renewal (rationalise copper blocks)
Erect Fibre Drop Cable / Tube
Customer changeover, per pole visit
Customer changeover - hourly rate
Re-tension, Refix and Renewal of aerial Cable
Re-tension, Refix and Renewal of drop wire
Lead assessor accreditation - surveyor
Lead assessor accreditation - overhead build
Lead assessor accreditation - underground build
Licensing of CP site as being suitable to deliver PIA non- civils accreditations (cost per site)
Diversionary Works; per hour
Restoration; per hour
Co-op Survey; per survey
KCOM Assist - per visit
KCOM Assist - per hour
Work Point Set-Up (Overhead and Cabling); per day
Network Adjustment Verification (Complex e.g. including rodding)
Network Adjustment Verification (Simple)
Work outside Working Hours (outside working day and not including Sundays or Bank Holidays) - per hour

Work outside Working Hours (Bank Holidays or Sundays) - per hour
KCOM Partner Mobilisation
Local Authority fees
Non- standard civils work
Road closures (cable works)

# Proposals for Regulatory Financial Reporting directions

## PROPOSED DIRECTIONS UNDER SMP CONDITION 9 IN RELATION TO REGULATORY FINANCIAL REPORTING

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**Notification of proposals under section 49 and 49A of the Communications Act 2003 and Condition 9 (Regulatory Financial Reporting) in the wholesale local access and wholesale leased line access services markets (“Notification”)**

### Background

1. Ofcom is today publishing a consultation document entitled “Promoting competition and investment in fibre networks: Hull Area Review 2026-31” (the “Consultation”) setting out Ofcom’s proposals to identify markets in the Hull Area, make market power determinations and set SMP conditions with respect to KCOM.
2. In the Consultation, Ofcom is proposing to impose SMP Condition 9 (Regulatory Financial Reporting) on KCOM in respect of the wholesale local access and leased lines access services markets in the Hull Area. KCOM will be required to comply with any direction that Ofcom makes from time to time under this SMP condition.

### Proposals in this Notification

3. Ofcom is proposing to give the five directions set out in the Schedule to this Notification under section 49 and section 49A of the Act and SMP condition 9.
4. The proposed directions set out in the Schedule to this Notification will apply in relation to the markets specified in each proposed direction.
5. The effect of the directions, and Ofcom's reasons for giving them, are set out in the Consultation accompanying this Notification, in particular in Volume 4.
6. The proposed directions set out in the Schedule to this Notification shall take effect on 1 November 2026 or such other date specified in any notification under section 49 of the Act adopting the proposals set out in this Notification.

### Ofcom’s duties and legal tests

7. Ofcom considers that the directions comply with the requirements of section 49(2) of the Act for the reasons set out in the Consultation.
8. In making the proposals referred to above, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six requirements in section 4 of the Act.

### Making representations

9. Representations may be made to Ofcom about the proposals set out in this Notification by no later than 26 February 2026.

10. A copy of this Notification, together with the Schedule, has been sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.

## Interpretation

11. For the purpose of interpreting this notification:

- a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 12 below;
- b) save where otherwise defined in this Notification, words or expressions shall have the meaning assigned to them in the notification of SMP conditions given on the same date as this notification;
- c) otherwise any word or expression shall have the same meaning as it has in the Act;
- d) headings and titles shall be disregarded;
- e) expressions cognate with those referred to in this notification shall be construed accordingly; and
- f) the Interpretation Act 1978 (c. 30) shall apply as if this notification were an Act of Parliament.

12. In this Notification:

- a) **“Act”** means the Communications Act 2003 (c. 21);
- b) **“Gross Replacement Cost”** or **“GRC”** means the cost of replacing an existing tangible fixed asset with an identical or substantially similar new asset having a similar production or service capacity;
- c) **“Hull Area”** means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communication (Hull) plc, (now known as KCOM);
- d) **“KCOM”** means KCOM Group Limited, whose registered company number is 02150618;
- e) **“LLA Market”** means the market for the supply of wholesale leased lines access services in the Hull Area, as identified in the notification under sections 48 and 79 of the Act, which is contained in the document entitled ‘Promoting competition and investment in fibre networks: Hull Area Review 2026-31’ published by Ofcom on [date]<sup>3</sup>.
- f) **“Mean Capital Employed”** or **“MCE”** means total assets less current liabilities, excluding corporate taxes and dividends payable, and provisions other than those for deferred taxation. The mean is computed from the start and end values for the period, except in the case of short-term investments and borrowings, where daily averages are used in their place;
- g) **“Net Replacement Cost”** or **“NRC”** means the Gross Replacement Cost less accumulated depreciation based on Gross Replacement Cost;
- h) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002.
- i) **“Usage Factor”** means the average usage by any communications provider (including the Dominant Provider itself) of each Network Component in using or providing a particular product or service or carrying out a particular activity, and

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<sup>3</sup> Date of Hull review 2026-31 final statement

- j) “**WLA Market**” means the market for the supply of wholesale local access at a fixed location in the Hull Area, as defined in the notification under sections 48 and 79 of the Act, which is contained in the document entitled ‘Promoting competition and investment in fibre networks: Hull Area Review 2026-31’ published by Ofcom on [date]<sup>4</sup>.

