
Narrowband Market Review: Draft Statement

Annexes 9-10: draft legal instruments

DRAFT STATEMENT:

Notified to the European Commission: 26 October 2017

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A9. Draft legal instruments: proposals for SMP services conditions

NOTIFICATION OF PROPOSALS UNDER SECTIONS 48B AND 80B OF THE COMMUNICATIONS ACT 2003

Proposals for identifying markets, making market power determinations and setting SMP services conditions in relation to BT, KCOM and specified communications providers providing termination services under section 45 of the Communications Act 2003

Background

1. On 26 September 2013, Ofcom published a statement entitled *Review of the fixed narrowband services markets – Statement on the proposed markets, market power determinations and remedies*, (“**2013 NMR Statement**”). Among other fixed services narrowband markets, the 2013 NMR Statement identified:
 - (a) the market for wholesale call origination on a fixed narrowband network in the United Kingdom outside the Hull Area and determined that BT has significant market power in relation to such market;
 - (b) the market for wholesale call origination on a fixed narrowband network in the Hull Area and determined that KCOM has significant market power in relation to such market; and
 - (c) 172 separate markets for wholesale call termination services provided by BT and each of the 171 communications providers (CPs) listed to another CP for the termination of voice calls to United Kingdom geographic numbers in the area served by that CP and determined that BT and each of the 171 listed persons have significant market power in relation to the relevant market in which that person operates.
2. As a result of these significant market power determinations, the 2013 NMR Statement imposed certain SMP services conditions which, together with provisions modifying and revoking certain SMP services conditions previously imposed, are contained in notifications dated 26 September 2013 (“**2013 NMR Notifications**”).
3. On 20 May 2014, Ofcom published a policy statement entitled *Regulatory Financial Reporting: Final Statement* (“**2014 RFR Statement**”)¹ which set out (among other things) Ofcom’s conclusions on the regulatory financial reporting policy that it considered should be applied to BT.
4. On 26 June 2014, Ofcom published statements entitled *Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30 Volume 1: Statement on the markets, market power determinations and remedies* and *Fixed access market reviews:*

¹ <http://stakeholders.ofcom.org.uk/binaries/consultations/bt-transparency/statement/financial-reporting-statement-may14.pdf>

wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30: Volume 2: LLU and WLR Charge Controls (together the “**2014 FAMR Statement**”).² Among other fixed access markets identified, the 2014 FAMR Statement identified markets for:

- wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area and determined that BT has SMP in relation to such market;
 - wholesale fixed analogue exchange line services in the Hull Area and determined that KCOM has SMP in relation to such market;
 - wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area and determined that BT has SMP in relation to such market; and
 - wholesale ISDN30 exchange line services in the Hull Area and determined that KCOM has SMP in relation to such market;
 - wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area and determined that BT has SMP in relation to such market; and
 - wholesale ISDN2 exchange line services in the Hull Area and determined that KCOM has SMP in relation to such market.
5. As a result of these significant market power determinations, the 2014 FAMR Statement imposed certain SMP services conditions which, together with provisions modifying and revoking certain SMP services conditions previously imposed, are contained in a notification dated 26 June 2014 (the “**2014 FAMR Notification**”).
 6. On 1 December 2016, Ofcom published a consultation entitled *Narrowband Market Review – Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access markets* (“**2016 NMR Consultation**”). Annex 6 to the 2016 NMR Consultation set out the notification under sections 48A and 80A of the Act in which Ofcom set out for domestic consultation its proposals to (i) identify certain markets, (ii) make market power determinations, and (iii) set SMP conditions to be applied to BT, KCOM and each of the specified communications providers providing termination services (the “**2016 NMR Notification**”). Ofcom invited responses to the 2016 NMR Consultation by 28 February 2018.
 7. On 20 February 2017, Ofcom extended the deadline for responses to the 2016 NMR Consultation to 29 March 2017.
 8. On 31 March 2017, Ofcom published a consultation entitled *Quality of Service for WLR, MPF and GEA - Consultation on proposed quality of services remedies* (the “**March 2017 QoS Consultation**”). Annex 8 to the March 2017 QoS Consultation set out the notification under section 48A of the Act in which Ofcom set out for domestic consultation certain revised proposals (the “**March 2017 QoS Notification**”). Ofcom invited responses by 9 June 2017.
 9. On 31 March 2017, Ofcom also published a consultation on the Wholesale Local Access Market Review (the “**2017 WLA Consultation**”). In light of the potential impact of proposals contained in

² <http://stakeholders.ofcom.org.uk/telecoms/ga-scheme/specific-conditions-entitlement/market-power/fixed-access-market-reviews-2014/statement/>

the 2017 WLA Consultation on certain proposals in the 2016 NMR Consultation, Ofcom invited additional responses by 21 April 2017.

10. On 6 July 2017, Ofcom published a further consultation entitled *Narrowband Market Review: Further Consultation – Proposals on price notification remedies in the WCT markets and regulation of BT's interconnect circuits* (the "**July 2017 NMR Consultation**"). Annex 4 to the July 2017 NMR Consultation set out the notification under section 48A of the Act in which Ofcom set out for domestic consultation certain revised proposals (the "**July 2017 NMR Notification**"). Ofcom invited responses by 7 August 2017.
11. On 22 August 2017, Ofcom published a further consultation entitled *Narrowband Market Review: Further Consultation – Proposed list of wholesale call termination (WCT) providers with significant market power and amendment to wholesale ISDN30 charge control legal instrument* (the "**August 2017 NMR Consultation**"). Annex 5 to the August 2017 NMR Consultation set out the notification under sections 48A and 80A of the Act in which Ofcom set out for domestic consultation certain revised proposals (the "**August 2017 NMR Notification**"). Ofcom invited responses by 22 September 2017.
12. Copies of the 2016 NMR Consultation, July 2017 NMR Consultation and the August 2017 NMR Consultation (collectively, the "NMR Consultation Documents") and the March 2017 QoS Consultation were also sent to the Secretary of State in accordance with sections 48C(1) and 81(1) of the Act.
13. Ofcom received several responses to its proposals set out in the NMR Consultation Documents and the March 2017 QoS Consultation, and it has considered every such representation. The Secretary of State has not notified Ofcom of any international obligation on the United Kingdom for the purposes of those proposals.
14. The proposals set out in the NMR Consultation Documents and the March 2017 QoS Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, and a draft of the Statement accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 48B(2) and 80B(2) of the Act.

Markets not affected by this review

15. The existing market definitions, market power determinations and conditions in relation to the following markets defined and reviewed in the 2014 FAMR Statement are not considered in this Notification and will remain in force until further notice:
 - the supply of copper loop-based, cable-based and fibre-based wholesale local access at a fixed location in the United Kingdom excluding the Hull Area; and
 - the supply of copper loop-based, cable-based and fibre-based wholesale local access at a fixed location in the Hull Area.

Proposals in relation to the United Kingdom excluding the Hull Area

Proposals for market identifications and market power determinations

16. Ofcom is proposing to identify the following 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: Market identifications and market power determinations in the United Kingdom excluding the Hull Area

<i>Column 1: Market identification</i>	<i>Column 2: Market power determination</i>
(a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area	BT
(b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area	BT
(c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area	BT
(d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area	BT

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

17. Ofcom is proposing to set, in relation to each of the services markets in which Ofcom is proposing to make the market power determinations as listed in **Table A** above, the SMP conditions as set out in **Schedule 1** to this Notification to be applied to BT to the extent specified in that Schedule, which SMP conditions shall, unless otherwise is stated in that Schedule, take effect from the date of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
18. Ofcom is (to the extent still extant) proposing to revoke the SMP conditions applied to BT as set out in the 2013 NMR Notifications and the 2014 FAMR Notification in so far as they apply to the markets set out in **Table A** above on the date of publication of any subsequent notification under section 48(1) and 79(4) of the Act adopting the proposals set out in this Notification. It is proposed that section 16 of the Interpretation Act 1978 shall apply as if this revocation were a repeal of an enactment by an Act of Parliament.

Proposals in relation to the Hull Area

Proposals for market identifications and market power determinations

19. Ofcom is proposing to identify the following markets listed in Column 1 of **Table B** 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 B: Market identifications and market power determinations in the Hull Area

<i>Column 1: Market identification</i>	<i>Column 2: Market power determination</i>
(a) Wholesale fixed analogue exchange line services in the Hull Area	KCOM
(b) Wholesale ISDN30 exchange line services in the Hull Area	KCOM
(c) Wholesale ISDN2 exchange line services in the Hull Area	KCOM
(d) Wholesale call origination on a fixed narrowband network in the Hull Area	KCOM

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

20. Ofcom is proposing to set, in relation to each of the services markets in which Ofcom is proposing to make the market power determinations as listed in **Table B** above, the SMP conditions as set out in **Schedule 2** to this Notification to be applied to KCOM to the extent specified in that Schedule, which SMP conditions shall, unless otherwise stated in that Schedule, take effect from the date of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
21. Ofcom is (to the extent still extant) proposing to revoke the SMP conditions applied to KCOM as set out in the 2013 NMR Notifications and the 2014 FAMR Notification in so far as they apply to the markets set out in **Table B** above on the date of publication of any subsequent notification under section 48(1) and 79(4) of the Act adopting the proposals set out in this Notification. It is proposed that section 16 of the Interpretation Act 1978 shall apply as if this revocation were a repeal of an enactment by an Act of Parliament.

Proposals in relation to the United Kingdom

22. For the purpose of considering market power determinations, Ofcom is proposing to identify 285 separate markets in the United Kingdom for wholesale call termination services which are provided by BT, KCOM and each of the 283 communications providers listed in the Annex to Schedule 3 to this Notification (CP) to another communications provider, for the termination of voice calls to United Kingdom geographic numbers in the area served by that CP.

23. Ofcom is proposing to determine that BT, KCOM and each of the persons listed in the Annex to Schedule 3 to this Notification have significant market power in relation to the relevant market in which that person operates and is proposing setting the following SMP conditions:
- (a) on BT, the SMP conditions set out in Schedule 1 to this Notification to the extent set out in such Schedule;
 - (b) on KCOM, the SMP conditions set out in Schedule 2 to this Notification to the extent set out in such Schedule; and
 - (c) on each of the persons listed in the Annex to Schedule 3 to this Notification, the SMP conditions set out in such Schedule.
24. It is proposed that those SMP conditions shall apply, in the case of each person on whom they are set, in respect of the relevant market on which that person operates.
25. It is proposed that those SMP conditions shall, unless otherwise stated in that Schedule, take effect from the date of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
26. Ofcom is (to the extent still extant) proposing to revoke the SMP conditions applied, in the 2013 NMR Notifications, to BT and each of the 171 communications providers (including KCOM) listed in Annex A to Schedule 3 to the 2013 NMR Notifications in so far as they apply to the markets in the United Kingdom for wholesale call termination services which are provided by those communications providers to another communications provider, for the termination of voice calls to United Kingdom geographic numbers in the area served by that CP on the date of publication of any subsequent notification under section 48(1) and 79(4) of the Act adopting the proposals set out in this Notification. It is proposed that section 16 of the Interpretation Act 1978 shall apply as if this revocation were a repeal of an enactment by an Act of Parliament.

Proposals in relation to Interconnect Circuits

27. As a result of the proposed SMP determinations in relation to BT as set out at **(d) in Table A of paragraph 16** and in **paragraph 23**, above and in relation to KCOM as set out at **(d) in Table B of paragraph 19** above, Ofcom is proposing to set the SMP conditions in relation to Interconnect Circuits as set out in Schedule 1 to this Notification (in relation to BT) to the extent set out in such Schedule and in Schedule 2 to this Notification (in relation to KCOM) to the extent set out in such Schedule, which SMP conditions shall, unless otherwise stated in either Schedule, take effect from the date of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
28. Ofcom is (to the extent still extant) proposing to revoke the SMP conditions applied to BT and KCOM as set out in the 2013 NMR Notification in so far as those conditions apply to Interconnect Circuits on the date of publication of any subsequent notification under section 48(1) and 79(4) of the Act adopting the proposals set out in this Notification. It is proposed that section 16 of the Interpretation Act 1978 shall apply as if this revocation were a repeal of an enactment by an Act of Parliament.

Proposals in relation to regulatory financial reporting

BT

29. The proposals referred to in **paragraphs 17, 23(a), and 27** above include proposals to set regulatory accounting SMP conditions.
30. The proposals referred to in **paragraphs 18, 26 and 28** above include proposals (to the extent still extant) to revoke the SMP conditions which were set out in the July 2004 (BT) Notification contained in the July 2004 Statement and which were applied to BT as set out in the 2013 NMR Notifications in so far as they apply to the markets identified at **(d)** in **Table A** and **paragraph 23** above, and in relation to Interconnect Circuits provided by BT. For the avoidance of doubt, the 2014 FAMR Notification revoked these SMP conditions in so far as they applied to the markets listed at **(a), (b) and (c)** in **Table A** above.

KCOM

31. Ofcom is also proposing to set, in relation to each of the services markets in which Ofcom is proposing to make the market power determinations as listed in **Table B** above, the SMP conditions OB1 to OB27 and OB31 to OB33 to be applied to KCOM set out in the July 2004 (KCOM) Notification contained in the July 2004 Statement, but as read in light of the modifications to that notification set out in **paragraph 32** below. Those SMP conditions shall, unless otherwise is stated in that Schedule, take effect from the date of publication of this notification and shall have effect until the publication of a notification under section 48(1) of the Act revoking those conditions
32. Ofcom is also modifying the July 2004 (KCOM) Notification as follows:
- (a) in paragraph 4(a)(i), by adding “1, 4, 5 and 6” after “numbered”;
 - (b) in paragraph 4(a)(iii), by removing “1, 4, 5 and 6”; and
 - (c) substituting in the Column entitled ‘Date’ in Part 1 (entitled ‘Wholesale Markets’) of Schedule 1 “[the date of publication of the final statement]” for the date specified in relation to paragraph 1 and for the words “As above” in paragraphs 4, 5 and 6;

Ofcom’s duties and legal tests

33. The effect of, and Ofcom’s reasons for making, the proposals for identifying the markets, making the market power determinations and determinations in relation to SMP conditions referred to in this Notification are set out in the draft Statement accompanying this Notification.
34. In identifying and analysing the markets referred to in this Notification, and in considering whether to make the corresponding proposals set out in this Notification, Ofcom has, in accordance with section 79 of the Act, taken due account of all applicable guidelines and recommendations which have been issued or made by the European Commission in pursuance of an EU instrument, and which relate to market identification and analysis or the determination of what constitutes SMP.
35. Ofcom considers that the proposed SMP conditions comply with the requirements of sections 45 to 47, 87 and 88 of the Act, as appropriate and relevant to each such SMP condition.

36. 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 Community requirements in section 4 of the Act. In accordance with section 4A of the Act, Ofcom has also taken due account of all applicable recommendations issued by the European Commission under Article 19(1) of the Framework Directive. Ofcom has also, pursuant to Article 3(3) of Regulation (EC) No 1211/2009, taken the utmost account of any relevant opinion, recommendation, guidelines, advice or regulatory practice adopted by the Body of European Regulators for Electronic Communications (BEREC).

Interpretation

37. For the purpose of interpreting this Notification (which for the avoidance of doubt includes the Schedules):

- (a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 38 below, and otherwise any word or expression has 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.

38. In this Notification:

- (a) **“2014 RFR Statement”** means the statement described in paragraph 3 above;
- (b) **“2013 NMR Notifications”** means the notifications described in paragraph 2 above;
- (c) **“2013 NMR Statement”** means the statement described in paragraph 1 above;
- (d) **“2014 FAMR Notification”** means the notification described in paragraph 5 above;
- (e) **“2014 FAMR Statement”** means the statements described in paragraph 4 above;
- (f) **“2016 NMR Consultation”** means the consultation described in paragraph 6 above;
- (g) **“2016 NMR Notification”** means the notifications described in paragraph 6 above;
- (h) **“2017 WLA Consultation”** means the consultation described in paragraph 9 above;
- (i) **“Act”** means the Communications Act 2003 (c. 21);
- (j) **“August 2017 NMR Consultation”** means the consultation described in paragraph 11 above;
- (k) **“August 2017 NMR Notification”** means the notification described in paragraph 11 above;
- (l) **“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006;

- (m) **“Framework Directive”** means Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, as amended;
- (n) **“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);
- (o) **“July 2004 (BT) Notification”** means the notification at Annex 2 of the July 2004 Statement, as subsequently amended;
- (p) **“July 2004 (KCOM) Notification”** means the notification at Annex 3 of the July 2004 Statement, as subsequently amended;
- (q) **“July 2004 Statement”** means Ofcom’s statement entitled *The regulatory financial reporting obligations on BT and Kingston Communications Final statement and notification – Accounting separation and cost accounting: Final Statement and notification*, published on 22 July 2004
- (r) **“July 2017 NMR Consultation”** means the consultation described in paragraph 10 above;
- (s) **“July 2017 NMR Notification”** means the notification described in paragraph 10 above;
- (t) **“KCOM”** means KCOM Group plc, whose registered company number is 02150618, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006;
- (u) **“March 2017 QoS Consultation”** means the consultation described in paragraph 8 above;
- (v) **“March 2017 QoS Notification”** means the notification described in paragraph 8 above;
- (w) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002;
- (x) **“United Kingdom”** has the meaning given to it in the Interpretation Act 1978 (1978 c30).

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

Signed



David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

SCHEDULE 1: Proposed SMP Conditions (BT)

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 relevant markets and area 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 will enter into force on the date of publication of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification and shall have effect until the publication of a notification under section 48(1) of the Act revoking such conditions.

Table 1: Relevant markets and area for the purposes of this Schedule 1

Column 1: Relevant market or area	Column 2: Applicable SMP condition as set out in Part 3 of this Schedule 1
Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area	Conditions 1A (except 1A.2B, 1A.2C, 1A.3), 2, 3, 4, 6 (except 6.2B1, 6.2B2, 6.2C1, 6.2C2), 7 (except 7.2B, 7.3B, 7.4B, 7.4C, 7.4D, 7.5B, 7.6B), 8 (except 8.1B, 8.1C, 8.3) and 9 (except 9.31B).
Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area	Conditions 1B, 1C (except 1C.1B), 2, 3, 4, 5A, 6 (except 6.2A, 6.2C1, 6.2C2), 7 (except 7.2B, 7.3B, 7.4A, 7.4C, 7.4D, 7.5B, 7.6B), 8 (except 8.1A, 8.1C, 8.2A, 8.2B, 8.3) and 9 (except 9.31B).
Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area	Conditions 1B, 1C (except 1C.1A), 2, 3, 4, 5B, 6 (except 6.2A, 6.2B1, 6.2B2), 7 (except 7.2B, 7.3B, 7.4A, 7.4C, 7.4D, 7.5B, 7.6B), 8 (except 8.1A, 8.1C, 8.2A, 8.2B, 8.3) and 9 (except 9.31B).
Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area	Conditions 1A (except 1A.2A, 1A.2C, 1A.3), 6 (except 6.2A, 6.2B1, 6.2B2, 6.2C1, 6.2C2, 6.3, 6.9), 7 (except 7.2A, 7.3A, 7.4A, 7.4B, 7.4C, 7.5A, 7.6A,

	7.7) and 9 (except 9.31A, 9.35).
Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers in the area served by the Dominant Provider	Conditions 1A (except 1A.2A, 1A.2B), 3, 5C, 6 (except 6.2A, 6.2B1, 6.2B2, 6.2C1, 6.2C2), and 9 (except 9.31B).
Interconnect Circuits in the United Kingdom excluding the Hull Area	Conditions 1A (except 1A.2A, 1A.2B), 3, 5D, 6 (except 6.2A, 6.2B1, 6.2B2, 6.2C1, 6.2C2), 7 (except 7.2B, 7.3B, 7.4A, 7.4B, 7.4D, 7.5B, 7.6B), 8 (except 8.1A, 8.1B, 8.2A, 8.2B) and 9 (except 9.31B).