13. The Schedules to this Notification shall form part of this Notification.

**Signed**

A handwritten signature in black ink, appearing to read 'J. Mackley', with a long horizontal flourish extending to the right.

**James Mackley**

**Director of Financial Analytics, Ofcom**

**A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002**

**18 December 2025**

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<sup>4</sup> Date of Hull review 2026-31 final statement

# Schedule

## [DRAFT] Direction 1 – Network Component Direction

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### Background

1. This direction is made under section 49 of the Communications Act 2003 and SMP Services Conditions 9.2 and 9.29.
2. This direction applies with respect to the following markets unless otherwise specified:
  - a) WLA Market
  - b) LLA Market

### Direction

3. Ofcom hereby directs KCOM that the following network components must apply, in relation to the markets to which this direction applies:
  - a) Electronics;
  - b) Field provision;
  - c) Field maintenance;
  - d) Local Loop infrastructure
  - e) Exchange concentrator;
  - f) Exchange-exchange Transmission link;
  - g) Back-office Provision;
  - h) Back-office Maintenance;
  - i) Sales and Product Management;
  - j) PPP for narrowband call services;
  - k) Net Current Assets; and
  - l) Other.

## [DRAFT] Direction 2 – Transparency Direction

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### Background

1. This direction is made under section 49 of the Communications Act 2003 and SMP Services Condition 9.2.
2. This direction applies with respect to the following markets unless otherwise specified:
  - a) WLA Market
  - b) LLA Market

### Direction

3. Ofcom hereby directs KCOM to ensure that any data, information, description, material or explanatory document prepared under SMP Condition 9 in respect of accounting and other methods used in the preparation of the accounting records and Regulatory Financial Statements shall be sufficiently transparent and prepared such that a suitably informed reader can gain a clear understanding of such data, information, description, material or explanatory document, and, if necessary, the overall structure of KCOM's financial and information systems from which regulatory accounting data is derived and in particular the sequence of the processing and 'cascade' effect of the intermediate cost centres; gain a detailed understanding of all the material, methodologies and drivers (e.g. Systems, Processes and procedures) applied in the preparation of regulatory accounting data; and make their own judgement as to the reasonableness of these methodologies and driver data and any changes to them, in relation to the markets listed in paragraph 2 above.

## **[DRAFT] Direction 3 – Preparation, audit, delivery and publication Regulatory Financial Statements Direction**

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### **Background**

1. This direction is made under section 49 of the Communications Act 2003 and SMP Services Conditions 9.2 and 9.5.
2. This direction applies with respect to the following markets unless otherwise specified:
  - a) WLA Market
  - b) LLA Market

### **Direction**

3. Ofcom hereby specifies that KCOM shall prepare, secure an audit opinion in respect of, deliver to Ofcom and publish the Regulatory Financial Statements in accordance with the Annex to this direction for the markets listed above in paragraph 2.

**Annex to the preparation, audit and delivery of Regulatory Financial Statements direction 2 –**

1. For the purposes of this annex:
  - a) the scope of these statements is set out in the matrix of obligations that follows; and
  - b) references to **annexes** are to the Annexes to the Form and Content of Regulatory Financial Statements Direction dated 1 November 2026.
2. In the table below:
  - a) “X “means that the financial statement set out at the head of the column is required for the market on that row to be published, “O” means it is provided on a confidential basis. Where both are marked, the notes below this table explain.

	Financial statements														Audit	
	SDR	CCPS	RFR	SoAC FA (market)	SoAC FA (consolidated)	Notes	RTSA	RTW	RTR	IMT	SLI	SLC	PIA	NA	PPIA	
<b>KCOM wide / Wholesale market</b>																
KCOM wide	X	X	X		X	X	X/O	O	O	O			X	X	X	
Wholesale Local Access (WLA)		X	X	O							O	O				X
Leased Line Access (LLA)		X	X	O							O	O				X

3. Explanatory notes for the table above.
  - a) SDR – statement of responsibility, as set out in annex 2 [NB – no audit opinion is required for the SDR];
  - b) CCPS – ‘current cost primary statements’, current cost profit and loss statement (CC P&L) and statement of current cost mean capital employed (CC MCE), as set out in Annexes 4 & 5 in relation to consolidation of markets subject to cost accounting and as set out in Annexes 8 & 9 in relation to individual wholesale markets;
  - c) RFR – regulatory financial review, as set out in annex 7 [NB – no audit opinion is required for the RFR];

- d) SoAC FA (market) – Market network activity statement costs on a current fully allocated cost basis for the market (as set out in Annex 10) [NB to be provided on a confidential basis];
- e) SoAC FA (consolidated) – Consolidated network activity statement costs on a current fully allocated cost basis (as set out in Annex 6 [NB to be published]);
- f) SOS – refers to notes to the financial statements (as set out in annex 11) in relation to sufficiency of separation, in particular assurance that activities to which accounting separation applies have been sufficiently separated from each other and from activities to which separation does not apply;
- g) RTSA – ‘reconciliation to statutory accounts’, reconciliation of consolidated CC P&L and CC MCE for wholesale markets subject to cost accounting to the profit and loss account and balance sheet of the operator shown in their statutory financial statements (as set out in annexes 12 & 13 [NB to be published], supported by annexes 14, 15, 16 & 17 [NB to be provided on a confidential basis];
- h) RTW – ‘wholesale residual’, CC P&L and CC MCE to - consolidation across group of markets covered by wholesale residual markets (as set out in Annexes 14 & 15) [NB to be provided on a confidential basis];
- i) RTR – ‘retail residual’, CC P&L and CC MCE - consolidation across group of markets covered by retail markets (as set out in Annexes 16 & 17); [NB to be provided on a confidential basis];
- j) IMT – Inter-market turnover, reconciliation of the source and destination of inter market turnover, to verify that transfer charges are self-cancelling overall (as set out in annex 18); [NB to be provided on a confidential basis];
- k) SLI – Service level Information - Information on the volume of specified services sold, the average prices, revenues and FAC costs. (as set out in annex 19); [NB to be provided on a confidential basis];
- l) SLC – Breakdown of Service level Cost - Information on specified services on a fully allocated costs (FAC) basis by network cost component. (as set out in annex 20); [NB to be provided on a confidential basis];
- m) PIA – PIA rentals
- n) NA – Network adjustments
- o) PPIA – Audit opinion required for published statements, for inclusion in audit report as set out in annex 3.

## **[DRAFT] Direction 4 – Form and content of Regulatory Financial Statements Direction**

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### **Background**

1. This direction is made under section 49 of the Communications Act 2003 and SMP Services Condition 9.2 and 9.5(a).
2. This direction applies with respect to the following markets unless otherwise specified:
  - a) WLA Market
  - b) LLA Market

### **Direction**

3. Ofcom hereby specifies that except where KCOM is entitled to amend the form and content of the Regulatory Financial Statements in accordance with Condition 9, KCOM shall ensure that the Regulatory Financial Statements required by Condition 9 and the Direction for the Preparation, Audit, Delivery and Publication of the Regulatory Financial Statements, shall be prepared, as appropriate, as to form and content in the manner set out in the Annexes to this Direction for the markets listed above in paragraph 2.

## Annexes to Direction 4

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### Index of form and content annexes

**Annex 1** – Statement by Ofcom

**Annex 2** – Statement of responsibility

**Annex 3** – Report of the Regulatory Auditors

**Annex 4** – Consolidation Profit and Loss (P&L) Statement

**Annex 5** – Consolidation Mean Capital Employed (MCE) Statement

**Annex 6** – Consolidated Network Activity statement

**Annex 7** – Regulatory financial review

**Annex 8** – Market P&L statement

**Annex 9** – Market MCE statement

**Annex 10** – Market Network Activity Statement [provided on a confidential basis]

**Annex 11** – Notes to the regulatory financial statements

**Annex 12** – Reconciliation statement, P&L

**Annex 13** – Reconciliation statement, MCE

**Annex 14** – Wholesale residual, P&L [provided on a confidential basis]

**Annex 15** – Wholesale residual, MCE [provided on a confidential basis]

**Annex 16** – Retail residual, P&L [provided on a confidential basis]

**Annex 17** – Retail residual, MCE [provided on a confidential basis]

**Annex 18** – Inter-market turnover [provided on a confidential basis]

**Annex 19** – Service Level Information AFI for each specified market [provided on a confidential basis]

**Annex 20** – Breakdown of Service Level Costs AFI for each specified market [provided on a confidential basis]

**Annex 21** – PIA rentals

**Annex 22** – Network adjustments

## Annex 1

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### Statement by Ofcom

1. Ofcom is entitled, to comment on the data in, the notes to, or the presentation of any of the Financial Statements, in relation to each of the markets.

## Annex 2

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### Statement of Responsibility

2. The Board of Directors of the dominant provider (or if this includes a group of companies, the ultimate holding company) have responsibility for setting out the basis of preparation of the Financial Statements, confirming compliance with its responsibilities under the Conditions, and any other information relevant to carrying out its obligations under those conditions.