The Conditions referred to in Column 2 of **Table 1** are entitled as follows—

Condition 1	Network access on reasonable request
Condition 2	Specific forms of network access
Condition 3	No undue discrimination
Condition 4	Equivalence of Inputs basis
Condition 5	Charge controls
Condition 6	Publication of a Reference Offer
Condition 7	Notification of charges
Condition 8	Quality of service
Condition 9	Regulatory Financial Reporting

Part 2: Interpretation

1. 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 Condition 1A, 1B or 1C (as applicable) and, in relevant cases, Condition 2;
- (b) **“Consumer Prices Index”** means the index of prices compiled by an agency or a public body on behalf of Her Majesty’s Government or a governmental department (which is the Office for National Statistics at the time of publication of this Notification) from time to time in respect of all items;
- (c) **“CSI”** means customer sited interconnect;
- (d) **“Dominant Provider”** means BT;
- (e) **“Exchange Line”** means apparatus comprised in the Dominant Provider’s electronic communications network and installed for the purpose of connecting a telephone exchange run by the Dominant Provider to a Network Termination Point comprised in Network Termination and Testing Apparatus installed by the Dominant Provider for the purpose of providing electronic communications services at the premises at which the Network Termination and Testing Apparatus is located;
- (f) **“Existing ISDN2 Rental”** means the rental of an ISDN2 Exchange Line as at the date Condition 1C enters into force, including ISDN2 Exchange Lines which have been ordered before Condition 1C enters into force;
- (g) **“Existing ISDN30 Rental”** means the rental of an ISDN30 Exchange Line as at the date Condition 1C enters into force, including ISDN30 Exchange Lines which have been ordered before Condition 1C enters into force;
- (h) **“Fault”** means a degradation or problem with network access that is identified by the Dominant Provider or a Third Party and which is registered on the Dominant Provider’s operational support system;
- (i) **“IEC”** means interconnection extension circuits;
- (j) **“Interconnect Circuits”** mean any and all of the following specific services provided by the Dominant Provider in accordance with Condition 1A:
 - (i) standard CSI connection;
 - (ii) standard CSI rental – fixed;

- (iii) standard CSI rental – per km;
 - (iv) high performance CSI connection;
 - (v) high performance CSI rental – fixed;
 - (vi) high performance CSI rental – per km;
 - (vii) ISI connection;
 - (viii) ISI rental per 100m;
 - (ix) IEC connection;
 - (x) IEC rental – fixed;
 - (xi) IEC rental per km;
 - (xii) intra-building circuits connection;
 - (xiii) intra-building circuits rental;
 - (xiv) rearrangements;
 - (xv) path protection connection per 34Mbit/s;
 - (xvi) path protection connection per 140Mbit/s;
 - (xvii) path protection rental per 34Mbit/s; and
 - (xviii) path protection rental per 140Mbit/s;
- (k) **“ISDN2 Exchange Line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Basic Rate Access standard as defined by the International Telecommunications Union, providing two digital channels with a bandwidth of 64 kbit/s each plus a control channel of 16kbit/s over a common digital bearer circuit;
- (l) **“ISDN30 Exchange Line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Primary Rate Access standard as defined by the International Telecommunications Union, providing up to 30 digital channels with a bandwidth of 64 kbit/s per channel plus a control channel of 64 kbit/s;
- (m) **“ISDN”** means the integrated services digital network which is an electronic communications network that provides for digital end-to-end connectivity to support a wide range of public electronic communications services, including voice and non-voice services, to which end-users have access by a limited set of standard multipurpose customer interfaces;

- (n) **“ISI”** means in-span interconnect links;
- (o) **“Network Termination and Testing Apparatus”** means an item of apparatus comprised in an electronic communications network installed in a fixed position on served premises which enables:
 - i. approved apparatus to be readily connected to, and disconnected from, the network;
 - ii. the conveyance of signals between such approved apparatus and the network;
 - iii. the due functioning of the network to be tested, but the only other functions of which, if any, are:
 - A. to supply energy between such approved apparatus and the network;
 - B. to protect safety or security of the operation of the network; or
 - C. to enable other operations exclusively related to the running of the network to be performed or the due functioning of any system to which the network is or is to be connected to be tested (separately or together with the network);
- (p) **“Network Termination Point”** means the physical point at which a Relevant Subscriber is provided with access to a public electronic communications network;
- (q) **“Ordinary Maintenance”** means maintenance which is part of the service provided by the Dominant Provider in consideration of the charge for an Exchange Line, an ISDN30 Exchange Line or an ISDN2 Exchange Line and includes normal fault repair, as defined in the Dominant Provider’s standard terms and conditions;
- (r) **“Point of Connection”** means a point at which the Dominant Provider’s electronic communications network and a Third Party’s electronic communications network are connected;
- (s) **“Reference Offer”** means the terms and conditions on which the Dominant Provider is willing to enter into an Access Agreement;

- (t) **“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;
 - (u) **“Third Party”** means a person providing a public electronic communications service or a person providing a public electronic communications network;
 - (v) **“Wholesale Analogue Line Rental”** means an electronic communications service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an analogue Exchange Line;
 - (w) **“Wholesale ISDN2 Line Rental”** means an electronic communications service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an ISDN2 Exchange Line;
 - (x) **“Wholesale ISDN30 Line Rental”** means an electronic communications service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an ISDN30 Exchange Line;
 - (y) **“Wholesale Line Rental”** means network access comprising of any and all of the following provided by the Dominant Provider:
 - (a) Wholesale Analogue Line Rental;
 - (b) Wholesale ISDN30 Line Rental; and
 - (c) Wholesale ISDN2 Line Rental;
 - (z) **“Wholesale Line Rental Charge”** means the annual charge levied by the Dominant Provider for Wholesale Analogue Line Rental including packages containing a line rental charge and any included levels of service sold as part of a single marketed product;
2. 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 in addition to future product updates. These are as at 25 October 2017 found as follows:
- For WLR product information, please refer to:
<http://www.openreach.co.uk/orpg/home/products/wlr3/wlr3.do>
 - For assurance information including care levels, please refer to the Service Products section of the Openreach website:

http://www.openreach.co.uk/orpg/home/products/serviceproducts/service_products.d
o

Part 3: Conditions (BT)

Condition 1A – Network access on reasonable request

- 1A.1**
(WFAEL, WCO, WCT, Interconnect)
- The Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
- 1A.2A**
(WFAEL)
- The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party (and, in any event, in accordance with Condition 8); and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1A.2B**
(WCO)
- The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1A.2C**
(WCT, Interconnect)
- Except where Condition 1A.3 applies, the provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.

**1A.3
(WCT,
Interconnect)**

Where Condition 5C or 5D applies, the provision of network access by the Dominant Provider in accordance with this Condition must:

- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
- (b) be on:
 - (i) fair and reasonable terms and conditions (excluding charges); and
 - (ii) such terms and conditions (excluding charges) as Ofcom may from time to time direct.

**1A.4
(WFAEL, WCO,
WCT,
Interconnect)**

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.

**1A.5
(WFAEL, WCO,
WCT,
Interconnect)**

The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

Condition 1B – Network access on reasonable request

(in force [Date of final statement] to [30 November 2018])

- 1B.1
(ISDN30 &
ISDN2)** The Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
- 1B.2
(ISDN30 &
ISDN2)** The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) such terms, conditions and charges as Ofcom may from time to time direct.
- 1B.3
(ISDN30 &
ISDN2)** 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.
- 1B.4
(ISDN30 &
ISDN2)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

Condition 1C – Network access on reasonable request

(in force from [1 December 2018])

- 1C.1A
(ISDN30)** Where a Third Party purchases Existing ISDN30 Rental, the Dominant Provider must provide network access to that Third Party where that Third Party, in writing, reasonably requests it in respect of an Existing ISDN30 Rental.
- 1C.1B
(ISDN2)** Where a Third Party purchases Existing ISDN2 Rental, the Dominant Provider must provide network access to that Third Party where that Third Party, in writing, reasonably requests it in respect of an Existing ISDN2 Rental.
- 1C.2
(ISDN30 & ISDN2)** The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1C.3
(ISDN30 & ISDN2)** 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.
- 1C.4
(ISDN30 & ISDN2)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

Condition 2 – Specific forms of network access

2.1
(WFAEL,
ISDN30 &
ISDN2)

Without prejudice to the generality of Conditions 1A, 1B and 1C the provision of network access under those Conditions must include, where the Third Party, in writing, reasonably requests, Wholesale Line Rental including such WLR Ancillary Services as may be reasonably necessary for the use of Wholesale Line Rental.

2.2
(WFAEL,
ISDN30 &
ISDN2)

In this Condition 2:

(a) **“WLR 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 Wholesale Line Rental via that network and/or service or have the potential to do so.

Condition 3 – No undue discrimination

3.1 The Dominant Provider must not unduly discriminate against particular persons
(WFAEL, or against a particular description of persons in relation to the provision of
ISDN30, network access in accordance with Conditions 1A, 1B, 1C or 2, as applicable.
ISDN2, WCT
&

Interconnect)

3.2 Without prejudice to the generality of Condition 3.1, in this Condition, the
(WFAEL, Dominant Provider may be deemed to have shown undue discrimination if it
ISDN30, unfairly favours to a material extent an activity carried on by it so as to place one
ISDN2, WCT or more Third Parties at a competitive disadvantage in relation to activities
& carried on by the Dominant Provider.
Interconnect)

Condition 4 – Equivalence of Inputs basis

- 4.1**
(WFAEL,
ISDN30 &
ISDN2)
- Subject to Condition 4.2, the Dominant Provider must provide network access in accordance with Conditions 1A, 1B, 1C or 2 (as applicable) on an Equivalence of Inputs basis.
- 4.2**
(WFAEL,
ISDN30 &
ISDN2)
- The obligation in Condition 4.1 to provide network access on an Equivalence of Inputs basis shall not apply to—
- (a) network access which the Dominant Provider was not providing on an Equivalence of Inputs basis as at the date that this Condition enters into force; and
 - (b) such provision of network access as Ofcom may from time to time otherwise consent in writing.
- 4.3**
(WFAEL,
ISDN30 &
ISDN2)
- Without prejudice to the generality of Condition 4.1, the Dominant Provider must not provide (or seek to provide) network access for its own services (including for those of its retail divisions, subsidiaries or partners), unless at the same time the Dominant Provider provides and/or offers to provide such network access to Third Parties (other than its retail divisions, subsidiaries or partners) on an Equivalence of Inputs basis.
- 4.4**
(WFAEL,
ISDN30 &
ISDN2)
- For the avoidance of doubt, the obligations set out in this Condition 4 apply in addition to the obligations set out in Condition 3.
- 4.5**
(WFAEL,
ISDN30 &
ISDN2)
- In this Condition 4:
- (a) **“Equivalence of Inputs basis”** means that the Dominant Provider must provide, in respect of a particular product or service, the same product or service to all Third Parties and itself on the same timescales, terms and conditions (including price and service levels) by means of the same systems and processes, and includes the provision to all Third Parties and itself of the same Relevant Commercial Information about such products, services, systems and processes as the Dominant Provider provides to its own divisions, subsidiaries or partners. In particular, it includes the use by the Dominant Provider of such systems and processes in the same way as Third Parties and with the same degree of reliability and performance as experienced by Third Parties.

In this definition “the same” means exactly the same subject only to:

- (A) trivial differences;
- (B) differences relating to:
 - (i) credit vetting procedures,

- (ii) payment procedures,
 - (iii) matters of national and crime-related security (which for the avoidance of doubt includes for purposes related to the Regulation of Investigatory Powers Act 2000), physical security, security required to protect the operational integrity of the network,
 - (iv) provisions relating to the termination of a contract, or
 - (v) contractual provisions relating to requirements for a safe working environment;
- (C) differences relating to the provision of Relevant Commercial Information by the Dominant Provider to its own divisions, subsidiaries or partners where this is necessary for purposes other than relating to the provision of network access to those own divisions, subsidiaries or partners; and
- (D) such other differences as Ofcom may from time to time consent to in writing.

For the avoidance of any doubt, unless seeking Ofcom's consent, the Dominant Provider may not rely on any other reasons in seeking to objectively justify the provision in a different manner.

- (b) **"Relevant Commercial Information"** means information of a commercially confidential nature relating to products and/or services to which this Condition 4 applies, and which relates to any or all of the following in relation thereto—
- i. product development;
 - ii. pricing;
 - iii. marketing strategy and intelligence;
 - iv. product launch dates;
 - v. cost;
 - vi. projected sales volumes; or
 - vii. network coverage and capabilities;

save for any such information in relation to which Ofcom consents in writing is to be treated as falling outside this definition.

Condition 5A – Wholesale ISDN30 services charge control

5A.1A (ISDN30) In the First Relevant Period the Dominant Provider must not charge more than:

- (a) £755.00 for the ISDN30 Connection Services New Installation;
- (b) £81.57 for the ISDN30 Transfer Services;
- (c) £81.57 for the ISDN30 Direct Dial Inward Planning Service;
- (d) £0.81 for the ISDN30 Direct Dial Inward Connection Service; and
- (e) £1.04 for the ISDN30 Direct Dial Inward Rental Service.

5A.1B (ISDN30) In the Second Relevant Period and the Third Relevant Period the Dominant Provider must not charge more than:

- (a) £81.57 for Existing ISDN30 Transfer Services; and
- (b) £1.04 for the Existing ISDN30 Direct Dial Inward Rental Service.

5A.2A (ISDN30) The Dominant Provider must take all reasonable steps to secure that, at the end of the First Relevant Period, the Percentage Change (determined in accordance with Condition 5A.3 and 5A.4, as applicable) in:

(a) the aggregate of charges for:

- i. ISDN30 Rental Services;
- ii. ISDN30 Connection Services per channel; and
- iii. ISDN30 SML 3 and 4;

(b) the charge for ISDN30 Connection Services per channel; and

(c) the aggregate of charges for ISDN30 SML 3 and 4,
is not more than the Controlling Percentage (determined in accordance with Condition 5A.5).

5A.2B (ISDN30) The Dominant Provider must take all reasonable steps to secure that, at the end of the Second Relevant Period and the Third Relevant Period, the Percentage Change (determined in accordance with Condition 5A.3 and 5A.4, as applicable) in:

(a) the aggregate of charges for:

- i. Existing ISDN30 Rental Services;
- ii. Existing ISDN30 Connection Services per channel; and
- iii. Existing ISDN30 SML 3 and 4;

(b) the charge for Existing ISDN30 Connection Services per channel; and

(c) the aggregate of charges for Existing ISDN30 SML 3 and 4,

is not more than the Controlling Percentage (determined in accordance with Condition 5A.5).

5A.3 (ISDN30) The Percentage Change for the purposes of the products and/or services specified in Conditions 5A.2A(a) or 5A.2B(a), as applicable, and 5A.2A(c) and 5A.2B(c), as applicable, respectively (each of which is known as a “Basket”) shall be calculated for the purposes of complying with Condition 5A.2A or 5A.2B, as applicable, by employing the following formula:

$$C_t = \frac{\sum_{i=1}^n \left[R_i \frac{(\bar{p}_{i,t} - \bar{p}_{i,t-1})}{\bar{p}_{i,t-1}} \right]}{\sum_{i=1}^n R_i}$$

Where:

C_t is the Percentage Change in the aggregate of charges for the services in the Basket for Relevant Period t ;

n is the number of individual services in the Basket;

i is a number from 1 to n for each of the n individual services in the Basket;

R_i is the Total Revenue accrued during the Prior Period in respect of the individual service i that forms part of the Basket;

t refers to the Relevant Period;

$t-1$ refers to the Prior Period;

$\bar{p}_{i,t}$ is the Relevant Period Weighted Average Charge made by the Dominant Provider for the individual service i that forms part of the Basket during the Relevant Period, excluding any discounts offered by the Dominant Provider:

Where such Relevant Period Weighted Average Charge shall be calculated by employing the following formula:

$$\bar{p}_{i,t} = \sum_{j=1}^m (w_{i,j,t} p_{i,j,t})$$

Where:

m is the number of time periods for which there are distinct charges during the Relevant Period;

j is a number from 1 to m for each of the m time periods during which a distinct charge is in effect;

$w_{i,j,t}$ is the proportion of the Relevant Period in which each charge, $p_{i,j,t}$, is in effect, calculated by the number of days during which the charge is in effect and dividing

- (1) for the First Relevant Period, by 365;
- (2) for the Second Relevant Period, by 487; and

(3) for the Third Relevant Period, by 365.

$p_{i,j,t}$ is the charge for the specified period, j , during the Relevant Period t , for the individual service, i ;

$\bar{p}_{i,t-1}$ is the Prior Period Weighted Average Charge made by the Dominant Provider for the individual service i that forms part of the Basket during the Prior Period, excluding any discounts offered by the Dominant Provider;

Where such Prior Period Weighted Average Charge shall be calculated by employing the following formula:

$$\bar{p}_{i,t-1} = \sum_{j=1}^m (w_{i,j,t-1} p_{i,j,t-1})$$

Where:

m is the number of time periods for which there are distinct charges during the Prior Period;

j is a number from 1 to m for each of the m time periods during which a distinct charge is in effect;

$w_{i,j,t-1}$ is the proportion of the Prior Period in which each charge, $p_{i,j,t-1}$, is in effect, calculated by the number of days during which the charge is in effect and dividing:

- (1) for the First Prior Period, by 365;
- (2) for the Second Prior Period, by 365;
- (3) the Third Prior Period, by 487;

$p_{i,j,t-1}$ is the charge for the individual period, j , during the Prior Period, $t-1$, for the individual service, i .

5A.4 (ISDN30)

The Percentage Change for the purposes the services specified in Conditions 5A.2A(b) or 5A.2B(b), as applicable, (referred to in this Condition as a “single charge category”) shall be calculated, for the purposes of complying with Condition 5A.2A or 5A.2B, as applicable, by employing the following formula:

$$C_t = \frac{(\bar{p}_t - \bar{p}_{t-1})}{\bar{p}_{t-1}}$$

Where:

C_t is the Percentage Change in charges for the specific product and/or service in the single charge category in question for the Relevant Period t ;

t refers to the Relevant Period;

$t-1$ refers to the Prior Period;

$\bar{p}_t$ shall be calculated by employing the formula set out in Condition 5A.3 above for the Relevant Period Weighted Average Charge, excluding any discounts offered by the Dominant Provider, and its references to individual service i shall be treated as references to charges for the specific product and/or service in the single charge category in question; and

$\bar{p}_{t-1}$ shall be calculated by employing the formula set out in Condition 5A.3 above for the Prior Period Weighted Average Charge, excluding any discounts offered by the Dominant Provider, and its references to individual service i shall be treated as references to charges for the specific product and/or service in the single charge category in question.

**5A.5
(ISDN30)**

- a) Subject to Conditions 5A.5(b) to 5A.5(d) below, the Controlling Percentage in relation to any Relevant Period for each of the categories of products and/or services specified in Conditions 5A.2A(a) to (c) or 5A.2B(a) to (c), as applicable, shall be calculated by employing the following formula:

$$CP_t = X$$

Where:

CP_t is the Controlling Percentage for Relevant Period t ;

X means:

- i. for the category of products and/or services specified in Condition 5A.2A(a) or Condition 5A.2B(a), as applicable, 0 (zero) percentage points;
 - ii. for the category of products and/or services specified in Condition 5A.2A(b) or Condition 5A.2B(b), as applicable, 5 percentage points; and
 - iii. for the category of products and/or services specified in Condition 5A.2A(c) or Condition 5A.2B(c), as applicable, 0 percentage points.
- b) For each of the categories of products and/or services specified in Conditions 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, where the Percentage Change at the end of either the First Relevant Period or the Second Relevant Period is less than the Controlling Percentage ("Deficiency"), then the Controlling Percentage for the following Relevant Period shall be determined in accordance with Condition 5A.5(d) below.
- c) For each of the categories of products and/or services specified in Condition 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, where the Percentage Change at the end of either the First Relevant Period or the Second Relevant Period is more than the Controlling Percentage ("Excess"), then the Controlling Percentage for the following Relevant Period shall also be determined in accordance with Condition 5A.5(d) below.

- d) For each of the categories of products and/or services specified in Condition 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, in the case of Deficiency or Excess, the Controlling Percentage will be calculated by employing the following formula:

$$CP_t = [(100\% + X)(100\% + CP_{t-1}) / (100\% + C_{t-1})] - 100\%$$

Where:

CP_t is the Controlling Percentage for the Second Relevant Period (in the case of Deficiency or Excess in the First Relevant Period) or for the Third Relevant Period (in the case of Deficiency or Excess in the Second Relevant Period);

CP_{t-1} is the Controlling Percentage for the First Relevant Period (in the case of Deficiency or Excess in the First Relevant Period) or for the Second Relevant Period (in case of Deficiency or Excess in the Second Relevant Period);

C_{t-1} is the Percentage Change in the Charge for the category of products and/or services specified in Condition 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, during the First Relevant Period (in the case of Deficiency or Excess in the First Relevant Period) or for the Second Relevant Period (in the case of Deficiency or Excess in the Second Relevant Period), calculated in accordance with the formula for C_t set out in Condition 5A.3 or 5A.4 above, as applicable; and

X is as set out in Condition 5A.5(a) above.

- e) For each of the categories of products and/or services specified in Condition 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, where the Percentage Change in any Relevant Period is more than the Controlling Percentage, the Dominant Provider shall, to the extent reasonably possible, and as soon as reasonably practicable, repay the Relevant Excess Revenue to the relevant Affected Communications Provider.