## Annex 3

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### Report of the Regulatory Auditors

3. The report of the independent regulatory auditors produced in accordance with the SMP Condition and Directions.
4. The statement by the regulatory auditor shall set out the responsibilities of the Dominant Provider and of the auditor, the basis of audit opinion in accordance with current auditing standards, to whom a duty of care is owed and their opinion in respect of each Financial Statement.
5. For reasons of simplicity and understandability the auditor may have a single opinion covering Accounting Separation Financial Statements and Cost Accounting Financial Statements, provided that their opinion clearly identifies the nature of the assurance given in relation to each.

## Annex 4

### Consolidation Profit and Loss (P&L) Statement

#### KCOM Consolidation Statement

**Consolidated Total - For all markets where cost accounting and accounting separation obligations apply**

CURRENT COST PROFIT AND LOSS ACCOUNT		Restated (cross refer to notes)		£'k Change Year on year	% Change Year on Year
	Notes	£k CY	£k PY		
for the year ended 31 March 20xx					
<b>Turnover</b> (identifying Gross, Discounts and Net turnover for external sales if applicable)					
Internal Sales [Note]					
External Sales					
<b>Total Turnover</b>					
<b>Operating costs</b>					
Operating costs					
- Engineering Support					
- Finance & Billing					
- General Management					
- Bad Debts					

- Back Office Support
- Other Costs (total of items below 5% of operating cost)

Subtotal operating expenditure

Depreciation

- Duct
- Copper
- Fibre
- Transmission
- Exchange
- Other

CCA adjustments:

Holding (gain)/loss

Supplementary depreciation

Other adjustments

---

**Total operating costs**

---

**Return**

---

**MCE**

---

**RETURN ON MEAN CAPITAL EMPLOYED**

for the year ended 31 March 20xx

**CY**  
%

**PY**  
%

%

**Return on mean capital employed**

---

[Note - All sales to be based on actual volumes x price]

## Annex 5

### Consolidation Mean Capital Employed (MCE) Statement

#### KCOM Consolidation Statement

STATEMENT OF CURRENT COST MEAN CAPITAL EMPLOYED for the year ended 31 March 20xx		Restated (cross refer to notes)			
	Notes	£k CY	£k PY	£'k Change	% Change
<b>Fixed assets</b>					
Tangible fixed assets					
- Land & Buildings					
- Duct					
- Fibre					
- Copper					
- Transmission					
- Exchange					
- Other					
Investments					
<b>Total fixed assets</b>					

**Current assets**

Stocks

Debtors

- internal

- external

---

Total current assets

---

**Creditors: amounts falling due within one year**

Other creditors

- internal

- external

---

Total creditors: amounts falling due within one year

---

Net current assets

---

Total assets less current liabilities

Provisions for liabilities and charges

---

**Closing capital employed**

---

## Annex 6

### Consolidated Network Activity statement

**KCOM Consolidated Statement of Costs**

**Network Activity Statement for year ended 31st March 20xx**

**Consolidated current costs (this is a consolidation of all markets where there are cost accounting obligations)**

	HCA operating cost	Supp. Dep.	Holding gain and other CCA adj	Total CCA operating costs	CCA MCE	Applicable ROCE %	Capital costs	Total costs	Unit of measure	Volume	Ave CCA unit cost
<b>Fully Allocated Cost</b>											
<b>Components</b>											
Electronics;											
Field provision											
Field maintenance;											
Local Loop infrastructure											
Exchange concentrator;											
Exchange-exchange											
Transmission link;											
Back-office Provision;											
Back-office Maintenance;											
Sales and Product											
Management;											
PPP for narrowband call services;											
Net Current Assets; and											
Other.											
<b>Totals</b>											

## Annex 7

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### Regulatory Financial Review

1. The Dominant Provider will prepare a Regulatory Financial Review (RFR) to encompass all markets for which cost accounting and/or accounting separation obligations apply.
2. The RFR should assist the user's assessment of the regulatory financial statements as produced under condition 9 and provide commentary on compliance with this regulatory condition.
3. The RFR should focus on those matters which are relevant to the users of the information, be clearly written and readily understandable.
4. It should include discussions of the regulatory financial performance of each individual market, in which the Dominant Provider has accounting separation or cost accounting obligations, in the period and the main influences on performance, including known trends and the effect of risks facing each market.
5. The information and analysis contained within the RFR should be complete and free from bias.
6. Disclosure should make clear any issues of comparability that would assist the reader's understanding of the review. It should highlight accounting policies that are the key to the understanding of performance, focusing on those which have required the particular exercise of judgment in their application and those accounting policies which have changed in the year.
7. When using financial and non-financial measures in the RFR, it is important these are defined and explained, assumptions set out and prior year comparatives are disclosed on the same basis as current year figures.
8. A key aim of the operating review is to enable users to understand the dynamics of the products and services in each market where the Dominant Provider has SMP status and specific regulatory accounting obligations, and the main influences on financial performance and how these interrelate.
9. The review should explain the main factors that underlie each market and in particular those which have either varied in the past or are expected to change in the future. It should set out an analysis of the effect of changes in each market or the environment in which it operates and of developments within each market. For example changes in the market conditions, introduction or announcements of new products and services, new and discontinued activities, other acquisitions and disposals.
10. The RFR should also analyse the main factors and influences that may have an effect on future performance, whether or not they were significant in the period under review. There should be a discussion on the principal risks facing activities and markets, with commentary on the approach taken to manage them.