5A.6 (ISDN30)

Where:

- a. the Dominant Provider makes a material change (other than to a Charge) to any Charge Controlled Service for which a Charge is made; or
- b. the Dominant Provider makes a change to the date on which its financial year ends,

Conditions 5A.1 to 5A.5 shall have effect subject to such reasonable adjustment to take account of the change as Ofcom may direct to be appropriate in the circumstances. For the purposes of this Condition 5A.6, a material change to the Charge Controlled Service includes (but is not limited to) the introduction of a new product and/or service wholly or substantially in substitution for an existing Charge Controlled Service or a change as to the billing practice for the Charge Controlled Service.

- 5A.7 (ISDN30)** The Dominant Provider must record, maintain and supply to Ofcom in an electronic format, no later than three months after the end of each Relevant Period, the data necessary for Ofcom to monitor compliance of the Dominant Provider with this Condition 5A. The data must include:
- a. pursuant to Condition 5A.3 and 5A.4, as applicable, the calculated Percentage Change relating to each category of services specified in Conditions 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable;
 - b. all relevant data the Dominant Provider used in the calculation of the Percentage Change as set out in Conditions 5A.3 and 5A.4 above, including for each specific service, *i* in a Basket;
 - c. all charges, excluding any discounts, published by the Dominant Provider from time to time during the Relevant Period and the Prior Period, including the dates and time periods during which they were in force;
 - d. the Relevant Period Weighted Average Charges and the Prior Period Weighted Average Charges for all of the services for which Conditions 5A.3 and/or 5A.4 apply, as applicable, and calculations thereof;
 - e. other data necessary for monitoring compliance with the charge control; and
 - f. such data as Ofcom may from time to time direct.

All relevant revenues in respect of a specific service in a Basket shall be provided to at least the nearest £1,000.

- 5A.8 (ISDN30)** Conditions 5A.1A to 5A.7 shall not apply to such extent as Ofcom may direct.

- 5A.9 (ISDN30)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition 5A.

- 5A.10 (ISDN30)** In this Condition 5A:

- a. **“Affected Communications Provider”** means each communications provider to whom the Dominant Provider has provided any of the services and/or products listed in Conditions 5A.2A(a) to (c) or Condition 5A.2B(a) to (c), as applicable, of this Condition 5A during the Relevant Period;
- b. **“Basket”** shall be construed in accordance with Condition 5A.3;
- c. **“Charge”** means the charge (being in all cases the amounts offered or charged by the Dominant Provider), excluding any discounts offered by the Dominant Provider, to a communications provider for the Charge Controlled Service;

- d. **“Charge Controlled Service”** means a service or Basket of services listed in Conditions 5A.1A and/or 5A.2A or Conditions 5A.1B and/or 5A.2B;
- e. **“Controlling Percentage”** is to be determined in accordance with Condition 5A.5;
- f. **“DDI”** means Direct Dial Inward;
- g. **“Excess Revenue”** means
 - (1) where Condition 5A.2A applies, the difference between (i) the revenue which the Dominant Provider earned in the First Relevant Period from providing the services listed in Conditions 5A.2A(a) to (c), and (ii) the revenue the Dominant Provider would have earned in the First Relevant Period from providing the services listed in Conditions 5A.2A(a) to (c) if it had complied with Condition 5A.2A; or
 - (2) where Condition 5A.2B applies, the difference between (i) the revenue which the Dominant Provider earned in the Relevant Period from providing the services listed in Conditions 5A.2B(a) to (c), and (ii) the revenue the Dominant Provider would have earned in the Relevant Period from providing the services listed in Conditions 5A.2B(a) to (c) if it had complied with Condition 5A.2B;
- h. **“Existing ISDN30 Connection Services per channel”** means ISDN30 Connection Services per channel provided in respect of an Existing ISDN30 Rental;
- i. **“Existing ISDN30 Direct Dial Inward Rental Service”** means an ISDN30 Direct Dial Inward Rental Service provided in respect to an Existing ISDN30 Rental;
- j. **“Existing ISDN30 SML 3 and 4”** means ISDN30 SML 3 and 4 provided in respect to an Existing ISDN30 Rental;
- k. **“Existing ISDN30 Rental Services”** means ISDN30 Rental Services provided in respect to an Existing ISDN30 Rental;
- l. **“Existing ISDN30 Transfer Services”** means ISDN30 Transfer Services provided in respect to an Existing ISDN30 Rental;
- m. **“First Relevant Period”** means the period of twelve months beginning on [1 December 2017] and ending on [30 November 2018];
- n. **“ISDN30 Connection Services New Installation”** means the provision of the service ‘New Installation Charge (Charged once per end user on a single installation basis) (Charged where suitable spare ‘BT’ 2Mb digital line plant does not exist at the end user’s address)’ (which shall be construed as having the same meaning as provided by the Dominant Provider on its website for definitions and explanations of its products) where this is reasonably necessary for the use of ISDN30 Services;

- o. **"ISDN30 Connection Services per channel"** means the provision of the service 'Installation per Channel (Minimum 8 channels) at the End User Premises (on a single installation basis)' (which shall be construed as having the same meaning as provided by the Dominant Provider on its website for definitions and explanations of its products) where this is reasonably necessary for the use of ISDN30 Services;
- p. **"ISDN30 Direct Dial Inward Connection Service"** means the connection of a DDI number at a DDI installation;
- q. **"ISDN30 Direct Dial Inward Planning Service"** means the service for a DDI installation or change to numbers at a DDI installation;
- r. **"ISDN30 Direct Dial Inward Rental Service"** means the annual rental service per number at a DDI installation;
- s. **"ISDN30 Direct Dial Inward Services"** means the ISDN30 Direct Dial Inward Planning Service, ISDN30 Direct Dial Inward Connection Service and the ISDN30 Direct Dial Inward Rental Service or the Existing ISDN30 Direct Dial Inward Rental Service, giving recipients of the services the capability to allow incoming calls to be routed directly rather than routing via a central switchboard number;
- t. **"ISDN30 SML 3 and 4"** means the products described as "Service Maintenance Level 3" and "Service Maintenance Level 4" in Openreach's price list correct at the date of this statement, or any such product that, from time to time, wholly or partially replaces those products;
- u. **"ISDN30 Rental Services"** means the rental of an ISDN30 access channel for control and billing purposes;
- v. **"ISDN30 Services"** means the following services provided by the Dominant Provider in the market for wholesale ISDN30 exchange line services:
 - i. ISDN30 Rental Services or Existing ISDN30 Rental Services, as applicable;
 - ii. ISDN30 Transfer Services
 - iii. ISDN30 SML 3 and 4 or Existing ISDN30 SML 3 and 4, as applicable;
 - iv. ISDN30 Connection Services New Installation;
 - v. ISDN30 Connection Services per channel or Existing ISDN30 Connection Services per channel, as applicable; and
 - vi. ISDN30 Direct Dial Inward Services;
- w. **"ISDN30 Transfer Services"** means the services for the transfer of control of an ISDN30 line levied per 30 channel access bearer and does not include charges for pre-validation of transfer order for wholesale ISDN30 installation types;
- x. **"Percentage Change"** has the meaning given to it in Condition 5A.3 and 5A.4, as applicable;

- y. **“Prior Period”** means, in relation to:
 - i. the First Relevant Period, the 1 April 2016 to 31 March 2017; (the **“First Prior Period”**)
 - ii. the Second Relevant Period, the First Relevant Period (the **“Second Prior Period”**); and
 - iii. the Third Relevant Period, the Second Relevant Period (the **“Third Prior Period”**);
- z. **“Prior Period Weighted Average Charge”** is to be determined in accordance with the relevant formula in Condition 5A.3;
- aa. **“Relevant Excess Revenue”** means the Excess Revenue earned from charging the Affected Communications Provider;
- bb. **“Relevant Period”** means each of the following three periods:
 - a. the First Relevant Period;
 - b. the Second Relevant Period; and
 - c. the Third Relevant Period;
- cc. **“Relevant Period Weighted Average Charge”** is to be determined in accordance with the relevant formula in Condition 5A.3;
- dd. **“Second Relevant Period”** means the period of sixteen months beginning on [1 December 2018] and ending on [31 March 2020];
- ee. **“Third Relevant Period”** means the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021];
- ff. **“Total Revenue”** means the total revenue from communications providers (including, for the avoidance of doubt, from the Dominant Provider to itself), in relation to the services and/or products subject to this Condition 5A, excluding any discounts offered by the Dominant Provider.

Condition 5B – Wholesale ISDN2 services charge control

5B.1 (ISDN2) In the First Relevant Period the Dominant Provider must not charge more than:

- (a) £26.49 for ISDN2 Rental Services per channel per quarter;
- (b) £9.00 per line for any of the ISDN2 Transfer Services;
- (c) £120.00 for ISDN2 Connection Services.

For the avoidance of doubt, a reference to ‘per line’ in this Condition 5B means to two channels.

5B.2 (ISDN2) In the Second Relevant Period and the Third Relevant Period, the Dominant Provider must not charge more than:

- (a) £26.49 for Existing ISDN2 Rental Services per channel per quarter;
- (b) £9.00 per line for any of the ISDN2 Transfer Services.

5B.3 (ISDN2) Where the Dominant Provider makes a material change (other than to a Charge) to any Charge Controlled Service for which a Charge is charged, Conditions 5B.1 to 5B.2 shall have effect subject to such reasonable adjustment to take account of the change as Ofcom may direct to be appropriate in the circumstances. For the purposes of this Condition 5B.3, a material change to the Charge Controlled Service includes (but is not limited to) the introduction of a new product and/or service wholly or substantially in substitution for an existing Charge Controlled Service or a change as to the billing practice for the Charge Controlled Service.

5B.4 (ISDN2) The Dominant Provider must record, maintain and supply to Ofcom in an electronic format, no later than three months after the end of each Relevant Period, the data necessary for Ofcom to monitor compliance of the Dominant Provider with this Condition 5B.

5B.5 (ISDN2) Conditions 5B.1 to 5B.4 shall not apply to such extent as Ofcom may direct.

5B.6 (ISDN2) The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition 5B.

5B.7 In this Condition 5B:

- a) “**Charge**” means the charge (being in all cases the amounts offered or charged by the Dominant Provider) excluding any discounts offered by the Dominant Provider, to a communications provider for the Charge Controlled Service;
- b) “**Charge Controlled Service**” means a service in Conditions 5B.1 and 5B.2;
- c) “**Existing ISDN2 Rental Services**” means ISDN2 Rental Services provided in respect of an Existing ISDN2 Rental;

- d) **“First Relevant Period”** means the period of twelve months beginning on [1 December 2017] and ending on [30 November 2018];
- e) **“ISDN2 Connection Services”** means the charges for the connection of a new ISDN2 Exchange Line to a premise;
- f) **“ISDN2 Rental Services”** means the rental (per quarter) of an ISDN2 access channel for control and billing purposes;
- g) **“ISDN2 Transfer Services”** means any of the following ISDN2 transfer services:
 - a. transfer of BT ISDN2e Standard to Digital Standard (BT to gaining communications provider);
 - b. transfer of BT ISDN2e System to Digital System (BT to gaining communications provider) (For transfer pricing purposes, system installations are classed as one line);
 - c. transfer of Digital Standard to Digital Standard (communications provider 1 to gaining communications provider 2);
 - d. transfer of Digital System to Digital System (communications provider 1 to gaining communications provider 2) (For transfer pricing purposes, system installations are classed as one line);
- h) **“Relevant Period”** means each of the following three periods:
 - a. the First Relevant Period;
 - b. the Second Relevant Period; and
 - c. the Third Relevant Period;
- i) **“Second Relevant Period”** means the period of sixteen months beginning on [1 December 2018] and ending on [31 March 2020];
- j) **“Third Relevant Period”** means the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021].

Condition 5C – wholesale call termination charge control

5C.1 (WCT) During the Transitional Period, the Dominant Provider shall take all reasonable steps to ensure that the volume-weighted average of Call Termination Charges (the “VWA Charge”) for all of the services listed in the Annex to this Condition 5C.1 (all such services together referred to as the “Basket”) does not exceed [0.0346] pence per minute.

5C.2 (WCT) For the purposes of Condition 5C.1, the VWA Charge for the services in the Basket during the Transitional Period shall be calculated by employing the following formula:

$$C = \frac{\sum_{i=1}^n V_i \bar{p}_{i,t}}{\sum_{i=1}^n V_i}$$

Where:

C is the VWA Charge for the services in the Basket during the Transitional Period;

n is the number of services in the Basket;

i is a service numbered from 1 to **n** for each of the **n** services in the Basket;

V_i is the Total Volume accrued over the period from 1 April 2016 to 31 March 2017 in respect of service, **i**;

$\bar{p}_{i,t}$ is the Transitional Period Weighted Average Charge made by the Dominant Provider for service, **i**;

Where such Transitional Period Weighted Average Charge shall be calculated by employing the following formula:

$$\bar{p}_{i,t} = \sum_{j=1}^m (w_{i,j,t} p_{i,j,t})$$

Where:

m is the number of time periods for which there are distinct Charges during the Transitional Period;

j is a number from 1 to **m** for each of the **m** time periods during which a Charge is in effect;

w_{i,j,t} is the proportion of the Transitional Period in which each Charge, **p_{i,j,t}**, is in effect, calculated by the number of days during which the Charge is in effect and dividing by 62.

p_{i,j,t} is the Charge for the specified time period, **j**, during the Transitional Period, **t**, for the specific service, **i**;

- 5C.3 (WCT)** From [1 February 2018], the Dominant Provider must ensure that for each Call on any day, during any Relevant Period, the Call Termination Charge (which shall be expressed in pence per minute) does not exceed the Charge Ceiling.
- 5C.4 (WCT)** Except where Ofcom otherwise consents in writing, for the purposes of Condition 5C.3, the Charge Ceiling is –
1. for any Call on a day in the First Relevant Period, [0.0303] pence per minute;
 2. for any Call on a day in the Second Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%)$ expressed as being pence per minute and rounded to four decimal places;
 3. for any Call on a day in the Third Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%) \times (100\% + CPI_3 - 6.1\%)$ expressed as being pence per minute and rounded to four decimal places.
- 5C.5 (WCT)** Without prejudice to Ofcom’s statutory information gathering powers, the Dominant Provider must provide to Ofcom in writing any information reasonably required by Ofcom for the Dominant Provider to demonstrate compliance with this Condition at any time upon reasonable notice.
- 5C.6 (WCT)** Within one month of the end of each Relevant Period, the Dominant Provider must notify Ofcom in writing of the level of the Call Termination Charges it made to each third party during that Relevant Period.
- 5C.7 (WCT)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.
- 5C.8 (WCT)** In this Condition 5C,
- a) **“Call”** means a voice call which is terminated to a United Kingdom geographic number in the area served by the Dominant Provider;
 - b) **“Call Termination Charges”** means the charge or charges made by the Dominant Provider to terminate a Call;
 - c) **“CPI₂”** means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2018] expressed as a percentage (rounded to one decimal place);
 - d) **“CPI₃”** means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2019] expressed as a percentage (rounded to one decimal place);
 - e) **“pence per minute”** means the sum in pence charged for a minute of a Call;
 - f) **“Relevant Period”** means any of the following:
 - a. the period of fourteen months beginning on [1 February 2018] and ending on [31 March 2019] (the “First Relevant Period”);

- b. the period of twelve months beginning on [1 April 2019] and ending on [31 March 2020] (the “Second Relevant Period”);
- c. the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021] (the “Third Relevant Period”);
- g) “**Transitional Period**” means the period beginning on [1 December 2017] and ending on [31 January 2018].

Annex to Condition 5C – Services subject to the charge control in Condition 5C.1

- i) External Wholesale call termination local exchange segment – Day
- ii) External Wholesale call termination local exchange segment – Evening
- iii) External Wholesale call termination local exchange segment – Weekend
- iv) External Wholesale call termination local exchange segment (ISDN) – Day
- v) External Wholesale call termination local exchange segment (ISDN) – Evening
- vi) External Wholesale call termination local exchange segment (ISDN) – Weekend
- vii) External Wholesale call termination local exchange stick – Day
- viii) External Wholesale call termination local exchange stick – Evening
- ix) External Wholesale call termination local exchange stick – Weekend
- x) External Wholesale call termination local exchange stick (ISDN) – Day
- xi) External Wholesale call termination local exchange stick (ISDN) – Evening
- xii) External Wholesale call termination local exchange stick (ISDN) – Weekend

Condition 5D – Interconnect circuits charge control

- 5D.1 (Interconnect)** The Dominant Provider must take all reasonable steps to secure that, at the end of each Relevant Period, the Percentage Change, C_t , (as determined in accordance with Condition 5D.2) in the aggregate of Charges for all of the services listed in the Annex to this Condition 5D (all such services together referred to as the “Basket”) is not more than the Controlling Percentage, CP_t , (as determined in accordance with Condition 5D.3, or Condition 5D.6 if the circumstances in Condition 5D.4 or 5D.5 prevail).
- 5D.2 (Interconnect)** The Percentage Change for the purpose of the Basket specified in Condition 5D.1 shall be calculated by employing the following formula:

$$C_t = \frac{\sum_{i=1}^n \left[R_i \frac{(\bar{p}_{i,t} - \bar{p}_{i,t-1})}{\bar{p}_{i,t-1}} \right]}{\sum_{i=1}^n R_i}$$

Where:

C_t is the Percentage Change in the aggregate of Charges for the services in the Basket during the Relevant Period, t ;

n is the number of services in the Basket;

i is a service numbered from 1 to n for each of the n services in the Basket;

R_i is the External Revenue accrued during the Prior Financial Year in respect of service, i ;

t , refers to the Relevant Period;

$t-1$, refers to the Prior Period;

$\bar{p}_{i,t}$ is the Relevant Period Weighted Average Charge made by the Dominant Provider for service, i :

Where such Relevant Period Weighted Average Charge shall be calculated by employing the following formula:

$$\bar{p}_{i,t} = \sum_{j=1}^m (w_{i,j,t} p_{i,j,t})$$

Where:

m is the number of time periods for which there are distinct Charges during the Relevant Period;

j is a number from 1 to m for each of the m time periods during which a Charge is in effect;

$w_{i,j,t}$ is the proportion of the Relevant Period in which each Charge, $p_{i,j,t}$, is in effect, calculated by the number of days during which the Charge is in effect and dividing

- (1) for the First Relevant Period, by [486];
- (2) for the Second Relevant Period, by [366]; and
- (3) for the Third Relevant Period, by [365].

$p_{i,j,t}$ is the Charge for the specified time period, j , during the Relevant Period, t , for the specific service, i ;

$\bar{p}_{i,t-1}$ is the Prior Period Weighted Average Charge made by the Dominant Provider for service, i :

Where such Prior Period Weighted Average Charge shall be calculated by employing the following formula:

$$\bar{p}_{i,t-1} = \sum_{j=1}^m (w_{i,j,t-1} p_{i,j,t-1})$$

Where:

m is the number of time periods for which there are distinct Charges during the Prior Period;

j is a number from 1 to m for each of the m time periods during which a Charge is in effect;

$w_{i,j,t-1}$ is the proportion of the Prior Period in which each Charge, $p_{i,j,t-1}$, is in effect, calculated by the number of days during which the Charge is in effect and dividing

- (1) for the First Prior Period, by 366;
- (2) for the Second Prior Period, by 486; and
- (3) for the Third Prior Period, by 366.

and

$p_{i,j,t-1}$ is the Charge for the specified time period, j , during the Prior Period, $t-1$, for the specific service, i ;

**5D.3
(Interconnect)**

Subject to Conditions 5D.4, 5D.5 and 5D.6, the Controlling Percentage, CP_t , in relation to any Relevant Period is $CPI+0\%$.

**5D.4
(Interconnect)**

Where the Percentage Change in either the First Relevant Period or the Second Relevant Period is less than the Controlling Percentage (the “Deficiency”), then the Controlling Percentage for the following Relevant Period shall be determined in accordance with Condition 5D.6.

**5D.5
(Interconnect)** Where the Percentage Change in either the First Relevant Period or the Second Relevant Period is more than the Controlling Percentage (the “Excess”), then the Controlling Percentage for the following Relevant Period shall also be determined in accordance with Condition 5D.6.

**5D.6
(Interconnect)** In the case of Deficiency (defined in Condition 5D.4 above) or Excess (defined in Condition 5D.5 above), the Controlling Percentage will be calculated by employing the following formula:

$$CP_t = [(100\% + CPI + X)(100\% + CP_{t-1}) / (100\% + C_{t-1})] - 100\%$$

Where:

CP_t is the Controlling Percentage for the Second Relevant Period (in case of Deficiency or Excess in the First Relevant Period) or for the Third Relevant Period (in case of Deficiency or Excess in the Second Relevant Period);

C_{t-1} is the Percentage Change in the aggregate of Charges for the services in the Basket during the First Relevant Period (in case of Deficiency or Excess in the First Relevant Period) or for the Second Relevant Period (in case of Deficiency or Excess in the Second Relevant Period), calculated in accordance with the formula for C_t set out in Condition 5D.2.

X is 0%.

**5D.7
(Interconnect)** Where the Percentage Change in any Relevant Period is more than the Controlling Percentage, the Dominant Provider must, to the extent reasonably possible, and as soon as reasonably practicable, repay the Relevant Excess Revenue to every Affected Communications Provider.

**5D.8
(Interconnect)** The Dominant Provider must also and, in any event, take all reasonable steps to secure that, at the end of each Relevant Period, the Percentage Change in the Charge for each and every service listed in the Annex to this Schedule 2 is not more than $CPI+X+Y$, where Y is 10%.

For the purpose of this Condition 5D.8, the Percentage Change shall be calculated by employing the following formula:

$$C_i = \frac{(\bar{p}_{i,t} - \bar{p}_{i,t-1})}{\bar{p}_{i,t-1}}$$

Where

C_i is the Percentage Change for the Relevant Period for each service, i ; and

$\bar{p}_{i,t}$ and $\bar{p}_{i,t-1}$ are as defined in Condition 5D.2 above.

**5D.9
(Interconnect)** Where

- (1) the Dominant Provider makes a material change (other than to a Charge) to any service which is subject to this Condition 5D; or

- (2) the Dominant Provider makes a change to the date on which its financial year ends,

Conditions 5D.1 to 5D.8 shall have effect subject to such reasonable adjustment to take account of the change as Ofcom may direct to be appropriate in the circumstances.

For the purposes of this paragraph, a material change to any service which is subject to this Condition 5D includes the introduction of a new service wholly or substantially in substitution for that existing service.

**5D.10
(Interconnect)**

The Dominant Provider must record, maintain and supply to Ofcom in an electronic format, no later than three months after the end of each Relevant Period, the data necessary for Ofcom to monitor compliance of the Dominant Provider with the price control. The data shall include:

- i. pursuant to Condition 5D.2, the calculated Percentage Change relating to the aggregate of Charges for all of the services in the Basket;
- ii. all relevant data the Dominant Provider used in the calculation of the Percentage Change including for each specific service;
- iii. all Charges published by the Dominant Provider from time to time during the Relevant Period and the Prior Period, including the dates and time periods during which they were in force;
- iv. the Relevant Period Weighted Average Charges and the Prior Period Weighted Average Charges for all of the services in the Basket and calculations thereof;
- v. other data necessary for monitoring compliance with the charge control; and
- vi. such data as Ofcom may from time to time direct.

All relevant revenues in respect of a specific service in the Basket are to be provided to at least the nearest £1,000.

**5D.11
(Interconnect)**

The Dominant Provider must take such steps as Ofcom may from time to time direct to comply with its obligations under this Condition 5D.

**5D.12
(Interconnect)**

Condition 5D.1 to 5D.10 shall not apply to such extent as Ofcom may direct.

**5D.13
(Interconnect)**

In this Condition 5D:

- a) **“Affected Communications Provider”** means each communications provider to whom the Dominant Provider has provided any of the services listed in the Annex to this Condition 5D during the Relevant Period;
- b) **“Basket”** has the meaning as described in Condition 5D.1;

- c) **“Charge”** means, the published charge rounded to the nearest penny (being the amount offered or charged by the Dominant Provider, excluding any discounts), to a communications provider for a unit of any of the services subject to this Condition 5D;
- d) **“Controlling Percentage”** is to be determined in accordance with Condition 5D.3 or Condition 5D.6 if the circumstances in Condition 5D.4 or Condition 5D.5 prevail;
- e) **“CPI”** means
 - a. In relation to the First Relevant Period, the amount of the change in the Consumer Prices Index in the period of sixteen months ending on [31 August 2017], expressed as a percentage (rounded to one decimal place) of that Consumer Prices Index as at the beginning of that first mentioned period;
 - b. In relation to the Second Relevant Period and the Third Relevant Period, the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December] immediately before the beginning of the Relevant Period, expressed as a percentage (rounded to one decimal place) of that Consumer Prices Index as at the beginning of that first mentioned period;
- f) **“Excess Revenue”** means the difference between the revenue which the Dominant Provider earned in the Relevant Period from providing the services listed in the Annex to this Schedule and the revenue the Dominant Provider would have earned in the Relevant Period from providing the services listed in the Annex to this Condition 5D if it had complied with Condition 5D.1;
- g) **“External Revenue”** means revenue from communications providers, other than the Dominant Provider, gross of any revenue shares or discounts in relation to the services subject to this Condition 5D, accounting only for the interconnect circuits connected at BT terminating or originating switches, this is, in general, the DLEs;
- h) **“First Relevant Period”** means the period of sixteen months beginning on [1 December 2017] and ending on [31 March 2019];
- i) **“Percentage Change”** is to be determined in accordance with Condition 5D.2;
- j) **“Prior Financial Year”** means the period of twelve months ending on 31 March immediately preceding the Relevant Period in question;
- k) **“Prior Period”** means each of the following three years:
 - a. In relation to the First Relevant Period, the period beginning 1 October 2015 and ending 30 September 2016 (the **“First Prior Period”**);

- b. In relation to the Second Relevant Period, the period beginning [1 December 2017] and ending [31 March 2019] (the **“Second Prior Period”**); and
 - c. In relation to the Third Relevant Period, the period beginning [1 April 2019] and ending [31 March 2020] (the **“Third Prior Period”**);
- l) **“Prior Period Weighted Average Charge”** is to be determined in accordance with the relevant formula in Condition 5D.2;
- m) **“Relevant Excess Revenue”** means the Excess Revenue earned from charging the Affected Communications Provider;
- n) **“Relevant Period”** means each of the following three periods:
 - a. the First Relevant Period;
 - b. the Second Relevant Period; and
 - c. the Third Relevant Period;
- o) **“Relevant Period Weighted Average Charge”** is to be determined in accordance with the relevant formula in Condition 5D.2;
- p) **“Second Relevant Period”** means the period of twelve months beginning on [1 April 2019] and ending on [31 March 2020];
- q) **“Third Relevant Period”** means the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021].

Annex to Condition 5D – Services subject to the interconnect circuits charge control³

- i) External wholesale standard Customer-Sited Interconnect connections;
- ii) External wholesale standard Customer-Sited Interconnect rentals – fixed;
- iii) External wholesale standard Customer-Sited Interconnect rentals - per km;
- iv) External wholesale interconnection extension circuits connections;
- v) External wholesale interconnection extension circuits rentals – fixed;
- vi) External wholesale interconnection extension circuits rentals - per km;
- vii) External wholesale intra-building circuits connections;
- viii) External wholesale intra-building circuits rentals;
- ix) External wholesale in-span interconnection links rentals;
- x) External nominated in-span interconnection links - per km; and
- xi) External wholesale rearrangements.

³ Account only for the interconnect circuits connected at the DLEs.

Condition 6 – Publication of a Reference Offer

- 6.1** 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 1A, 1B, 1C and 2 (as applicable) and comply with the requirements set out below.
- 6.2** Subject to Condition 6.8 below, the Dominant Provider must ensure that a Reference Offer in relation to the provision of network access pursuant to Conditions 1A, 1B, 1C and 2 (as applicable) includes, where applicable, at least the following:
- (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);
 - (b) the locations at which network access will be provided;
 - (c) any relevant technical standards for network access (including any usage restrictions and other security issues);
 - (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);
 - (e) any ordering and provisioning procedures;
 - (f) relevant charges, terms of payment and billing procedures;
 - (g) details of interoperability tests;
 - (h) details of traffic and network management;
 - (i) details of maintenance and quality as follows:
 - (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, for provision of support services (such as fault handling and repair);
 - (ii) service level commitments, namely the quality standards that each party must meet when performing its contractual obligations;
 - (iii) the amount of compensation payable by one party to another for failure to perform contractual commitments;
 - (iv) a definition and limitation of liability and indemnity; and

- (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;
- (j) details of measures to ensure compliance with requirements for network integrity;
- (k) details of any relevant intellectual property rights;
- (l) a dispute resolution procedure to be used between the parties;
- (m) details of duration and renegotiation of agreements;
- (n) provisions regarding confidentiality of the agreements;
- (o) rules of allocation between the parties when supply is limited (for example, for the purpose of co-location or location of masts);
- (p) the standard terms and conditions for the provision of network access;

**6.2A
(WFAEL)**

Subject to Condition 6.8, the Dominant Provider must ensure that a Reference Offer made in relation to the provision of Wholesale Analogue Line Rental pursuant to Conditions 1A and 2 (as applicable) includes–

- (a) Service Level Commitments in respect of at least the following aspects of that service:
 - (i) availability of an appointment for the provision of the service;
 - (ii) attending appointments for the provision of the service;
 - (iii) completion of the provision of the service;
 - (iv) completion of the transfer of the service;
 - (v) disconnections made in error;
 - (vi) fault repair times;
 - (vii) attending fault repair appointments; and
 - (viii) availability of the relevant operational support systems by which requests for service provision, transfers and fault repair are made, as applicable; and
- (b) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 6.2A(a)(i) to (a)(viii) above.

**6.2B1
(ISDN30)**

Subject to Condition 6.8, the Dominant Provider must ensure that a Reference Offer made in relation to the provision of Wholesale ISDN30 Line Rental pursuant to Conditions 1B and 2 (as applicable) includes–

- (a) Service Level Commitments in respect of at least the following aspects of that service:
 - (i) attending appointments for the provision of the service;
 - (ii) completion of the provision of the service;
 - (iii) completion of the transfer of the service;
 - (iv) disconnections made in error;
 - (v) fault repair times;
 - (vi) attending fault repair appointments; and
 - (vii) availability of the relevant operational support systems by which requests for service transfers and fault repair are made, as applicable; and
- (b) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 6.2B1(a)(i) to (a)(vii) above.

**6.2B2
(ISDN30)**

Subject to Condition 6.8, the Dominant Provider must ensure that a Reference Offer made in relation to the provision of Wholesale ISDN30 Line Rental pursuant to Conditions 1C and 2 (as applicable) includes–

- (a) Service Level Commitments in respect of at least the following aspects of that service:
 - (i) completion of the transfer of the service;
 - (ii) disconnections made in error;
 - (iii) fault repair times;
 - (iv) attending fault repair appointments; and
 - (v) availability of the relevant operational support systems by which requests for service provision, transfers and fault repair are made, as applicable; and
- (b) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 6.2B2(a)(i) to (a)(v) above.

**6.2C1
(ISDN2)**

Subject to Condition 6.8, the Dominant Provider must ensure that a Reference Offer made in relation to the provision of Wholesale ISDN2 Line Rental pursuant to Conditions 1B and 2 (as applicable) includes–

- (a) Service Level Commitments in respect of at least the following aspects of that service:
 - (i) availability of an appointment for the provision of the service;
 - (ii) attending appointments for the provision of the service;
 - (iii) completion of the provision of the service;
 - (iv) completion of the transfer of the service;
 - (v) disconnections made in error;
 - (vi) fault repair times;
 - (vii) attending fault repair appointments; and
 - (viii) availability of the relevant operational support systems by which requests for service provision, transfers and fault repair are made, as applicable; and
- (b) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 6.2C1(a)(i) to (a)(viii) above.

**6.2C2
(ISDN2)**

Subject to Condition 6.8, the Dominant Provider must ensure that a Reference Offer made in relation to the provision of Wholesale ISDN2 Line Rental pursuant to Conditions 1C and 2 (as applicable) includes–

- (a) Service Level Commitments in respect of at least the following aspects of that service:
 - (i) completion of the transfer of the service;
 - (ii) disconnections made in error;
 - (iii) fault repair times;
 - (iv) attending fault repair appointments; and
 - (v) availability of the relevant operational support systems by which requests for service transfers and fault repair are made, as applicable; and
- (b) Service Level Guarantees in respect of the Service Level Commitments specified in Condition 6.2C2(a)(i) to (a)(v) above.

6.3

To the extent that the Dominant Provider provides to itself network access that:

**(WFAEL, ISDN30,
ISDN2, WCT,
Interconnect)**

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in a Reference Offer in relation to network access provided to any other 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 6.2.

6.4 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.

6.5 The Dominant Provider must as soon as reasonably practicable update and publish the Reference Offer in relation to any amendments or in relation to any further network access provided after the date that this Condition enters into force.

6.6 Publication referred to above shall be effected by placing a copy of the Reference Offer on any relevant publicly accessible website operated or controlled by the Dominant Provider.

6.7 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).

6.8 The Dominant Provider must make such modifications to the Reference Offer as Ofcom may direct from time to time.

6.9
**(WFAEL, ISDN30,
ISDN2, WCT &
Interconnect)** 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.

6.10 The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

6.11 In this Condition 6,

- (a) **"Service Level Commitment"** means the quality standards that the Dominant Provider must meet when performing its obligations;
- (b) **"Service Level Guarantees"** means a commitment specifying the amount payable proactively by the Dominant Provider to a Third Party for a failure to adhere to a Service Level Commitment.

Condition 7 – Notification of charges

- 7.1**
(WFAEL, ISDN30, ISDN2, WCO & Interconnect) Except in so far as Ofcom may from time to time otherwise consent in writing, the Dominant Provider must publish charges and act in the manner set out in this Condition.
- 7.2A**
(WFAEL, ISDN30, ISDN2 & Interconnect) Where it proposes an Access Charge Change, the Dominant Provider must send to every person with which it has entered into an Access Agreement pursuant to Conditions 1A, 1B, 1C and 2 (as applicable), an Access Charge Change Notice.
- 7.2B**
(WCO) Where it proposes a Standard Access Charge Change, the Dominant Provider must send to every person with which it has entered into an Access Agreement pursuant to Condition 1A and 2 (as applicable), a Standard Access Charge Change Notice.
- 7.3A**
(WFAEL, ISDN30, ISDN2 & Interconnect) The obligation in Condition 7.2A will not apply where the Access Charge Change is directed or determined by Ofcom (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.
- 7.3B**
(WCO) The obligation in Condition 7.2B will not apply where the Standard Access Charge Change is directed or determined by Ofcom (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.
- 7.4A**
(WFAEL) An Access Charge Change Notice must-
- (a) in the case of an Access Charge Change relating to the Wholesale Line Rental Charge and subject to conditions (b) and (c) below, be sent not less than 90 days before any such amendment comes into effect;
 - (b) in the case of an Access Charge Change relating solely to a reduction in the price of the Wholesale Line Rental Charge, (including, for the avoidance of doubt, a Special Offer), be sent not less than 28 days before any such amendment comes into effect;
 - (c) in the case of an Access Charge Change relating to the end of a temporary price reduction to the Wholesale Line Rental Charge in accordance with the terms of a Special Offer, be sent not less than 28 days before any such amendment comes into effect; and
 - (d) in the case of any other Access Charge Change, not less than 28 days before any such amendment comes into effect.
- 7.4B**
(ISDN30 & ISDN2) An Access Charge Change Notice must in the case of an Access Charge Change involving network access pursuant to Condition 1B or 1C (as applicable), be sent not less than 28 days before any such amendment comes into effect.

- 7.4C (Interconnect)** An Access Charge Change Notice must in the case of an Access Charge Change involving network access pursuant to Condition 1A must be sent not less than 56 days before any such amendment comes into effect.
- 7.4D (WCO)** A Standard Access Charge Change Notice must in the case of a Standard Access Charge Change involving network access pursuant to Condition 1A must be sent not less than 56 days before any such amendment comes into effect.
- 7.5A (WFAEL, ISDN30, ISDN2& Interconnect)** The Dominant Provider must ensure that an Access Charge Change Notice includes:
- (a) a description of the network access in question;
 - (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;
 - (c) the date on which, or the period for which, the Access Charge Change will take effect (the “effective date”); and
 - (d) the current and proposed new charge.
- 7.5B (WCO)** The Dominant Provider must ensure that a Standard Access Charge Change Notice includes:
- (a) a description of the network access in question;
 - (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;
 - (c) the date on which, or the period for which, the Standard Access Charge Change will take effect (the “effective date”); and
 - (d) the current and proposed new charge
- 7.6A (WFAEL, ISDN30, ISDN2& Interconnect)** The Dominant Provider must not apply any Access Charge Change identified in an Access Charge Change Notice before the effective date.
- 7.6B (WCO)** The Dominant Provider must not apply any Standard Access Charge Change identified in a Standard Access Charge Change Notice before the effective date.
- 7.7 (WFAEL, ISDN30, ISDN2 & Interconnect)** To the extent that the Dominant Provider provides to itself network access that:
- (a) is the same, similar or equivalent to that provided to any other person; or

- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other person,

in a manner that differs from that detailed in an Access Charge Change Notice in relation to network access provided to any other person 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 7.5A(a) to (d) and, where the Dominant Provider amends the charges on which it provides itself with network access, it must ensure it sends to Ofcom a notice equivalent to an Access Charge Change Notice.

7.8

In this Condition 7:

- (a) **“Access Charge Change Notice”** means a notice given by the Dominant Provider of an Access Charge Change;
- (b) **“Access Charge Change”** means any amendment to the Dominant Provider’s charges for the provision of network access or for new network access;
- (c) **“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.
- (d) **“Standard Access Charge Change Notice”** means a notice given by the Dominant Provider of a Standard Access Charge Change;
- (e) **“Standard Access Charge Change”** means any amendment to the Dominant Provider’s standard charges for the provision of network access or for new network access.

Condition 8 – Quality of service

- 8.1A (WFAEL)** The Dominant Provider must comply with all such quality of service requirements as Ofcom may from time to time direct in relation to network access provided by the Dominant Provider pursuant to Conditions 1A and 2 (as applicable).
- 8.1B (ISDN30 & ISDN2)** 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 Conditions 1B, 1C and 2 (as applicable), in such manner and form, and including such content, as Ofcom may from time to time direct.
- 8.1C (Interconnect)** 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 Conditions 1A and 2 (as applicable), in such manner and form, and including such content, as Ofcom may from time to time direct.
- 8.2A (WFAEL)** The direction dated 22 November 2016 requiring BT to comply with minimum standards in relation to the provision of network access to wholesale analogue line rental contained at Annex 1 of the November 2016 Quality of Service Statement shall have force until such time as it is modified or withdrawn, as if it has been given under this Condition 8 from the date that this Condition enters into force and that direction must be read accordingly.
- 8.2B (WFAEL)** The direction dated 26 June 2014 requiring the publication of KPIs by BT for specified wholesale line rental services as published on the same day at Annex 29 to the 2014 FAMR Statement and as modified 19 October 2016 by Schedule 2 of the notification contained in Annex 2 of the October 2016 Quality of Service Statement shall have force until such time as it is modified or withdrawn, as if it has been given under this Condition 8 from the date that this Condition enters into force and that direction must be read accordingly.
- 8.3 (Interconnect)** The direction dated 26 September 2013 requiring the Dominant Provider to provide interconnect circuit KPIs as published on the same day in Annex 4 to the 2013 NMR Statement shall have force until such time as it is modified or withdrawn, as if it has been given under this Condition 8 from the date that this Condition enters into force and that direction must be read accordingly.
- 8.4** In this Condition 8:
- (a) **“October 2016 Quality of Service Statement”** means the statement entitled Quality of Service for WLR and MPF: Directions and Consents relating to the minimum standards and KPIs imposed in the 2014 Fixed Access Market Reviews published on 19 October 2016;
 - (b) **“November 2016 Quality of Service Statement”** means the further statement entitled Quality of Service direction for WLR: Direction setting further minimum standards for WLR provisions under the SMP conditions imposed in the 2014 Fixed Access Market Reviews published on 22 November 2016.

Condition 9 – Regulatory Financial Reporting

- 9.1** The Dominant Provider must maintain a separation for accounting purposes between such different matters relating to network access to the relevant network or the availability of the relevant facilities, as required by Conditions 9.3 to 9.35 including as Ofcom may from time to time direct under those Conditions 9.3 to 9.35 (as applicable).
- 9.2** The Dominant Provider must comply with such rules made by Ofcom about the use of cost accounting systems as required by Conditions 9.3 to 9.35 (as applicable) and must comply with such requirements about the description to be made available to the public of the cost accounting system as required by Conditions 9.3 to 9.35 (as applicable) in each case including as Ofcom may from time to time direct under Conditions 9.3 to 9.35 (as applicable).
- 9.3** 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.
- 9.4** Ofcom may from time to time make such directions as they consider appropriate in relation to the Dominant Provider's obligations under this Condition 9.
- 9.5** The Dominant Provider shall comply with any direction Ofcom may make from time to time under this Condition 9.
- 9.6** Where the Dominant Provider is required to comply with:
- (i) this Condition 9; and
 - (ii) the Regulatory Accounting Principles,
- and it appears to the Dominant Provider that any of these requirements conflict with each other in a particular case, the Dominant Provider must resolve such conflict by giving priority to them in the order in which they are set out above.
- 9.7** For the purpose of this Condition 9, publication shall be effected by:
- (i) placing a copy of the relevant information on any relevant publicly accessible website operated or controlled by the Dominant Provider; and
 - (ii) sending a copy of the relevant information to any person at that person's written request.