## Annex 8

### Market P&L statement

#### **KCOM Market A (there will be a statement for each wholesale market where cost accounting and accounting separation obligations apply)**

CURRENT COST PROFIT AND LOSS ACCOUNT

for the year ended 31 March 20xx

			Restated (cross refer to notes)		
	Notes	£k CY	£k PY	£'k Change Year on year	% Change Year on Year

**Turnover** (identifying Gross, Discounts and Net turnover for external sales if applicable)

Internal Sales [Note]

External Sales

#### **Total Turnover**

#### **Operating costs**

Operating costs

- Engineering Support
- Finance & Billing
- General Management
- Bad Debts
- Back Office Support
- Other Costs (total of items below 5% of operating cost)

Sub total operating expenditure

Depreciation

- Duct
- Copper
- Fibre
- Transmission
- Exchange
- Other

CCA adjustments:

Holding (gain)/loss

Supplementary depreciation

Other adjustments

---

**Total operating costs**

---

**Return**

---

**MCE**

---

**RETURN ON MEAN CAPITAL EMPLOYED**

for the year ended 31 March 20xx

**CY**  
**%**

**PY**  
**%**

**%**

**Return on mean capital employed**

---

[Note - All sales to be based on actual volumes x price]

## Annex 9

### Market MCE statement

KCOM Market A (there will be a statement for each wholesale market where cost accounting and accounting separation obligations apply)

<b>STATEMENT OF CURRENT COST MEAN CAPITAL EMPLOYED</b>		Restated (cross refer to notes)			
for the year ended 31 March 20xx				£'k	
	Notes	£k <b>CY</b>	£k <b>PY</b>	Change	% Change
<b>Fixed assets</b>					
Tangible fixed assets					
- Land & Buildings					
- Duct					
- Fibre					
- Copper					
- Transmission					
- Exchange					
- Other					
Investments					
<b>Total fixed assets</b>					

**Current assets**

Stocks

Debtors

- internal

- external

---

Total current assets

---

**Creditors: amounts falling due within one year**

Other creditors

- internal

- external

---

Total creditors: amounts falling due within one year

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Net current assets

---

Total assets less current liabilities

Provisions for liabilities and charges

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**Closing capital employed**

---

## Annex 10

### Market Network Activity Statement [provided on a confidential basis]

**KCOM Consolidated Statement of Costs**

**Network Activity Statement for year ended 31st March 20xx**

**KCOM Market A Statement of Costs (there will be a statement for each wholesale market where cost accounting and accounting separation obligations apply)**

Fully Allocated Cost	HCA operating cost	Supp. Dep.	Holding gain and other CCA adj	Total CCA operating costs	CCA MCE	Applicable ROCE %	Capital costs	Total costs	Unit of measure	Volume	Ave CCA unit cost
----------------------	--------------------	------------	--------------------------------	---------------------------	---------	-------------------	---------------	-------------	-----------------	--------	-------------------

**Components**

- Electronics;
- Field provision
- Field maintenance;
- Local Loop infrastructure
- Exchange concentrator;
- Exchange-exchange
- Transmission link;
- Back-office Provision;
- Back-office Maintenance;
- Sales and Product Management;
- PPP for narrowband call services;
- Net Current Assets; and
- Other.

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**Totals**

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## Annex 11

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### Notes to the Regulatory Financial Statements

1. These will contain notes, modelled on statutory accounting conventions, to assist the user in the interpretation of the individual statements.
2. The notes will address issues necessary to ensure that they are properly prepared including, to the extent necessary, the basis of accounting, accounting policies, changes for restatement, non compliance with UK GAAP and any other information that will enable users to properly understand the individual financial statement.
3. Among other things, the necessary notes would be expected to include:
  - a) a description of the basis on which revenue from sales to other operators arise and other related matters necessary to understand how financial performance has been measured
  - b) a commentary setting out how the principle of non discrimination and the calculation of usage factors have been applied in the preparation and presentation of the factual statements in respect of wholesale services