Requirements relating to the preparation, audit, delivery and publication of the Regulatory Financial Statements

- 9.8** The Dominant Provider shall in respect of the Market, Technical Areas, Products, Network Components and Network Services (as applicable), for each Financial Year:

- (i) prepare such Regulatory Financial Statements as directed by Ofcom from time to time in accordance with this Condition 9, the Regulatory Accounting Principles and the Accounting Methodology Documents (the relevant Accounting Methodology Documents to be identified in the Regulatory Financial Statements by reference to their date);
- (ii) prepare a reconciliation report as set out in Condition 9.23;
- (iii) secure the expression of an audit opinion upon the Regulatory Financial Statements as notified by Ofcom from time to time and on the reconciliation report as set out in Condition 9.24;
- (iv) secure the approval of the Regulatory Financial Statements by the board of directors of the Dominant Provider and secure the signature of the Regulatory Financial Statements by a director of the Dominant Provider for and on behalf of the board of directors;
- (v) deliver to Ofcom copies of the Regulatory Financial Statements, the reconciliation report 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;
- (vi) publish the Regulatory Financial Statements, the reconciliation report and any corresponding audit opinion, within four months after the end of the Financial Year to which they relate;
- (vii) ensure that any Regulatory Financial Statement 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; and
- (viii) publish with the Regulatory Financial Statements any written statement made by Ofcom and provided to the Dominant Provider commenting on the figures in, the notes to or the presentation of any or all of the Regulatory Financial Statements, the reconciliation report and/or the Accounting Methodology Documents.

9.9 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.

9.10 The Dominant Provider shall prepare all Regulatory Financial Statements, explanations or other information required by virtue of this Condition 9 on a regulatory asset value adjusted current cost basis as directed by Ofcom from time to time and shall be capable of doing so in relation to any period. Such Regulatory Financial Statements, explanations or other information shall be, in the opinion of Ofcom, meaningfully reconcilable to the Statutory Financial Statements.

9.11 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 the Statutory Accounting Standards.

Requirements relating to audit of the Regulatory Financial Statements

- 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 Regulatory Auditor appointed to secure compliance with this Condition 9 before the Regulatory 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** 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:
- (i) carries out such on-going duties as are required to secure compliance with this Condition 9;
 - (ii) 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
 - (iii) 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.
- 9.14** The Dominant Provider shall extend to the Alternative Regulatory Auditor such assistance and co-operation 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 or Alternative Regulatory Auditor shall include such provisions acknowledging the acceptance by the Regulatory Auditor or Alternative 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 or Alternative 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.

- 9.17** The Dominant Provider shall obtain such assurance statement in the form of the Agreed Upon Procedures in relation to the Dominant Provider's obligations under this Condition 9 as directed by Ofcom.

Requirements relating to the Accounting Methodology Documents

- 9.18** The Dominant Provider must prepare, maintain and keep up-to-date the Accounting Methodology Documents in accordance with this Condition 9 and with the Regulatory Accounting Principles.
- 9.19** The Dominant Provider must include in the Accounting Methodology Documents documentation setting out a description of each of the Attribution Methods, the Transfer Charge System Methodology, the Accounting Policies and the Long Run Incremental Cost Methodology.
- 9.20** The Dominant Provider must deliver an up-to-date version of the Accounting Methodology Documents to Ofcom when it delivers the Regulatory Financial Statements to Ofcom in accordance with Condition 9.8 and publish such up-to-date version on or before the day of publication of the Regulatory Financial Statements which have been prepared in accordance with such version.

Requirements relating to changes to the Regulatory Accounting Methodology and the correction of Material Errors

- 9.21** The Dominant Provider must publish and deliver to Ofcom a list of each and every change to the Regulatory Accounting Methodology, by 31 March of the Financial Year in which the change to the Regulatory Accounting Methodology is to be made (the "**Change Control Notification**"). The Change Control Notification must be accompanied by a description of each of the changes, the reason for making each of the changes (including by reference to their compliance with the Regulatory Accounting Principles), and the impact of each of the changes on the figures at the level of the Markets and Technical Areas (as applicable) by setting out the figures which were presented in the previous Financial Year alongside the figures that would have been presented had such changes been made in the previous Financial Year.
- 9.22** Where in Ofcom's opinion any change referred to in Condition 9.21 does not comply with this Condition 9 or the Regulatory Accounting Principles, the Dominant Provider shall not make such change, if so directed by Ofcom.
- 9.23** The Dominant Provider must prepare a reconciliation report as referred to in Condition 9.8 and as directed by Ofcom from time to time, which sets out changes to the Regulatory Accounting Methodology and the impact of such changes on the Regulatory Financial Statements, and Material Errors corrected in the Regulatory Financial Statements and the impact of such Material Errors on the Regulatory Financial Statements.

- 9.24** The Dominant Provider must obtain an audit opinion on the reconciliation report as directed by Ofcom from time to time.

Requirements relating to the Regulatory Accounting System

- 9.25** The Dominant Provider's Regulatory Accounting System must be able to produce the Regulatory Financial Statements as directed by Ofcom under Condition 9.8 in accordance with this Condition 9, the Regulatory Accounting Principles and the Accounting Methodology Documents.

- 9.26** Where the Dominant Provider replaces the whole or part of its Regulatory Accounting System, or substantially modifies such Regulatory Accounting System, the Dominant Provider must:

- (i) notify Ofcom in a timely manner of the replacement or modification, and, where so requested by Ofcom, inform Ofcom of progress towards completion and such other information as Ofcom may reasonably request;
- (ii) ensure, to the best of its ability, that the replacement or modification does not cause the figures contained in the Regulatory Financial Statements to be different from the figures that would have been contained in the Regulatory Financial Statements had such Regulatory Financial Statements been prepared using the old or unmodified Regulatory Accounting System;
- (iii) in relation to the final Financial Year for which the Regulatory Financial Statements are prepared using the old or unmodified Regulatory Accounting System, prepare a systems reconciliation report, which must:
 - a. set out the difference between the Current Year Figures presented in the Regulatory Financial Statements and the Current Year Figures had such Regulatory Financial Statements been prepared on the basis of the new or modified Regulatory Accounting System, expressed as a percentage change; and
 - b. explain each and every Material Difference between the Current Year Figures presented in the Regulatory Financial Statements and the Current Year Figures had such Regulatory Financial Statements been prepared on the basis of the new or modified Regulatory Accounting System;
- (iv) publish and deliver the systems reconciliation report to Ofcom by 31 December of the Financial Year for which the figures will be prepared using the new or modified Regulatory Accounting System for the first time;
- (v) obtain an assurance statement in the form of Agreed Upon Procedures on the systems reconciliation report, which must report:
 - a. whether the figures in the systems reconciliation report referred to in Condition 9.26(iii)(a) have been properly extracted from the

old or unmodified Regulatory Accounting System and the new or modified Regulatory Accounting System respectively;

- b. whether each and every difference in the systems reconciliation report referred to in Condition 9.26(iii)(a) has been correctly calculated; and
 - c. whether the explanation of each and every Material Difference in the systems reconciliation report referred to in Condition 9.26(iii)(b) is an accurate representation of the cause of each such Material Difference.
- (vi) deliver the assurance statement in the form of the Agreed Upon Procedures to Ofcom when it delivers the systems reconciliation report to Ofcom in accordance with Condition 9.26(iv).
- (vii) where the systems reconciliation report referred to in Condition 9.26(iii) indicates that the replacement or modification causes the Current Year Figures contained in the Regulatory Financial Statements to be significantly different, either individually or in aggregate, from the Current Year Figures that would have been contained in the Regulatory Financial Statements had such Regulatory Financial Statements been prepared using the new or modified Regulatory Accounting System, prepare, if so directed by Ofcom, the Regulatory Financial Statements on a basis consistent with the old or unmodified Regulatory Accounting System.

Requirements relating to deficiencies in the Regulatory Financial Statements and the Accounting Methodology Documents

9.27 Where Ofcom have reasonable grounds to believe that any or all of the Regulatory Financial Statements and/or Accounting Methodology Documents are deficient, the Dominant Provider shall, where directed by Ofcom:

- (i) amend the Accounting Methodology Documents in order to remedy the deficiencies identified by Ofcom;
- (ii) restate the Regulatory Financial Statements identified by Ofcom as requiring restatement in accordance with the Accounting Methodology Documents which have, where necessary, been amended pursuant to Condition 9.27(i);
- (iii) prepare a reconciliation report as set out in Condition 9.23, whereby any reference to the Regulatory Financial Statements should be understood as a reference to the restated Regulatory Financial Statements;
- (iv) secure in accordance with any relevant notification of Ofcom under this Condition the expression of an audit opinion on the restated Regulatory Financial Statements;
- (v) deliver to Ofcom the restated Regulatory Financial Statements, the reconciliation report and corresponding audit opinion; and

- (vi) publish the restated Regulatory Financial Statements, the reconciliation report and corresponding audit opinion.

Requirements relating to the maintenance of sufficient accounting records

- 9.28** The Dominant Provider shall maintain accounting records for a period of six years from the date on which each Regulatory Financial Statement is delivered to Ofcom.
- 9.29** The Dominant Provider shall maintain the accounting records in accordance with this Condition 9, the Regulatory Accounting Principles and the Accounting Methodology Documents.
- 9.30** The Dominant Provider shall maintain accounting records in a form which, on a historical cost basis and on a current cost basis:
- (i) separately identifies each of the Markets, Technical Areas, Products, Network Components and Network Services;
 - (ii) separately attributes the costs, revenues, assets and liabilities of each of the Markets, Technical Areas, Products, Network Components and Network Services; and
 - (iii) shows and explains the transactions underlying each of the Markets, Technical Areas, Products, Network Components and Network Services.
- 9.31A (WFAEL, ISDN30, ISDN2, WCT, Interconnect)** The Dominant Provider shall maintain the accounting records so that they are sufficient:
- (i) to provide an adequate explanation of each Regulatory Financial Statement;
 - (ii) to show that charges are non-discriminatory; and
 - (iii) to provide a complete justification of the Dominant Provider's charges for Network Access.
- 9.31B (WCO)** The Dominant Provider shall maintain the accounting records so that they are sufficient:
- (i) to provide an adequate explanation of each Regulatory Financial Statement; and
 - (ii) to provide a complete justification of the Dominant Provider's charges for Network Access.

Requirement to facilitate on-demand reporting

- 9.32** The Dominant Provider shall ensure that its Regulatory Accounting System and accounting records are sufficient to enable the Dominant Provider, at all times, to be capable of preparing in relation to any specified calendar month or months a financial statement in accordance with the Accounting Methodology Documents.

Requirements relating to the preparation and maintenance of a Wholesale Catalogue

9.33 The Dominant Provider must prepare, maintain and keep up-to-date a Wholesale Catalogue. Such Wholesale Catalogue should separately identify and describe:

- (i) External Wholesale Services;
- (ii) Internal Wholesale Services;
- (iii) Wholesale Services supplied both externally and internally; and
- (iv) Network Services and the extent to which these activities are used in the course of supplying Wholesale Services.

9.34 The Dominant Provider must deliver an up-to-date version of the Wholesale Catalogue to Ofcom when it delivers the Regulatory Financial Statements to Ofcom in accordance with Condition 9.8 and publish such up-to-date version on or before the day of publication of the Regulatory Financial Statements which have been prepared by reference to such version.

Requirements relating to the demonstration of non-discrimination

9.35 The Dominant Provider shall ensure it is able to demonstrate that at any point in time:

**(WFAEL,
ISDN30,
ISDN2, WCT,
Interconnect)**

- (i) 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 Service or combination of 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;
- (ii) the same amount as applied and incorporated in the Transfer Charge for the Internal Wholesale Service in Condition 9.35(i) in respect of the use of the Network Service or combination of Network Services is applied to the Network Service or combination of Network Services whenever it is or they are used by the Dominant Provider in providing that same Internal Wholesale Service; and
- (iii) the same amount as applied and incorporated in the Transfer Charge for the equivalent External Wholesale Service in Condition 9.35(i) in respect of the use of the Network Service or combination of Network Services is applied to the Network Service or combination of Network Services whenever it is or they are used by the Dominant Provider in providing that same External Wholesale Service;
- (iv) the amount applied and incorporated in the Transfer Charge for the Internal Wholesale Service in Condition 9.32(i) in respect of the use of the Network Service or combination of Network Services shall be the cost of those Network Services unless the Network Service concerned is

provided from a Market which is different from the Market which comprises the Internal Wholesale Service.

9. 36 In this Condition 9:

- a) **“Accounting Methodology Documents”** means the documentation maintained by the Dominant Provider setting out in detail the rules, policies, methods, allocations, calculations, assumptions, procedures and Processes used by the Dominant Provider for the purpose of preparing Regulatory Financial Statements in accordance with the Regulatory Accounting Principles;
- b) **“Accounting Policies”** means the manner in which the Dominant Provider applies the requirements of the Regulatory Accounting Principles in each of the Regulatory Financial Statements;
- c) **“Alternative Regulatory Auditor”** means any auditor not for the time being appointed as the Dominant Provider’s Regulatory Auditor;
- d) **“Agreed Upon Procedures”** means an engagement carried out in accordance with international standard (ISRS 4400) under which the Regulatory Auditor or another independent third party performs a set of audit procedures agreed by Ofcom and based on Ofcom’s specific requirements in relation to the Regulatory Financial Statements, and reports the findings of that work to Ofcom;
- e) **“Attribution Methods”** means the practices used by the Dominant Provider to attribute revenue (including appropriate Transfer Charges), 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 or Technical Area (as applicable), to each Wholesale Segment or Retail Segment;
- f) **“Current Year Figures”** means, in relation to any set of Regulatory Financial Statements, the amounts relating to the Financial Year to which the statements relate;
- g) **“External Wholesale Services”** means services supplied or offered to any Communications Provider other than the Dominant Provider;
- h) **“Financial Year”** means a financial year of the Dominant Provider in respect of which the Statutory Financial Statements are required to be (or to have been) prepared and audited in accordance with the requirements of the Companies Act 2006;
- i) **“ICAEW Guidance”** means the technical release titled “Reporting to Regulators of Regulated Entities: Audit 05/03” issued by the Audit and Assurance Faculty of the Institute of Chartered Accountants in England & Wales in October 2003;
- j) **“Internal Wholesale Services”** means services supplied within the Dominant Provider;

- k) **“Long Run Incremental Cost Methodology”** means the long run incremental cost principles, procedures and Processes which form the framework under which long run incremental costs are determined by the Dominant Provider;
- l) **“Market”** means the market to which this Condition 9 apply;
- m) **“Material Error”** means a deviation from accuracy or correctness which meets the materiality threshold as directed by Ofcom from time to time for the purpose of this Condition 9;
- n) **“Material Difference”** means a difference identified in a systems reconciliation report which meets the materiality threshold as directed by Ofcom from time to time for the purpose of this Condition 9;
- o) **“Network Component”** means an element of the network that is used to provide Wholesale Services, and, to the extent the network components are used in the Market or Technical Area (as applicable), specified in a direction given by Ofcom from time to time for the purposes of this Condition 9;
- p) **“Network Services”** means those groups of Network Components used directly (or which in the absence of horizontal or vertical integration would be used directly) in the course of supplying Wholesale Services;
- q) **“Prior Year Comparatives”** means, in relation to any set of Regulatory Financial Statements, the amounts relating to the Financial Year immediately preceding the Financial Year to which the Regulatory Financial Statements relate, re-evaluated if necessary to ensure that such figures are comparable to the Current Year Figures;
- r) **“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;
- s) **“Product”** means any product or service comprised in a Market or Technical Area to which this Condition 9 apply;
- t) **“Regulatory Accounting Methodology”** means the rules, policies, methods, allocations, calculations, assumptions and procedures used by

the Dominant Provider for the purpose of preparing Regulatory Financial Statements;

- u) **“Regulatory Accounting Principles”** means the principles as directed by Ofcom from time to time for the purpose of this Condition 9;
- v) **“Regulatory Accounting System”** means the set of computerised and manual accounting methods, procedures, Processes and controls established to determine and attribute the costs, revenues, assets and liabilities and summarise, interpret, and present the resultant financial data in an accurate and timely manner;
- w) **“Regulatory Auditor”** means the auditor for the time being appointed by the Dominant Provider in accordance with this Condition 9;
- x) **“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;
- y) **“Retail Products”** means services used by or offered to any End Users (including the Dominant Provider);
- z) **“Retail Segments”** means groups of Retail Products;
- aa) **“Statutory Accounting Standards”** means the accounting standards, including the requirements of the Companies Act 2006, by reference to which the Dominant Provider is required to prepare the Statutory Financial Statements;
- bb) **“Statutory Auditor”** means the auditor for the time being appointed by the Dominant Provider in accordance with the requirements of the Companies Act 2006;
- cc) **“Statutory Financial Statements”** means any annual account required to be prepared by the Dominant Provider in accordance with the requirements of the Companies Act 2006;
- dd) **“Technical Area”** means the technical area to which this Condition 9 apply;
- ee) **“Transfer Charge”** means the charge or price that is applied, or deemed to be applied, within the Dominant Provider by one division or business unit of the Dominant Provider to another 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 provided from, to or within the Market or Technical Area (as applicable) and the use of Network Components in the Market or Technical Area (as applicable);
- ff) **“Transfer Charge System Methodology”** 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);

- gg) “**Wholesale Catalogue**” means the documentation required to be produced by the Dominant Provider under Condition 9.33;
- hh) “**Wholesale Segments**” means groups of Wholesale Services; and
- ii) “**Wholesale Services**” means services related to network access on the Dominant Provider’s network used by or offered to any Communications Provider (including the Dominant Provider).

SCHEDULE 2: Proposed SMP Conditions (KCOM)

Part 1: Application

1. The SMP conditions in Part 3 of this Schedule 2, except where specified otherwise, apply to the Dominant Provider in each of the relevant markets and area 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 will enter into force on the date of publication of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification and shall have effect until the publication of a notification under section 48(1) of the Act revoking such conditions.

Table 1: Relevant markets and area for the purposes of this Schedule 2

Column 1: Relevant market or area	Column 2: Applicable SMP condition as set out in Part 3 of this Schedule 1
Wholesale fixed analogue exchange line services in the Hull Area	Conditions 1A (except 1A.2B, 1A.3), 2, 4, 5 (except 5.2B, 5.3B, 5.4B, 5.4C, 5.4D, 5.5B, 5.6B)
Wholesale ISDN30 exchange line services in the Hull Area	Conditions 1B, 1C (except 1C.1B), 2, 4, 5 (except 5.2B, 5.3B, 5.4A, 5.4C, 5.4D, 5.5B, 5.6B)
Wholesale ISDN2 exchange line services in the Hull Area	Conditions 1B, 1C (except 1C.1A), 2, 4, 5 (except 5.2B, 5.3B, 5.4A, 5.4C, 5.4D, 5.5B, 5.6B)
Wholesale call origination on a fixed narrowband network in the Hull Area	Conditions 1A (except 1A.2B, 1A.3), 4 (except 4.3, 4.9), 5 (except 5.2A, 5.3A, 5.4A, 5.4B, 5.4C, 5.5A, 5.6A, 5.7)
Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers in the area served by the Dominant Provider	Conditions 1A (except 1A.2A), 3.
Interconnect Circuits in the Hull Area	Conditions 1A (except 1A.2B, 1A.3), 4 (except 4.3, 4.9), 5 (except 5.2A, 5.3A, 5.4A, 5.4B, 5.4D, 5.5A, 5.6A, 5.7)

The Conditions referred to in Column 2 of **Table 1** are entitled as follows—

Condition 1	Network access on reasonable request
Condition 2	No undue discrimination
Condition 3	Charge control
Condition 4	Publication of a Reference Offer
Condition 5	Notification of charges

Part 2: Interpretation

1. In addition to the definitions set out above in this Notification and in each condition below (where relevant), in this Schedule 2—
 - 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 Condition 1A, 1B or 1C (as applicable);
 - b) **“Dominant Provider”** means KCOM;
 - c) **“Reference Offer”** means the terms and conditions on which the Dominant Provider is willing to enter into an Access Agreement;
 - d) **“Third Party”** means “Third Party” means a person providing a public electronic communications service or a person providing a public electronic communications network.

Part 3: Conditions (KCOM)

Condition 1A – Network access on reasonable request

- 1A.1**
(WFAEL, WCO, WCT, Interconnect)
- The Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
- 1A.2A**
(WFAEL, WCO & Interconnect)
- The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1A.2B**
(WCT)
- Except where Condition 1A.3 applies, the provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1A.3**
(WCT)
- Where Condition 3 applies, the provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms and conditions (excluding charges); and
 - (ii) such terms and conditions (excluding charges) as Ofcom may from time to time direct.
- 1A.4**
- The provision of network access by the Dominant Provider in accordance with this Condition must also include such associated facilities as are reasonably

**(WFAEL, WCO,
WCT,
Interconnect)** necessary for the provision of network access and such other entitlements as
Ofcom may from time to time direct.