## Annex 12

### Reconciliation statement, P&L

#### KCOM Reconciliation Statement

Consolidated profit and loss account For the year ended 31 March 20xx	Turnover	Operating Costs	HCA Return or Profit before taxation	Holding gain/(loss) and other Adjustments	Supple-entary depreciation	CCA Return or Profit Before Taxation
Market/Area	£k	£k	£k	£k	£k	£k
Wholesale SMP Markets						
<u>Residual activities</u>						
- Wholesale residual activities						
- Retail residual activities						
<b>Total</b>						
<b>Adjustments (as necessary)</b>						
Elimination of Inter Business turnover and costs						
Other operating income						
Goodwill						
Group's share of profits of associates and joint ventures						
Profit on sale of fixed asset investments						
Profit on sale of Group undertakings						
Amounts written off investments						

Profit on sale of property fixed assets before exceptional items

Profit on sale of property fixed assets

Net short term interest payable

Long term interest payable

**As per the KCOM Annual Report (pxxx)**

## Annex 13

### Reconciliation statement, MCE

	CY	PY
<b>KCOM Reconciliation statement</b>		
		<b>Restated</b> (cross refer to explanatory notes)
<b>Consolidated mean capital employed</b>		
For the year ended 31 March 200XX	<b>£k</b>	<b>£k</b>
Shareholders' funds as in the Annual Report (pxxx) CCA adjustments		
<b>Adjustments</b>		
Corporation taxes payable		
Provision for dividends payable		
Deferred tax /(ACT recoverable)		
Long term borrowing:		
Due in less than one year		
Due in more than one year		
Adjustments to closing capital employed		
Goodwill		
Minority interests		
	_____	_____
<b>Closing CCA capital employed at 31 March</b>		
<b>Opening CCA capital employed at 1 April</b>		
Adjustment to opening capital employed		

Revised opening CCA capital employed at 1 April	_____	_____
Average CCA capital employed		
Daily averaging adjustment		
Deferred costs		
<b>Total CCA mean capital employed</b>	=====	=====
<b><u>Mean capital employed of SMP Markets</u></b>		
Wholesale Market A (where cost accounting and accounting separation obligations apply)		
Wholesale Market B etc (where cost accounting and accounting separation obligations apply)		
<b>Sub total markets</b>	_____	_____
<u>Residual activities</u>		
- Wholesale residual activity		
- Retail residual activity		
<b>Total CCA mean capital employed</b>	=====	=====

## Annex 14

### Wholesale residual, P&L [provided on a confidential basis]

#### KCOM Wholesale Residual Activities

CURRENT COST PROFIT AND LOSS ACCOUNT for the year ended 31 March 20xx		Restated (cross refer to notes)			
	Notes	£k CY	£k PY	£'k Change Year on year	% Change Year on Year
<b>Turnover</b> (identifying Gross, Discounts and Net turnover for external sales if applicable)					
Internal Sales [Note]					
External Sales					
<b>Total Turnover</b>					
<b>Operating costs</b>					
Charges from Other KCOM Markets					
Operating costs (to show all cost categories that exceed 5% of operating cost including)					
- Engineering Support					
- Finance & Billing					
- General Management					
- Bad Debts					
- Back Office Support					

- Other Costs (total of items below 10% of operating cost)

Sub total operating expenditure

Depreciation

- Duct
- Copper
- Fibre
- Transmission
- Exchange
- Other

CCA adjustments:

Holding (gain)/loss

Supplementary depreciation

Other adjustments

---

**Total operating costs**

---

**Return**

---

**MCE**

---

**RETURN ON MEAN CAPITAL EMPLOYED**

for the year ended 31 March 20xx

**CY**  
**%**

**PY**  
**%**

**%**

**Return on mean capital employed**

---

[Note - All sales to be based on actual volumes x price]

## Annex 15

### Wholesale residual, MCE [provided on a confidential basis]

#### KCOM Wholesale Residual Activities

---

#### STATEMENT OF CURRENT COST MEAN CAPITAL EMPLOYED for the year ended 31 March 20xx

Restated (cross refer  
to notes)

	Notes	£k CY	£k PY	£'k Change	% Change
--	-------	----------	----------	------------	----------

---

#### Fixed assets

##### Tangible fixed assets

- Land & Buildings
- Duct
- Fibre
- Copper
- Transmission
- Exchange
- Other

---

#### Total fixed assets

#### Current assets

- Stocks
- Debtors

- internal

- external

Cash

---

Total current assets

---

**Creditors: amounts falling due  
within one year**

Other creditors

- internal

- external

---

Total creditors: amounts falling due  
within one year

---

Net current assets

---

Total assets less current liabilities

Provisions for liabilities and  
charges

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**Closing capital employed**