1A.5
**(WFAEL, WCO,
WCT,
Interconnect)** The Dominant Provider must comply with any direction Ofcom may make from
time to time under this Condition.

Condition 1B – Network access on reasonable request

(in force [Date of final statement] to [30 November 2018])

- 1B.1
(ISDN30 &
ISDN2)** The Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
- 1B.2
(ISDN30 &
ISDN2)** The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) such terms, conditions and charges as Ofcom may from time to time direct.
- 1B.3
(ISDN30 &
ISDN2)** 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.
- 1B.4
(ISDN30 &
ISDN2)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.

Condition 1C – Network access on reasonable request

(in force from [1 December 2018])

- 1C.1A (ISDN30)** Where a Third Party purchases Existing ISDN30 Rental, the Dominant Provider must provide network access to that Third Party where that Third Party, in writing, reasonably requests it in respect of an Existing ISDN30 Rental.
- 1C.1B (ISDN2)** Where a Third Party purchases Existing ISDN2 Rental, the Dominant Provider must provide network access to that Third Party where that Third Party, in writing, reasonably requests it in respect of an Existing ISDN2 Rental.
- 1C.2 (ISDN30 & ISDN2)** The provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1C.3 (ISDN30 & ISDN2)** 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.
- 1C.4 (ISDN30 & ISDN2)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.
- 1C.6 (ISDN30 & ISDN2)** In this Condition 1C:
- (a) **“Existing ISDN2 Rental”** means the rental of an ISDN2 Exchange Line as at the date Condition 1C enters into force , including ISDN2 Exchange Lines which have been ordered before Condition 1C enters into force;
 - (b) **“Existing ISDN30 Rental”** means the rental of an ISDN30 Exchange Line as at the date Condition 1C enters into force, including ISDN30 Exchange Lines which have been ordered before Condition 1C enters into force;
 - (c) **“ISDN2 Exchange Line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Basic Rate Access standard as defined by the International Telecommunications Union, providing two digital channels with a bandwidth of 64 kbit/s each plus a control channel of 16kbit/s over a common digital bearer circuit;

- (d) **“ISDN30 Exchange Line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Primary Rate Access standard as defined by the International Telecommunications Union, providing up to 30 digital channels with a bandwidth of 64 kbit/s per channel plus a control channel of 64 kbit/s;
- (e) **“ISDN”** means the integrated services digital network which is an electronic communications network that provides for digital end-to-end connectivity to support a wide range of public electronic communications services, including voice and non-voice services, to which end-users have access by a limited set of standard multipurpose customer interfaces.

Condition 2 – No undue discrimination

- 2.1** The Dominant Provider must not unduly discriminate against particular persons or
(WFAEL, against a particular description of persons in relation to the provision of network
ISDN30, access in accordance with Conditions 1A, 1B or 1C (as applicable).
ISDN2)
- 2.2** Without prejudice to the generality of Condition 2.1, in this Condition, the Dominant
(WFAEL, Provider may be deemed to have shown undue discrimination if it unfairly favours to
ISDN30, a material extent an activity carried on by it so as to place one or more Third Parties
ISDN2) at a competitive disadvantage in relation to activities carried on by the Dominant
Provider.

Condition 3 – Charge control

- 3.1 (WCT)** From [1 February 2018], the Dominant Provider must ensure that for each Call on any day, during any Relevant Period, the Call Termination Charge (which shall be expressed in pence per minute) does not exceed the Charge Ceiling.
- 3.2 (WCT)** Except where Ofcom otherwise consents in writing, for the purposes of Condition 3.1, the Charge Ceiling is –
1. for any Call on a day in the First Relevant Period, [0.0303] pence per minute;
 2. for any Call on a day in the Second Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%)$ expressed as being pence per minute and rounded to four decimal places;
 3. for any Call on a day in the Third Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%) \times (100\% + CPI_3 - 6.1\%)$ expressed as being pence per minute and rounded to four decimal places.
- 3.3 (WCT)** Without prejudice to Ofcom’s statutory information gathering powers, the Dominant Provider must provide to Ofcom in writing any information reasonably required by Ofcom for the Dominant Provider to demonstrate compliance with this Condition at any time upon reasonable notice.
- 3.4 (WCT)** Within one month of the end of each Relevant Period, the Dominant Provider must notify Ofcom in writing of the level of the Call Termination Charges it made to each third party during that Relevant Period.
- 3.5 (WCT)** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.
- 3.6 (WCT)** In this Condition 3,
- a) “**Call**” means a voice call which is terminated to a United Kingdom geographic number in the area served by the Dominant Provider;
 - b) “**Call Termination Charges**” means the charge or charges made by the Dominant Provider to terminate a Call;
 - c) “**CPI₂**” means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2018] expressed as a percentage (rounded to one decimal place);
 - d) “**CPI₃**” means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2019] expressed as a percentage (rounded to one decimal place);
 - e) “**Consumer Prices Index**” means the index of consumer prices compiled by an agency or a public body on behalf of Her Majesty’s Government or a governmental department (which is the Office for National Statistics at the time of publication of this Notification) from time to time in respect of all items;

- f) **“pence per minute”** means the sum in pence charged for a minute of a Call;
- g) **“Relevant Period”** means any of the following:
 - h) the period of fourteen months beginning on [1 February 2018] and ending on [31 March 2019] (the **“First Relevant Period”**);
 - i) the period of twelve months beginning on [1 April 2019] and ending on [31 March 2020] (the **“Second Relevant Period”**);
 - j) the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021] (the **“Third Relevant Period”**).

Condition 4 – Publication of a Reference Offer

4.1
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect)

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 1A, 1B or 1C (as applicable) and comply with the requirements set out below.

4.2
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect)

Subject to Condition 4.8 below, the Dominant Provider must ensure that a Reference Offer in relation to the provision of network access pursuant to Conditions 1A, 1B or 1C (as applicable) includes, where applicable, at least the following:

- (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);
- (b) the locations at which network access will be provided;
- (c) any relevant technical standards for network access (including any usage restrictions and other security issues);
- (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);
- (e) any ordering and provisioning procedures;
- (f) relevant charges, terms of payment and billing procedures;
- (g) details of interoperability tests;
- (h) details of traffic and network management;
- (i) details of maintenance and quality as follows:
 - (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, for provision of support services (such as fault handling and repair);
 - (ii) service level commitments, namely the quality standards that each party must meet when performing its contractual obligations;
 - (iii) the amount of compensation payable by one party to another for failure to perform contractual commitments;
 - (iv) a definition and limitation of liability and indemnity; and

- (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;
- (j) details of measures to ensure compliance with requirements for network integrity;
- (k) details of any relevant intellectual property rights;
- (l) a dispute resolution procedure to be used between the parties;
- (m) details of duration and renegotiation of agreements;
- (n) provisions regarding confidentiality of the agreements;
- (o) rules of allocation between the parties when supply is limited (for example, for the purpose of co-location or location of masts);
- (p) the standard terms and conditions for the provision of network access.

4.3
(WFAEL, ISDN30,
ISDN2)

To the extent that the Dominant Provider provides to itself network access that:

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in a Reference Offer in relation to network access provided to any other 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 4.2.

4.4
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect)

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.

4.5
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect)

The Dominant Provider must as soon as reasonably practicable update and publish the Reference Offer in relation to any amendments or in relation to any further network access provided after the date that this Condition enters into force.

4.6
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect)

Publication referred to above shall be effected by placing a copy of the Reference Offer on any relevant publicly accessible website operated or controlled by the Dominant Provider.

- | | |
|---|---|
| 4.7
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect) | 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). |
| 4.8
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect) | The Dominant Provider must make such modifications to the Reference Offer as Ofcom may direct from time to time. |
| 4.9
(WFAEL, ISDN30,
ISDN2) | 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. |
| 4.10
(WFAEL, ISDN30,
ISDN2, WCO,
Interconnect) | The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition. |

Condition 5 – Notification of charges

- 5.1**
(WFAEL, ISDN30, ISDN2, WCO & Interconnect) Except in so far as Ofcom may from time to time otherwise consent in writing, the Dominant Provider must publish charges and act in the manner set out in this Condition.
- 5.2A**
(WFAEL, ISDN30 & ISDN2) Where it proposes an Access Charge Change, the Dominant Provider must send to every person with which it has entered into an Access Agreement pursuant to Conditions 1A, 1B or 1C (as applicable), an Access Charge Change Notice.
- 5.2B**
(WCO & Interconnect) Where it proposes a Standard Access Charge Change, the Dominant Provider must send to every person with which it has entered into an Access Agreement pursuant to Condition 1A, a Standard Access Charge Change Notice.
- 5.3A**
(WFAEL, ISDN30 & ISDN2) The obligation in Condition 5.2A will not apply where the Access Charge Change is directed or determined by Ofcom (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.
- 5.3B**
(WCO & Interconnect) The obligation in Condition 5.2B will not apply where the Standard Access Charge Change is directed or determined by Ofcom (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.
- 5.4A**
(WFAEL) An Access Charge Change Notice must-
- (a) in the case of an Access Charge Change relating to the Wholesale Line Rental Charge and subject to conditions (b) and (c) below, be sent not less than 90 days before any such amendment comes into effect;
 - (b) in the case of an Access Charge Change relating solely to a reduction in the price of the Wholesale Line Rental Charge, (including, for the avoidance of doubt, a Special Offer), be sent not less than 28 days before any such amendment comes into effect;
 - (c) in the case of an Access Charge Change relating to the end of a temporary price reduction to the Wholesale Line Rental Charge in accordance with the terms of a Special Offer, be sent not less than 28 days before any such amendment comes into effect; and
 - (d) in the case of any other Access Charge Change, not less than 28 days before any such amendment comes into effect.
- 5.4B**
(ISDN30 & ISDN2) An Access Charge Change Notice must in the case of an Access Charge Change involving network access pursuant to Condition 1B or 1C (as applicable), be sent not less than 28 days before any such amendment comes into effect.

- 5.4C (Interconnect)** A Standard Access Charge Change Notice must in the case of a Standard Access Charge Change involving network access pursuant to Condition 1A must be sent not less than 56 days before any such amendment comes into effect.
- 5.4D (WCO)** A Standard Access Charge Change Notice must in the case of a Standard Access Charge Change involving network access pursuant to Condition 1A must be sent not less than 56 days before any such amendment comes into effect.
- 5.5A (WFAEL, ISDN30 & ISDN2)** The Dominant Provider must ensure that an Access Charge Change Notice includes:
- (a) a description of the network access in question;
 - (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;
 - (c) the date on which, or the period for which, the Access Charge Change will take effect (the “effective date”); and
 - (d) the current and proposed new charge.
- 5.5B (WCO & Interconnect)** The Dominant Provider must ensure that a Standard Access Charge Change Notice includes:
- (a) a description of the network access in question;
 - (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;
 - (c) the date on which, or the period for which, the Standard Access Charge Change will take effect (the “effective date”); and
 - (d) the current and proposed new charge.
- 5.6A (WFAEL, ISDN30 & ISDN2)** The Dominant Provider must not apply any Access Charge Change identified in an Access Charge Change Notice before the effective date.
- 5.6B (WCO & Interconnect)** The Dominant Provider must not apply any Standard Access Charge Change identified in a Standard Access Charge Change Notice before the effective date.
- 5.7 (WFAEL, ISDN30 & ISDN2)** To the extent that the Dominant Provider provides to itself network access that:
- (a) is the same, similar or equivalent to that provided to any other person; or

- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other person,

in a manner that differs from that detailed in an Access Charge Change Notice in relation to network access provided to any other person 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 5.5A(a) to (d) and, where the Dominant Provider amends the charges on which it provides itself with network access, it must ensure it sends to Ofcom a notice equivalent to an Access Charge Change Notice.

5.8

In this Condition 5:

- (a) **“Access Charge Change Notice”** means a notice given by the Dominant Provider of an Access Charge Change;
- (b) **“Access Charge Change”** means any amendment to the Dominant Provider’s charges for the provision of network access or for new network access;
- (c) **“Exchange Line”** means apparatus comprised in the Dominant Provider’s electronic communications network and installed for the purpose of connecting a telephone exchange run by the Dominant Provider to a Network Termination Point comprised in Network Termination and Testing Apparatus installed by the Dominant Provider for the purpose of providing electronic communications services at the premises at which the Network Termination and Testing Apparatus is located;
- (d) **“Network Termination and Testing Apparatus”** means an item of apparatus comprised in an electronic communications network installed in a fixed position on served premises which enables:
 - i. approved apparatus to be readily connected to, and disconnected from, the network;
 - ii. the conveyance of signals between such approved apparatus and the network;
 - iii. the due functioning of the network to be tested, but the only other functions of which, if any, are:
 - a. to supply energy between such approved apparatus and the network;
 - b. to protect safety or security of the operation of the network; or
 - c. to enable other operations exclusively related to the running of the network to be performed or the due functioning of any system to which the network is or is

to be connected to be tested (separately
or together with the network);

- (e) **“Network Termination Point”** means the physical point at which a Relevant Subscriber is provided with access to a public electronic communications network;
- (f) **“Ordinary Maintenance”** means maintenance which is part of the service provided by the Dominant Provider in consideration of the charge for an Exchange Line, an ISDN30 Exchange Line or an ISDN2 Exchange Line and includes normal fault repair, as defined in the Dominant Provider’s standard terms and conditions;
- (g) **“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.
- (h) **“Standard Access Charge Change Notice”** means a notice given by the Dominant Provider of a Standard Access Charge Change;
- (i) **“Standard Access Charge Change”** means any amendment to the Dominant Provider’s standard charges for the provision of network access or for new network access.
- (j) **“Wholesale Analogue Line Rental”** means an electronic communications service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an analogue Exchange Line;

SCHEDULE 3: Proposed SMP Conditions (Dominant Providers listed in the Annex to this Schedule 3)

Part 1: Application

1. The SMP conditions in Part 3 of this Schedule 3 shall apply to each of the Dominant Providers listed in the Annex to this Schedule 3, in relation to the market for wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers in the area served by the Dominant Provider. Save as otherwise specified in any condition, each condition will enter into force on the date of publication of any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification and shall have effect until the publication of a notification under section 48(1) of the Act revoking such conditions.

Part 2: Interpretation

1. In addition to the definitions set out above in this Notification and in each condition below (where relevant), in this Schedule 3—
 - a) “**Dominant Provider**” means each of the persons listed in the Annex to this Schedule 3.

Part 3: Conditions (Dominant Providers listed in the Annex to this Schedule 3)

Condition 1 – Network access on reasonable request

- 1.1** The Dominant Provider must provide network access to a Third Party where that Third Party, in writing, reasonably requests it.
- 1.2** Except where Condition 1A.3 applies, the provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms, conditions and charges; and
 - (ii) be on such terms, conditions and charges as Ofcom may from time to time direct.
- 1.3** Where Condition 2 applies, the provision of network access by the Dominant Provider in accordance with this Condition must:
- (a) take place as soon as reasonably practicable after receiving the request from a Third Party; and
 - (b) be on:
 - (i) fair and reasonable terms and conditions (excluding charges); and
 - (ii) such terms and conditions (excluding charges) as Ofcom may from time to time direct.
- 1.4** 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.
- 1.5** The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.
- 1.6** In this Condition 1
- a) **“Third Party”** means a person providing a public electronic communications service or a person providing a public electronic communications network.

Condition 2 - Charge control

- 2.1 From [1 February 2018], the Dominant Provider must ensure that for each Call on any day, during any Relevant Period, the Call Termination Charge (which shall be expressed in pence per minute) does not exceed the Charge Ceiling.
- 2.2 Except where Ofcom otherwise consents in writing, for the purposes of Condition 2.1, the Charge Ceiling is –
1. for any Call on a day in the First Relevant Period, [0.0303] pence per minute;
 2. for any Call on a day in the Second Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%)$ expressed as being pence per minute and rounded to four decimal places;
 3. for any Call on a day in the Third Relevant Period, calculated by employing the formula $[0.0303] \times (100\% + CPI_2 - 5.7\%) \times (100\% + CPI_3 - 6.1\%)$ expressed as being pence per minute and rounded to four decimal places.
- 2.3 Without prejudice to Ofcom's statutory information gathering powers, the Dominant Provider must provide to Ofcom in writing any information reasonably required by Ofcom for the Dominant Provider to demonstrate compliance with this Condition at any time upon reasonable notice.
- 2.4 Within one month of the end of each Relevant Period, the Dominant Provider must notify Ofcom in writing of the level of the Call Termination Charges it made to each third party during that Relevant Period.
- 2.5 The Dominant Provider must comply with any direction Ofcom may make from time to time under this Condition.
- 2.6 In this Condition 2,
- a) **"Call"** means a voice call which is terminated to a United Kingdom geographic number in the area served by the Dominant Provider;
 - b) **"Call Termination Charges"** means the charge or charges made by the Dominant Provider to terminate a Call;
 - c) **"CPI₂"** means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2018] expressed as a percentage (rounded to one decimal place);
 - d) **"CPI₃"** means the amount of the change in the Consumer Prices Index in the period of twelve months ending on [31 December 2019] expressed as a percentage (rounded to one decimal place);
 - e) **"Consumer Prices Index"** means the index of consumer prices compiled by an agency or a public body on behalf of Her Majesty's Government or a governmental department (which is the Office for National Statistics at the time of publication of this Notification) from time to time in respect of all items;

- f) **“pence per minute”** means the sum in pence charged for a minute of a Call;
- g) **“Relevant Period”** means any of the following:
 - a. the period of fourteen months beginning on [1 February 2018] and ending on [31 March 2019] (the “First Relevant Period”);
 - b. the period of twelve months beginning on [1 April 2019] and ending on [31 March 2020] (the “Second Relevant Period”);
 - c. the period of twelve months beginning on [1 April 2020] and ending on [31 March 2021] (the “Third Relevant Period”).

Annex

1. (AQ) Limited whose registered company number is 03663860, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
2. 10ACT Ltd whose registered company number is 05617099, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
3. 24 Seven Communications Limited whose registered company number is 04468566, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
4. 4D Interactive Ltd whose registered company number is 02676756, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
5. Adepteo Limited whose registered company number is 07015559, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
6. Affiniti Integrated Solutions Ltd whose registered company number is 02817039, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
7. Alliance Technologies LLC whose registered entity number is 1616678 (registered in Ohio, USA), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
8. Alnitak GmbH whose registered entity number is HRB149805B (registered in Germany), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
9. Aloha Telecommunications Ltd whose registered company number is 07210905, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
10. Alphatalk Limited whose registered company number is 04828811, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
11. Andrews & Arnold (Numbers) Ltd whose registered company number is 04905897, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
12. Andrews & Arnold Limited whose registered company number is 03342760, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
13. Annecto Telecom Limited whose registered company number is 09009330, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

14. Antheus Telecom Limited whose registered company number is 05480084, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
15. API Telecom Limited whose registered company number is 07945651, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
16. AQL Wholesale Limited whose registered company number is 05134355, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
17. Atlas Interactive Group Limited whose registered company number is 03249486, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
18. Atomstream Limited whose registered company number is 06746855, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
19. AVC One Limited whose registered company number is 08664236, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
20. Barritec Limited whose registered company number is 03636926, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
21. Barritel Limited whose registered company number is 04101655, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
22. Belgacom International Carrier Services SA whose registered company number is BE 0866 977 981, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
23. Bellingham Telecommunications Ltd whose registered company number is 07038166, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
24. Bicom Systems EURL whose registered company number is 478 993 967 (registered in Boulogne-sur-mer, France), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
25. Bright Orange Outsourcing Ltd whose registered company number is 07480717, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
26. BT OnePhone Limited whose registered company number is 08043734, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

27. Budget Numbers Limited whose registered company number is 05006466, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
28. Business Broadcast Communications Limited whose registered company number is 6949556, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
29. Buzz Networks Limited whose registered company number is 03260342, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
30. C2C Limited whose registered company number is 04212219, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
31. Cablecom Networking Limited whose registered company number is 03188615, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
32. Call Collective Limited whose registered company number is 10362056, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
33. Callitech Limited whose registered company number is 03894972, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
34. Callmonitor Limited whose registered company number is 03844878, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
35. Calltracks Limited whose registered company number is 06539973, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
36. Central Technology Limited whose registered company number is 04579191, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
37. CFL Communications Ltd whose registered company number is 04419749, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
38. Cirrus Response Limited whose registered company number is 08700358, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
39. Citrus Telecommunications Ltd whose registered company number is 03517870, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

40. Cloud9 Communications Limited whose registered company number is 07153956, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
41. Cloudcall Limited whose registered company number is 05557457, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
42. Club Communications Ltd whose registered company number is 03408718, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
43. Cobalt Telephone Technologies Limited whose registered company number is 03151938, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
44. COLT Technology Services whose registered company number is 02452736, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
45. Commi Holdings Limited whose registered company number is 10010319, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
46. Connect Telecom UK Limited whose registered company number is 04198443, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
47. Content Guru Limited whose registered company number is 05653869, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
48. Core Communication Services Limited whose registered company number is 05467282, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
49. Core Telecom Limited whose registered company number is 05332008, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
50. Core Telecommunications International Limited whose registered company number is 467960 (registered in Ireland), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
51. Coretx Communications Limited whose registered company number is 05402754, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
52. Coretx Protect Limited whose registered company number is 03882936, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

53. Daisy Communications Ltd whose registered company number is 04145329, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
54. Daotec Ltd whose registered company number is 04296038, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
55. Dark Group Ltd whose registered company number is 03766500, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
56. Dial 9 Communications Limited whose registered company number is 07740921, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
57. DIDWW Ireland Limited whose registered company number is 473521 (registered in Ireland), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
58. Digital Mail Limited whose registered company number is 02661078, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
59. Digital Select Limited whose registered company number is 06481372, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
60. Digitech Solutions Global Limited whose registered company number is 05821246, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
61. Digiweb Limited whose registered company number is 263513 (registered in Ireland), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
62. DRD Communications Limited whose registered company number is 03545257, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
63. Dynamic Mobile Billing Limited whose registered company number is 03383285, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
64. E164 Limited whose registered company number is 06982841, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
65. Easynet Channel Partners Limited whose registered company number is 03676297, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

66. Easynet Enterprise Services Limited whose registered company number is 04287100, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
67. EE Limited whose registered company number is 02382161, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
68. Eircom (UK) Ltd whose registered company number is 03478971, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
69. Entanet International Limited whose registered company number is 03274237, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
70. Esendex Limited whose registered company number is 04217280, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
71. Essensys Ltd whose registered company number is 05959557, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
72. ETC Telecom Limited whose registered company number is 06295193, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
73. Exa Networks Limited whose registered company number is 04922037, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
74. Exponential-e Limited whose registered company number is 04499567, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
75. Fibernet UK Limited whose registered company number is 02940263, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
76. Fido Telecom Limited whose registered company number is 05495621, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
77. Firstsound Limited whose registered company number is 02845928, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
78. Flextel Limited whose registered company number is 02772380, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

79. Fluency Communications Limited whose registered company number is SC390685, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
80. Foehn Limited whose registered company number is 03925996, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
81. Franzcom Ltd whose registered company number is 09386992, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
82. Fuse 2 Communications Ltd whose registered company number is 09556526, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
83. Game Network BV whose registered company number is 34260590 (registered in the Netherlands), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
84. Gamma Telecom Holdings Limited whose registered company number is 04287779, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
85. GCI Network Solutions Limited whose registered company number is 04082862, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
86. Global Reach Networks Limited whose registered company number is 04349826, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
87. Group 3 Technology Limited whose registered company number is 04127747, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
88. Hello Telecom (UK) plc whose registered company number is 04489059, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
89. Hemshore Ltd whose registered company number is 09185481, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
90. HighSpeed Office Limited whose registered company number is 03935705, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
91. Hospedia Limited whose registered company number is 02841021, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

92. Hyperoptic Ltd whose registered company number is 07222543, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
93. I.T Communications Limited whose registered company number is 07418692, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
94. ICC Networks Limited whose registered company number is 05755098, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
95. Icron Network Limited whose registered company number is 05445235, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
96. IDT Global Limited whose registered company number is 03322447, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
97. iHub 2 Limited whose registered company number is 09626588, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
98. IM Software Ltd whose registered company number is 04602389, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
99. Impello PLC whose registered company number is 04558469, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
100. In2com Ltd whose registered company number is 397687 (registered in Ireland), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
101. Inclarity Communications Ltd whose registered company number is 07193672, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
102. i-Net Communications Group Plc whose registered company number is 04036526, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
103. iNet Telecoms Ltd whose registered company number is 05168033, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
104. Intercity Telecom Limited whose registered company number is 02348040, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

105. Internexus Networks Limited whose registered company number is 83610 (registered in Jersey), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
106. Interoute Networks Limited whose registered company number is 03773255, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
107. “InTouch Communication Services” Limited whose registered company number is 03606467, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
108. Invade International Limited whose registered company number is 03660482, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
109. Invoco Ltd whose registered company number is 04465219, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
110. Invosys Limited whose registered company number is 05799390, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
111. IOVOX Limited whose registered company number is 06057954, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
112. IP Wholesale Limited whose registered company number is 09070835, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
113. IP Phone Solutions Ltd whose registered company number is 06681608, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
114. IPV6 Limited whose registered company number is 06711525, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
115. IV Response Limited whose registered company number is 04318927, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
116. JT (Global) Limited whose registered company number is 03122929, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
117. Jtec UK Limited whose registered company number is 05054246, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

118. Kalnet4u Ltd whose registered company number is 04655311, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
119. KDDI Europe Limited whose registered company number is 02407242, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
120. Lanonyx Telecom Limited whose registered company number is 07658086, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
121. Level 3 Communications Limited whose registered company number is 03514850, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
122. Level 3 Communications UK Limited whose registered company number is 2495998, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
123. Linear Telecoms Limited whose registered company number is 06917811, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
124. Liquid 11 Limited whose registered company number is 04404380, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
125. Localphone Limited whose registered company number is 06085990, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
126. London Central Communications Limited whose registered company number is 02184289, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
127. Lycatel (Ireland) Limited whose registered company number is 357730 (registered in Ireland), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
128. M247 Ltd whose registered company number is 04968341, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
129. Magrathea Telecommunications Limited whose registered company number is 04260485, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
130. Marathon Telecom Limited whose registered company number is 93007 (registered in Jersey), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

131. Mars Communications Limited whose registered company number is 06478834, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
132. Media Hawk Limited whose registered company number is 04432034, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
133. Media Telecom Limited whose registered company number is 07126854, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
134. Metronet (UK) Limited whose registered company number is 04975343, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
135. Mi Telecom Limited whose registered company number is 02668468, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
136. Microtalk Europe Limited whose registered company number is 05317737, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
137. Minotaur Telecom Limited whose registered company number is 08147848, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
138. Mintaka Limited whose registered company number is 07064805, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
139. Nationwide Telephone Assistance Limited whose registered company number is 04315226, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
140. Nectar Cloud Ltd whose registered company number is 07948894, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
141. Need More Time Limited whose registered company number is 03925530, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
142. Net Solutions Europe Limited whose registered company number is 03203624, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
143. Netfuse Telecom Ltd whose registered company number is 07923863, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

144. Net-Work Internet Ltd whose registered company number is 03900685, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
145. Neutrino Networks Ltd whose registered company number is 07457504, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
146. New Call Telecom Limited whose registered company number is 07298834, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
147. NewVoiceMedia Limited whose registered company number is 03602868, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
148. Nexbridge Communications Limited whose registered company number is 07179973, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
149. Nextec (UK) Limited whose registered company number is 06015444, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
150. Nexus Telecommunications Limited whose registered company number is 03895766, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
151. NFON UK Ltd whose registered company number is 08510507, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
152. NG Network Consultancy Ltd whose registered company number is 06920255, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
153. Node 4 Limited whose registered company number is 04759927, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
154. Nodemax Limited whose registered company number is 06127089, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
155. Numbergroup Network Limited whose registered company number is 07390438, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
156. Numbers Plus Ltd whose registered company number is 07611130, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

157. Numbers Telecom Ltd whose registered company number is 07936388, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
158. Odyssey Systems Limited whose registered company number is 02517487, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
159. Opex Hosting Ltd whose registered company number is 04391287, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
160. Orange Business Holdings UK Limited whose registered company number is 03051335, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
161. Orbital Net Limited whose registered company number is 03761505, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
162. Orbtalk Limited whose registered company number is 05382664, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
163. OVH Limited whose registered company number is 05519821, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
164. PCI-PAL (U.K.) Limited whose registered company number is 03960535, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
165. Phone Co-Op Numbering Limited whose registered company number is 07432108, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
166. Planet Numbers Limited whose registered company number is 03823269, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
167. Plus Telecom Limited whose registered company number is 04052436, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
168. Port 5060 Limited whose registered company number is 08332891, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
169. Premier Voicemail Limited whose registered company number is 03172426, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

170. Promotions4All Ltd whose registered company number is 07046038, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
171. Pulsant (Scotland) Limited whose registered company number is SC236128, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
172. Pure IP Limited whose registered company number is 05024088, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
173. Quad Connect Ltd whose registered company number is 08213958, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
174. QX Telecom Ltd whose registered company number is 03820728, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
175. Radius Communications Limited whose registered company number is 08510594, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
176. Real Telekom Limited whose registered company number is 04621678, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
177. Real Time Telecoms Ltd whose registered company number is 05519646, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
178. Reality Network Services Ltd whose registered company number is 04267969, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
179. Red Matter Limited whose registered company number is 06968219, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
180. Red Telecom Solutions Limited whose registered company number is 08902433, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
181. Redcentric Solutions Limited whose registered company number is 08322856, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
182. Relax Telecom Limited whose registered company number is 06777698, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

183. Relish Network PLC whose registered company number is 03921568, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
184. Resilient Plc whose registered company number is 01403177, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
185. Rexcom Tech Limited whose registered company number is 06693961, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
186. Sala Trading Ltd whose registered company number is 03617973, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
187. Served Up Ltd whose registered company number is 04555918, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
188. Sesui Limited whose registered company number is 04975554, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
189. ShoreTel UK Limited whose registered company number is 05947793, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
190. Simetric Telecom Ltd whose registered company number is 07051067, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
191. Simwood eSMS Limited whose registered company number is 03379831, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
192. SingTel (Europe) Limited whose registered company number is 03426947 and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
193. Sipcentric Ltd whose registered company number is 07365592, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
194. SKD 4 Limited whose registered company number is 04335920, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
195. Sky UK Limited whose registered company number is 02906991, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

196. Skype Communications S.à.r.l. whose registered company number is B100468 (registered in Luxembourg), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
197. Sleek Networks Limited whose registered company number is 05611125, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
198. Solutios Limited whose registered company number is 03977874, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
199. Sound Advertising Limited whose registered company number is 03218628, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
200. Spacetel UK Limited whose registered company number is 03036383, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
201. Spitfire Network Services Limited whose registered company number is 02657590, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
202. Spoke (Interactive) Limited whose registered company number is 02372101, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
203. Square Systems Limited whose registered company number is 03047595, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
204. Square 1 Communications Limited whose registered company number is 04541344, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
205. Stardex (UK) Limited whose registered company number is SC192625, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
206. Storacall Technology Limited whose registered company number is 02578478, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
207. Stour Marine Limited whose registered company number is 05914603, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
208. Stream Live Limited whose registered company number is 03487227, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

209. Subtopia Ltd whose registered company number is 08784460, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
210. Supported Business Limited whose registered company number is 08254365, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
211. Suretec Systems Limited whose registered company number is SC258005, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
212. Swiftnet Limited whose registered company number is 02469394, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
213. Swisstk Telnet UK Limited whose registered company number is 09409620, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
214. Syntec Limited whose registered company number is 03529985, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
215. Tabsoft Limited whose registered company number is 05846429, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
216. Talk Numbers Limited whose registered company number is 05972811, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
217. TalkTalk Communications Limited whose registered company number is 03849133, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
218. Telappliant Limited whose registered company number is 04632756, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
219. TelcoSwitch Limited whose registered company number is 09687883, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
220. Telecom2 Limited whose registered company number is 06926334, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
221. TelecomIQ Limited whose registered company number is 08561455, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

- 222. Telecoms Cloud Networks Limited whose registered company number is 09071980, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 223. Telecoms World Direct Limited whose registered company number is 05861680, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 224. Telecoms World Plc whose registered company number is 03576847, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 225. Teledesign Limited whose registered company number is 03254784, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 226. Telefonica UK Limited whose registered company number is 01743099, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 227. TeleMagic Ltd whose registered company number is 07390681, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 228. Telemix Limited whose registered company number is 05245040, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 229. Telephone Box Limited whose registered company number is 07198723, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 230. TeleSurf Ltd whose registered company number is 06427905, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 231. TeleWare Public Limited Company whose registered company number is 04756742, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 232. Telsis Systems Limited whose registered company number is 02312314, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 233. TelXL Limited whose registered company number is 04249562, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 234. Tesla Dynamic Limited whose registered company number is 08161832, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

- 235. Test2date B.V. whose registered company number is 30194024 (registered in the Netherlands), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 236. TGL Services (UK) Limited whose registered company number is 09293520, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 237. The Excell Group Plc whose registered company number is 03678027, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 238. Timico Limited whose registered company number is 04841830, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 239. Tipicall Limited whose registered company number is 03216399, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 240. Tismi B.V. whose registered company number is 32081827 (registered in the Netherlands), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 241. Tripudio Limited whose registered company number is 05567444, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 242. Truphone Limited whose registered company number is 04187081, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 243. TTNC Limited whose registered company number is 05256607, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 244. Tuxtel Ltd whose registered company number is 06774113, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 245. Twelve Telecom Limited whose registered company number is 07846351, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 246. UK Number Store Limited whose registered company number is 02883497, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 247. United Connect Limited whose registered company number is 03204967, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

- 248. Udata Infrastructure (UK) Limited whose registered company number is 06957593, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 249. Vectone Mobile Limited whose registered company number is 04553934, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 250. Verizon UK Limited whose registered company number is 02776038, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 251. Viatel Global Services (UK) Limited whose registered company number is 09735402, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 252. Via-Vox Limited whose registered company number is 04646978, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 253. Vibe Communications UK Ltd whose registered company number is 05742367, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 254. Virgin Media Limited whose registered company number is 02591237, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 255. Virtual Talk Limited whose registered company number is 04890632, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 256. Vizion Communication Limited whose registered company number is 08332664, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 257. Vodafone Limited whose registered company number is 01471587, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 258. Voice Simplified Ltd whose registered company number is 07171825, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 259. Voiceflex Limited whose registered company number is 03544845, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 260. VoiceHost Limited whose registered company number is 05851537, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

261. Voicenet Solutions Limited whose registered company number is 05083841, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
262. Voiceserve Limited whose registered company number is 04401935, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
263. Voicetec Systems Limited whose registered company number is 03948745, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
264. VOIP-4U Limited whose registered company number is 05142934, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
265. VOIP-Un Limited whose registered company number is 05225497, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
266. Vonage Limited whose registered company number is 05199171, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
267. Voxbone SA whose registered company number is BE 0478.928.788 (registered in Belgium), and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
268. Voxclever Limited whose registered company number is 06825458, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
269. VTSL Limited whose registered company number is 02705136, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
270. Wavecrest (UK) Ltd whose registered company number is 03042254, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
271. We Love Communications Limited whose registered company number is 07838466, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
272. West Cloud Contact Solutions Limited whose registered company number is 03637644, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
273. Wightfibre Limited whose registered company number is 05470659, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

- 274. Windsor Telecom Plc whose registered company number is 03752620, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 275. Wizaner Limited whose registered company number is 02530183, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 276. XoverX Ltd whose registered company number is 08319701, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 277. YayYay Limited whose registered company number is 08738610, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 278. Yim Siam Telecom whose address is PO Box 112, 15-17 Caledonian Road, London, N1 9DX.
- 279. York Data Services Limited whose registered company number is 04753514, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 280. Zamir Telecom Limited whose registered company number is 05286517, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 281. Zestel Ltd whose registered company number is 08235267, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 282. Ziron (UK) Ltd whose registered company number is 07597853, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.
- 283. Zsquare Global Solutions Limited whose registered company number is 04185214, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006.

A10. Draft legal instruments: proposals for directions

Section 1: Proposed directions for BT

Proposal for a direction requiring the publication of KPIs by BT for specified wholesale ISDN2 exchange line services

Notification of proposals under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 8.1B (Quality of Service) proposed to be imposed on BT in respect of wholesale ISDN2 exchange line services

Background

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, among other things, to impose certain SMP conditions on BT in relation to the market for wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area.
2. Under proposed Condition 8.1B⁴, Ofcom proposed that BT must publish all such information as to the quality of service in relation to network access provided by BT pursuant to proposed Conditions 1B, 1C and 2 (as applicable), in such manner and form, and including such content, as Ofcom may from time to time direct. Ofcom proposed to give a direction pursuant to proposed Condition 8.1B requiring the Dominant Provider to publish KPIs for wholesale ISDN2 exchange line services.
3. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
5. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
6. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including its proposed direction, and a draft of the statement (“**Draft**

⁴ In the 2016 NMR Consultation, this was numbered proposed Condition 9.1B.

Statement”) accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

7. Ofcom is proposing, in accordance with section 49 of the Act, to give a direction pursuant to proposed Condition 8.1B requiring the Dominant Provider to publish KPIs for wholesale ISDN2 exchange line services.
8. The proposed direction specifying KPIs for wholesale ISDN2 exchange line services is set out in the Schedule to this Notification.
9. The effect of, and the reasons for giving, the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom’s duties and legal tests

10. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 7 complies with the requirements of section 49(2) of the Act.
11. In making the proposals referred to in paragraph 7, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

12. Except as otherwise defined in the Notification, words or expressions used shall have the same meaning as they have in the Act.
13. In this Notification—
 - a) **“Act”** means the Communications Act 2003 (c.21);
 - b) **“BT”** means British Telecommunications plc, whose registered company number is 180000, and any of its subsidiaries or holding companies, or any subsidiaries of such holding companies, as defined in section 1159 of the Companies Act 2006;
 - 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 Communications (Hull) plc;
 - d) **“ISDN2 exchange line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Basic Rate Access standard as defined by the International Telecommunications Union, providing two digital channels with a bandwidth of 64 kbit/s each plus a control channel of 16kbit/s over a common digital bearer circuit;
 - e) **“KPIs”** means key performance indicators;
 - f) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002; and

g) “**United Kingdom**” has the meaning given to it in the Interpretation Act 1978 (c.30).

14. The Schedule to this Notification shall form part of this Notification.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [XX] requiring the publication of KPIs by BT for specified wholesale ISDN2 exchange line services

Background

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals to (among other things) impose certain SMP conditions on BT in relation to wholesale ISDN2 exchange line services.
2. Annex 6 to the 2016 NMR Consultation set out the notification under section 49A of the Act in which Ofcom set out for domestic consultation its proposal to give a direction to BT requiring the publication of certain key performance indicators for specified wholesale ISDN2 exchange line services. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017.
3. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the Notification, with the reasons and effect explained in the accompanying explanatory statement.
4. Ofcom determined in the review referred to in paragraph 3 above, that BT has significant market power in the market for wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area.
5. SMP service Condition [XX] (quality of service) was set in relation to, amongst others, the market referred to in paragraph 4 and this Direction concerns matters to which Condition [XX] relates.
6. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
7. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with the relevant duties set out in sections 3 and 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
8. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.

9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
10. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Notification and the statement accompanying this notification as it considers appropriate.]