---

## Annex 16

### Retail residual, P&L [provided on a confidential basis]

#### KCOM Retail Residual Activities

CURRENT COST PROFIT AND LOSS ACCOUNT for the year ended 31 March 20xx		Restated (cross refer to notes)		£'k Change	% Change
	Notes	£k CY	£k PY	Year on year	Year on Year
<b>Turnover</b> (identifying Gross, Discounts and Net turnover)					
Internal Sales [Note]					
External Sales					
<b>Total Turnover</b>					
<b>Operating costs</b>					
Charges from Other KCOM Markets					
Operating costs (to show all cost categories that exceed 5% of operating cost including)					
- Marketing					
- Sales					
- Customer Services					
- Bad Debts					

- Other Costs (total of items below  
5% of operating cost)

Sub total operating expenditure

Depreciation

- Land and Buildings

- Other

CCA adjustments:

Holding (gain)/loss

Supplementary depreciation

Other adjustments

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**Total operating costs**

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**Return**

---

**MCE**

---

**RETURN ON MEAN CAPITAL  
EMPLOYED**

for the year ended 31 March 20xx

**CY**  
%

**PY**  
%

%

**Return on mean capital employed**

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[Note - All sales to be based on  
actual volumes x price]

## Annex 17

### Retail residual, MCE [provided on a confidential basis]

#### KCOM Retail Residual Activities

STATEMENT OF CURRENT COST MEAN CAPITAL EMPLOYED		Restated (cross refer to notes)			
for the year ended 31 March 20xx		£k	£k	£'k Change	% Change
	Notes	CY	PY		
<b>Fixed assets</b> (to show all asset categories that exceed 5% of operating cost including)					
Tangible fixed assets					
- Land & Buildings					
- Other (total of items below 5% of fixed assets)					
<b>Total fixed assets</b>					
<b>Current assets</b>					
Stocks					
Debtors					
- internal					
- external					
Cash					

Total current assets

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**Creditors: amounts falling due within one year**

Other creditors

- internal

- external

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Total creditors: amounts falling due within one year

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Net current assets

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Total assets less current liabilities

Provisions for liabilities and charges

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**Closing capital employed**

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## Annex 18

### Inter-market turnover [provided on a confidential basis]

KCOM Inter Market Turnover  
for year ended 31st March 20xx

	The supply of wholesale local access at a fixed location in the Hull Area	The supply of wholesale leased lines access services in the Hull Area	[any other market for which cost accounting and accounting separation obligations apply]	Residual Wholesale	Residual Retail	Total 20xx
	£k	£k	£k	£k	£k	£k
<b>Turnover originating in:</b>						
The supply of wholesale local access at a fixed location in the Hull Area						
The supply of wholesale leased lines access services in the Hull Area						
[any other market for which cost accounting and accounting separation obligations apply]						
Residual Wholesale						
Residual Retail						
<b>Total 20xx</b>						

## Annex 19

### Service Level Information AFI for each specified market [provided on a confidential basis]

for year ended 31st March 20xx

Service Level Information	Internal Volume	External Volume	Internal Price	External Price	Internal Revenue	External Revenue	Total Revenue	Internal Cost FAC	External Cost FAC	Total Cost FAC	Internal Unit Cost	External unit cost
Name of service												
Service 1	x	x	£x.xx	£x.xx	£xk	£xk	£xk	£xk	£xk	£xk	£x.xx	£x.xx
Service 2	x	x	£x.xx	£x.xx	£xk	£xk	£xk	£xk	£xk	£xk	£x.xx	£x.xx
Service 3	x	x	£x.xx	£x.xx	£xk	£xk	£xk	£xk	£xk	£xk	£x.xx	£x.xx
Other services (aggregated)					£xk	£xk	£xk	£xk	£xk	£xk		
Total					£xk	£xk	£xk	£xk	£xk	£xk		

Note 1 Split service between internal and external if there are cost differences

Note 2 The total should agree to Market Summary

Note 3 This unit costs should agree to breakdown of service level costs. Can be combined if internal and external are identical

1. In respect of the WLA Market, the required services are:
  - i) Wholesale Fibre Line Local Access (WFLLA) FTTP End User Rental Charges (All Bandwidths)\*
  - ii) WFLLA FTTC\*
  - iii) WFLLA End User New Provide\*\*
  - iv) Other WFLLA End User Connection Charges\*\*
  - v) Other WFLLA Fixed Charges
  - vi) WFLLA Excess Construction Charges
  - vii) Time related Charges
  - viii) Other services in the WLA Market

\* Wholesale Fibre Line Local Access (WFLLA) FTTP End User Rental Charges (All Bandwidths) and Other WFLLA End User Connection Charges can be reported together unless different prices are charged

\*\* WFLLA End User New Provide and Other WFLLA End User Connection Charges can be reported together unless different prices are charged

2. In respect of the LLA Market, the required services are:
  - i) ECAS 1Gbit/s rentals\*
  - ii) Other ECAS rentals\*
  - iii) ECAS ECCs\*
  - iv) Other ECAS services in the LLA Market (not specified)\*.
  - v) EDAS 1Gbit/s rentals\*
  - vi) Other EDAS rentals\*
  - vii) EDAS ECCs\*
  - viii) Other ECAS services in the LLA Market (not specified).
  - ix) Connection Charges\*
  - x) Other active services in the LLA Market

\*ECAS and EDAS charges reported together unless different prices are charged

## Annex 20

### Breakdown of Service Level Costs AFI for each specified market [provided on a confidential basis]

for year ended 31st March 20xx Breakdown of service level costs	Service 1		Service 2		Service 3	
	Int	Ext	Int	Ext	Int	Ext
Electronics	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Field provision	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Field maintenance	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Local Loop infrastructure	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Exchange concentrator						
Exchange-exchange Transmission link						
Back-office Provision	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Back-office Maintenance	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Sales and Product Management	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
PPP for narrowband call services						
Net Current Assets	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
Other	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx	£x.xx
<b>Total FAC</b>	<b>£x.xx</b>	<b>£x.xx</b>	<b>£x.xx</b>	<b>£x.xx</b>	<b>£x.xx</b>	<b>£x.xx</b>

Note 1

These totals should agree to Service level information

Note 2

Where internal and external service costs are identical, can amalgamate

Note 3

Network Components not used by services within that market can be omitted

1. In respect of the WLA market, the required services are:
  - i) Wholesale Fibre Line Local Access (WFLLA) FTTP End User Rental Charges (All Bandwidths)\*
  - ii) WFLLA FTTC\*
  - iii) WFLLA End User New Provide\*
  - iv) Other WFLLA End User Connection Charges\*
  - v) Other WFLLA Fixed Charges\*
  - vi) WFLLA Excess Construction Charges
  - vii) Time related Charges
  - viii) Other services in the WLA Market

\* Wholesale Fibre Line Local Access (WFLLA) charges can be reported together unless different prices are charged

2. In respect of the LLA market, the required services are:
  - a) Active Services:
    - i) ECAS 1Gbit/s rentals\*
    - ii) Other ECAS rentals\*
    - iii) ECAS ECCs\*
    - iv) Other ECAS services in the LLA Market (not specified)\*.
    - v) EDAS 1Gbit/s rentals\*
    - vi) Other EDAS rentals\*
    - vii) EDAS ECCs\*
    - viii) Other ECAS services in the LLA Market (not specified)\*.
    - ix) Connection Charges\*
    - x) Other active services in the LLA Market

\* ECAS and EDAS charges reported together unless different prices are charged

## Annex 21

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### PIA rentals

[note – a brief description of the PIA services and which markets they have been sold in]

	CY	PY
Volumes		
Poles		
Duct (km)		
Average Price		
Per Pole (£x.xx)		
Per km Spine duct (£x.xx)		
Revenue		
Poles (£)		
Duct (£)		

## Annex 22

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### Network adjustments

External network adjustments (Spine duct) in the current financial year

	Number	Km	£**
Gross network adjustments	x	x	x,xxx
Above the financial limit*	(x)	(x)	(x,xxx)
Network adjustments below the financial limit	X	X	(x,xxx)

\* Note – total – including below the limit elements

\*\* Note – explain the accounting basis of the total operating costs or capitalises cost

## [DRAFT] Direction 5 – Audit Opinion for Regulatory Financial Statements

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### Background

1. This direction is made under section 49 of the Communications Act 2003 and SMP Services Condition 9.2 and 9.5(b).
2. This direction applies with respect to the following markets unless otherwise specified:
  - a) WLA Market
  - b) LLA Market

### Direction

3. Ofcom hereby directs KCOM to secure to the satisfaction of Ofcom, an appropriate audit opinion in respect of the published Regulatory Financial Statements as a whole, in respect of each Regulatory Financial Statement and in respect of each Regulatory Financial Statement for the markets listed in paragraph 2 above, to the “properly prepared in accordance with” (“PPIA”) standard, as determined following consultation with Ofcom and the Regulatory Auditor. KCOM shall ensure that the Regulatory Auditor shall state whether in their opinion:
  - a) each Regulatory Financial Statement complies with the requirements of Condition 9.5;
  - b) each Regulatory Financial Statement has been properly prepared in accordance with the Accounting Documents, including the Prior Year Comparatives;
  - c) having reviewed the Accounting Documents in forming their opinion under b. above, anything has come to their attention that would lead them to conclude that the Accounting Documents have not been properly applied in the preparation of the relevant Regulatory Financial Statement, disclosing where practicable any adjustments he considers to be required in respect of any such matter; and
  - d) having reviewed the Accounting Documents, nothing has come to their attention that would lead them to conclude that the Accounting Documents are unreasonable.