[DRAFT] Direction

11. Ofcom hereby, pursuant to section 49 of the Act and Condition [XX], directs the Dominant Provider to act as prescribed in paragraphs 12 to 15 below.
12. The Dominant Provider must publish to Third Party Customers the information specified in paragraphs 1, 2, 3 and 8 of Part 1 and paragraphs 1 and 3 of Part 2 (as applicable) of the Annex to this Direction in relation to the provision of wholesale ISDN2 exchange line services, as required in paragraph 15 below.
13. The Dominant Provider must provide to individual Third Party Customers on request the information specified in paragraph 7 of Part 1 of Annex A to this Direction in relation to the provision to them of wholesale ISDN2 exchange line services, as required in paragraph 15 below.
14. The Dominant Provider must provide to Ofcom, by means of electronic mail to such person in Ofcom as notified from time to time, the information specified in paragraphs 5 and 6 of Part 1 and paragraphs 2 and 3 of Part 2 (as applicable) of the Annex to this Direction in relation to the provision of wholesale ISDN2 exchange line services, as required in paragraph 15 below.
15. The information required by paragraphs 12 to 14 above must be published and provided as required by the Dominant Provider within 14 Working Days of the last Working Day of every month in respect of the previous month, with the exception of KPI (iii) in Part 2 of Annex A which must be provided within 14 Working Days of the last Working Day of every month in respect of the month preceding the previous month.
16. The Annex to this Direction forms part of the Direction.
17. Nothing in this Direction shall require the Dominant Provider to publish confidential information relating to its business or that of a Third Party.
18. For the purpose of interpreting this Direction the following definitions shall apply:
 - a) **“2014 FAMR Legal Instrument”** means the legal instrument set out at Annex 29 to the 2014 FAMR Statement;
 - b) **“2014 FAMR Statement”** means the statements entitled Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30 Volume 1: Statement on the markets, market power determinations and remedies and Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30: Volume 2: LLU and WLR Charge Controls published on 26 June 2014;

- c) **“Access Agreement”** means an agreement entered into between the Dominant Provider and a Third Party for the provision of the ISDN2 exchange line services;
- d) **“Act”** means the Communications Act 2003;
- e) **“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined in section 1159 of the Companies Act 2006;
- f) **“Dominant Provider”** means BT;
- g) **“Fault”** means a degradation or problem with an ISDN2 exchange line service that is identified by the Dominant Provider or a Third Party and which has been registered on the Dominant Provider’s operational support system;
- h) **“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 Communications (Hull) plc;
- i) **“Installed Base”** means the average number of ISDN2 channels that are in use during the relevant month;
- j) **“ISDN2 exchange line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Basic Rate Access standard as defined by the International Telecommunications Union, providing two digital channels with a bandwidth of 64 kbit/s each plus a control channel of 16kbit/s over a common digital bearer circuit;
- k) **“KPI”** means key performance indicator;
- l) **“MBORC”** (Matters Beyond Our Reasonable Control) means a force majeure event under the relevant Access Agreement, the occurrence of which releases the Dominant Provider from the liability to make any payment under the corresponding Service Level Guarantee;
- m) **“MBORC Declaration”** means a declaration made by the Dominant Provider that an MBORC has occurred in relation to ISDN2 exchange line services and includes both ‘major’ and ‘local’ MBORC Declarations;
- n) **“Notification”** means the Notification at [XX] of the statement [narrowband market reviews] dated [XX];
- o) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002 (c. 11);
- p) **“Order”** means a request for an ISDN2 exchange line submitted to the Dominant Provider by a Third Party;
- q) **“Relevant Region”** means the ten regions specified in Schedule 3 to Part 1 of the 2014 FAMR Legal Instrument or such other regions as Ofcom may direct from time to time;
- r) **“Restored Service”** means the point at which the ISDN2 exchange line service in relation to which a Fault was registered becomes available again for use by the Third Party;

- s) **“Scheduled Outages”** means the defined periods of time notified to Third Parties in accordance with the terms of the Dominant Provider’s contract for wholesale ISDN2 exchange line services whereby the Dominant Provider’s operational support system is not available for use by Third Parties in order for the Dominant Provider to perform certain tasks including, but not limited to, routine maintenance, changing configurations, software upgrades and updating facilities and may include specific maintenance activities;
- t) **“Service Level Commitment”** means the quality standards that the Dominant Provider must meet when performing its obligations;
- u) **“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;
- v) **“Service Maintenance Level 2”** means the fault clearance timescale specification of that name as defined by the Dominant Provider in its contracts for the provision of wholesale ISDN2 exchange line services to Third Parties;
- w) **“Service Maintenance Level 3”** means the fault clearance timescale specification of that name as defined by the Dominant Provider in its contracts for the provision of wholesale ISDN2 exchange line services to Third Parties;
- x) **“Third Party”** means a person providing a public electronic communications network or a person providing a public electronic communications service;
- y) **“Third Party Customer”** means a Third Party purchasing wholesale ISDN2 exchange line services from the Dominant Provider;
- z) **“United Kingdom”** has the meaning given to it in the Interpretation Act 1978 (c.30); and
- aa) **“Working Day”** means any day other than Saturdays, Sundays, public holidays or bank holidays in the United Kingdom.

19. For the purpose of interpreting this Direction:

- a) except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them above and otherwise any word or expression shall have the same meaning as it has in the Act, or if it has no meaning there, in Part 2 of Schedule 1 to the Notification.
- b) headings and titles shall be disregarded;
- c) expressions cognate with those referred to in this Schedule shall be construed accordingly; and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

20. This Direction will take effect on [XX].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Annex A

Key Performance Indicators for wholesale ISDN2 exchange line services

Part 1: Indicators

1. The Dominant Provider must publish to Third Party Customers the information required in KPIs (i) to (viii) below in relation to the provision of ISDN2 exchange line services, in at least the detail outlined below:
 - a) an industry average (for the avoidance of doubt this includes provision by the Dominant Provider to itself where it does so).
2. The Dominant Provider must also publish to Third Party Customers the information required in KPIs (i) to (vi) below in relation to the provision of ISDN2 exchange line services to itself.
3. In relation to KPIs (i) to (vi), the Dominant Provider must also publish to Third Party Customers separate KPI results where options exist for Third Parties (excluding the Dominant Provider) to purchase different ISDN2 exchange line services.
4. Where the Dominant Provider is required to publish KPIs under paragraphs 1 to 3 above, it must publish KPIs (i) to (viii) for the United Kingdom as a whole. In addition, in relation to KPIs (iii) and (iv), the Dominant Provider must publish KPIs split by reference to each Relevant Region.
5. The Dominant Provider must provide to Ofcom KPIs (i) to (viii) as described in paragraphs 1 to 4 above and paragraph 8 below by electronic mail to the designated person.
6. The Dominant Provider must also provide to Ofcom data relating to specific Third Parties upon request.
7. The Dominant Provider must provide to each Third Party Customer upon request, on a confidential basis, the information required in KPIs (i) to (vi) below for that Third Party Customer.
8. Where the Dominant Provider does not provide ISDN2 exchange line services to itself, it must instead publish or provide to Third Party Customers (as required) the information required in relation to the equivalent implicit wholesale product provided by the Dominant Provider to itself in order for it to provide downstream services to end users.

KPI(i) - Percentage of installed base reported as faulty

the number of Faults that achieved Restored Service during the relevant month, expressed as a percentage of the Installed Base;

KPI(ii) - Average time to restore service

the average time (in working hours) during the relevant month for the Dominant Provider to achieve Restored Service after a Fault has been registered in relation to each of:

(a) Service Maintenance Level 2; and

(b) Service Maintenance Level 3;

KPI(iii) – Percentage of faults restored on time for services subject to Service Maintenance Level 2

for services subject to Service Maintenance Level 2, the percentage of Faults during the relevant month whereby the Dominant Provider achieved a Restored Service within the timescales for Service Maintenance Level 2;

KPI(iv) – Percentage of faults restored on time for services subject to Service Maintenance Level 3

for services subject to Service Maintenance Level 3, the percentage of Faults during the relevant month whereby the Dominant Provider achieved a Restored Service within the timescales for Service Maintenance Level 3;

KPI(v) - Timing of fault repairs

the percentage of Faults during the relevant month that achieved a Restored Service on each of the first ten calendar days from the date on which the Fault was validated and registered on the Dominant Provider's operational support system;

KPI(vi) - Percentage of repeat faults

the percentage of Faults for which Restored Service was achieved in the relevant month that were repeat faults, where a repeat fault is a Fault registered within 30 calendar days of the Dominant Provider having achieved Restored Service of a previous Fault with the same service;

KPI(vii) - Gateway availability (excluding Scheduled Outages)

the percentage of actual availability of the Dominant Provider's ordering gateway during the relevant month compared to the potential availability during the same period as published by the Dominant Provider, excluding any Scheduled Outages; and

KPI(viii) - Gateway availability (including Scheduled Outages)

the percentage of actual availability of the Dominant Provider's ordering gateway during the relevant month compared to the potential availability during the same period as published by the Dominant Provider, including any Scheduled Outages.

Part 2: Volumes

1. The Dominant Provider must publish to Third Party Customers the information required in KPIs (i) to (iii) below for the United Kingdom as a whole in relation to the provision of ISDN2 exchange line services to all Third Party Customers (as an aggregate figure which, for the avoidance of doubt includes provision by the Dominant Provider of ISDN2 exchange line services to itself).
2. The Dominant Provider must provide to Ofcom by electronic mail the information required in KPIs (i) to (iii) below in relation to the provision of ISDN2 exchange line services to itself. The Dominant Provider shall also provide to Ofcom data relating to specific Third Parties upon request.

3. Where the Dominant Provider does not provide ISDN2 exchange line services to itself, it must instead publish or provide to Third Party Customers and Ofcom (as required) the information required in relation to the equivalent implicit wholesale product provided by the Dominant Provider to itself in order for it to provide downstream services to end users.

KPI(i) - Volume of Installed Base

the Installed Base during the relevant month;

KPI(ii) - Volume of completed faults

the number of Faults where the Dominant Provider subsequently achieves Restored Service during the relevant month in relation to each of:

(a) Service Maintenance Level 2; and

(b) Service Maintenance Level 3;

KPI(iii) – Volume of repairs affected by MBORC declarations

the total number of Faults during the relevant month that were not completed within either Service Maintenance Level 2 or Service Maintenance Level 3 contracted repair times (as applicable) that were subject to an MBORC Declaration by the Dominant Provider.

Proposal for a direction requiring the publication of KPIs by BT for specified wholesale ISDN30 exchange line services

Notification of proposals under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 8.1B (Quality of Service) proposed to be imposed on BT in respect of wholesale ISDN30 exchange line services

Background

1. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed (among other things) to impose certain SMP conditions on BT in relation to wholesale ISDN30 Exchange Line Services.
2. Under proposed Condition 8.1B⁵, Ofcom is proposing that BT must publish all such information as to the quality of service in relation to network access provided by BT pursuant to proposed Conditions 1B, 1C and 2 (as applicable), in such manner and form, and including such content, as Ofcom may from time to time direct. Ofcom proposed to give a direction pursuant to proposed Condition 8.1B requiring the Dominant Provider to publish KPIs for wholesale ISDN30 exchange line services.
3. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
5. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
6. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement (“**Draft Statement**”) accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

7. Ofcom is proposing, in accordance with section 49 of the Act, to give a direction pursuant to proposed Condition 8.1B requiring the Dominant Provider to publish KPIs for wholesale ISDN30 exchange line services.

⁵ In the 2016 NMR Consultation, this was numbered proposed Condition 9.1B.

8. The proposed direction specifying KPIs for wholesale ISDN30 exchange line services is set out in the Schedule to this Notification.
9. The effect of, and the reasons for giving, the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

10. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 7 complies with the requirements of section 49(2) of the Act.
11. In making the proposals referred to in paragraph 7, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

12. Except as otherwise defined in this Notification, words or expressions used shall have the same meaning as they have been ascribed in the Act.
13. In this Notification—
 - a) **“Act”** means the Communications Act 2003 (c.21);
 - b) **“BT”** means British Telecommunications plc, whose registered company number is 180000, and any of its subsidiaries or holding companies, or any subsidiaries of such holding companies, as defined in section 1159 of the Companies Act 2006;
 - 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 Communications (Hull) plc;
 - d) **“ISDN30 exchange line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Primary Rate Access standard as defined by the International Telecommunications Union, providing up to 30 digital channels with a bandwidth of 64 kbit/s per channel plus a control channel of 64 kbit/s;
 - e) **“KPIs”** means key performance indicators;
 - f) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002; and
 - g) **“United Kingdom”** has the meaning given to it in the Interpretation Act 1978 (c.30).

14. The Schedule to this Notification shall form part of this Notification.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [XX] requiring the publication of KPIs by BT for specified wholesale ISDN30 exchange line services

Background

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals to, among other things, impose certain SMP conditions on BT in relation to wholesale ISDN30 Exchange Line Services.
2. Annex 6 to the 2016 NMR Consultation set out the notification under section 49A of the Act in which Ofcom set out for domestic consultation its proposal to give a direction to BT requiring the publication of certain key performance indicators for specified wholesale ISDN30 exchange line services. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017.
3. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the Notification, with the reasons and effect explained in the accompanying explanatory statement.
4. Ofcom determined in the review referred to in paragraph 3 above, that BT has significant market power in the market for wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area.
5. SMP service Condition [XX] (quality of service) was set in relation to, amongst others, the market referred to in paragraph 4 and this Direction concerns matters to which Condition [XX] relates.
6. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
7. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with the relevant duties set out in sections 3 and 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
8. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.

9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
10. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Notification and the statement accompanying this notification as it considers appropriate.]

[DRAFT] Direction

11. Ofcom hereby, pursuant to section 49 of the Act and Condition [XX], directs the Dominant Provider to act as prescribed in paragraphs 12 to 15 below
12. The Dominant Provider must publish to Third Party Customers the information specified in paragraphs 1, 2, 3 and 8 of Part 1 and paragraphs 1 and 3 of Part 2 (as applicable) of Annex A to this Direction in relation to the provision of wholesale ISDN30 exchange line services, as required in paragraph 15 below.
13. The Dominant Provider must provide to individual Third Party Customers on request the information specified in paragraph 7 of Part 1 of Annex A to this Direction in relation to the provision to them of wholesale ISDN30 exchange line services, as required in paragraph 15 below.
14. The Dominant Provider must provide to Ofcom, by means of electronic mail to such person in Ofcom as notified from time to time, the information specified in paragraphs 5 and 6 of Part 1 and paragraphs 2 and 3 of Part 2 (as applicable) of Annex A to this Direction in relation to the provision of ISDN30 exchange line services, as required in paragraph 15 below.
15. The information required by paragraphs 12 to 14 above must be published and provided as required by the Dominant Provider within 14 Working Days of the last Working Day of every month in respect of the previous month, with the exception of KPI (iii) in Part 2 of Annex A which must be provided within 14 Working Days of the last Working Day of every month in respect of the month preceding the previous month.
16. The Annex to this Direction forms part of the Direction.
17. Nothing in this Direction shall require the Dominant Provider to publish confidential information relating to its business or that of a Third Party.
18. For the purpose of interpreting this Direction the following definitions shall apply:
 - a) **“2014 FAMR Legal Instrument”** means the legal instrument set out at Annex 29 to the 2014 FAMR Statement;
 - b) **“2014 FAMR Statement”** means the statements entitled Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30 Volume 1: Statement on the markets, market power determinations and remedies and Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30: Volume 2: LLU and WLR Charge Controls published on 26 June 2014

- c) **“Access Agreement”** means an agreement entered into between the Dominant Provider and a Third Party for the provision of ISDN30 exchange line services;
- d) **“Act”** means the Communications Act 2003;
- e) **“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined in section 1159 of the Companies Act 2006;
- f) **“Dominant Provider”** means BT;
- g) **“Fault”** means a degradation or problem with an ISDN30 exchange line service that is identified by the Dominant Provider or a Third Party and which has been registered on the Dominant Provider’s operational support system;
- h) **“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 Communications (Hull) plc;
- i) **“Installed Base”** means the average number of ISDN30 channels that are in use during the relevant month;
- j) **“ISDN30 exchange line”** means a digital multiline telephone service conforming to the Integrated Services Digital Network (ISDN) Primary Rate Access standard as defined by the International Telecommunications Union, providing up to 30 digital channels with a bandwidth of 64 kbit/s per channel plus a control channel of 64 kbit/s
- k) **“KPI”** means key performance indicator;
- l) **“MBORC”** (Matters Beyond Our Reasonable Control) means a force majeure event under the relevant Access Agreement, the occurrence of which releases the Dominant Provider from the liability to make any payment under the corresponding Service Level Guarantee;
- m) **“MBORC Declaration”** means a declaration made by the Dominant Provider that an MBORC has occurred in relation to ISDN30 exchange line services and includes both ‘major’ and ‘local’ MBORC Declarations;
- n) **“Notification”** means the Notification at [XX] the statement [narrowband market reviews] dated [XX];
- o) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002 (c. 11);
- p) **“Order”** means a request for an ISDN30 exchange line submitted to the Dominant Provider by a Third Party;
- q) **“Relevant Region”** means the ten regions specified in Schedule 3 to Part 1 of the 2014 FAMR Legal Instrument or such other regions as Ofcom may direct from time to time;
- r) **“Restored Service”** means the point at which the ISDN30 exchange line service in relation to which a Fault was registered becomes available again for use by the Third Party;

- s) **“Scheduled Outages”** means the defined periods of time notified to Third Parties in accordance with the terms of the Dominant Provider’s contract for wholesale ISDN30 exchange line services whereby the Dominant Provider’s operational support system is not available for use by Third Parties in order for the Dominant Provider to perform certain tasks including, but not limited to, routine maintenance, changing configurations, software upgrades and updating facilities and may include specific maintenance activities;
- t) **“Service Level Commitment”** means the quality standards that the Dominant Provider must meet when performing its obligations;
- u) **“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;
- v) **“Service Maintenance Level 2”** means the fault clearance timescale specification of that name as defined by the Dominant Provider in its contracts for the provision of wholesale ISDN30 exchange line services to Third Parties;
- w) **“Service Maintenance Level 3”** means the fault clearance timescale specification of that name as defined by the Dominant Provider in its contracts for the provision of wholesale ISDN30 exchange line services to Third Parties;
- x) **“Third Party”** means a person providing a public electronic communications network or a person providing a public electronic communications service;
- y) **“Third Party Customer”** means a Third Party purchasing wholesale ISDN30 exchange line services from the Dominant Provider;
- z) **“United Kingdom”** has the meaning given to it in the Interpretation Act 1978 (c.30);
- aa) **“Working Day”** means any day other than Saturdays, Sundays, public holidays or bank holidays in the United Kingdom.

19. For the purpose of interpreting this Direction:

- a) except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them above and otherwise any word or expression shall have the same meaning as it has in the Act, or if it has no meaning there, in Part 2 of Schedule 1 to the Notification.
- b) headings and titles shall be disregarded;
- c) expressions cognate with those referred to in this Schedule shall be construed accordingly; and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

20. This Direction will take effect on [XX].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Annex A

Key Performance Indicators for wholesale ISDN30 exchange line services

Part 1: Indicators

1. The Dominant Provider must publish to Third Party Customers the information required in KPIs (i) to (viii) below in relation to the provision of ISDN30 exchange line services, in at least the detail outlined below:
 - a) an industry average (for the avoidance of doubt this includes provision by the Dominant Provider to itself where it does so).
2. The Dominant Provider must also publish to Third Party Customers the information required in KPIs (i) to (vi) below in relation to the provision of ISDN30 exchange line services to itself.
3. In relation to KPIs (i) to (vi), the Dominant Provider must also publish to Third Party Customers separate KPI results where options exist for Third Parties (excluding the Dominant Provider) to purchase different ISDN30 exchange line services.
4. Where the Dominant Provider is required to publish KPIs under paragraphs 1 to 3 above, it must publish KPIs (i) to (viii) for the United Kingdom as a whole. In addition, in relation to KPIs (iii) and (iv), the Dominant Provider must publish KPIs split by reference to each Relevant Region.
5. The Dominant Provider must provide to Ofcom KPIs (i) to (viii) as described in paragraphs 1 to 4 above and paragraph 8 below by electronic mail to the designated person.
6. The Dominant Provider must also provide to Ofcom data relating to specific Third Parties upon request.
7. The Dominant Provider must provide to each Third Party Customer upon request, on a confidential basis, the information required in KPIs (i) to (vi) below for that Third Party Customer.
8. Where the Dominant Provider does not provide ISDN30 exchange line services to itself, it must instead publish or provide to Third Party Customers (as required) the information required in relation to the equivalent implicit wholesale product provided by the Dominant Provider to itself in order for it to provide downstream services to end users.

KPI(i) - Percentage of installed base reported as faulty

the number of Faults that achieved Restored Service during the relevant month, expressed as a percentage of the Installed Base;

KPI(ii) - Average time to restore service

the average time (in working hours) during the relevant month for the Dominant Provider to achieve Restored Service after a Fault has been registered in relation to each of:

- (a) Service Maintenance Level 2; and

(b) Service Maintenance Level 3;

KPI(iii) – Percentage of faults restored on time for services subject to Service Maintenance Level 2

for services subject to Service Maintenance Level 2, the percentage of Faults during the relevant month whereby the Dominant Provider achieved a Restored Service within the timescales for Service Maintenance Level 2;

KPI(iv) – Percentage of faults restored on time for services subject to Service Maintenance Level 3

for services subject to Service Maintenance Level 3, the percentage of Faults during the relevant month whereby the Dominant Provider achieved a Restored Service within the timescales for Service Maintenance Level 3;

KPI(v) - Timing of fault repairs

the percentage of Faults during the relevant month that achieved a Restored Service on each of the first ten calendar days from the date on which the Fault was validated and registered on the Dominant Provider's operational support system;

KPI(vi) - Percentage of repeat faults

the percentage of Faults for which Restored Service was achieved in the relevant month that were repeat faults, where a repeat fault is a Fault registered within 30 calendar days of the Dominant Provider having achieved Restored Service of a previous Fault with the same service;

KPI(vii) - Gateway availability (excluding Scheduled Outages)

the percentage of actual availability of the Dominant Provider's ordering gateway during the relevant month compared to the potential availability during the same period as published by the Dominant Provider, excluding any Scheduled Outages; and

KPI(viii) - Gateway availability (including Scheduled Outages)

the percentage of actual availability of the Dominant Provider's ordering gateway during the relevant month compared to the potential availability during the same period as published by the Dominant Provider, including any Scheduled Outages.

Part 2: Volumes

1. The Dominant Provider must publish to Third Party Customers the information required in KPIs (i) to (iii) below for the United Kingdom as a whole in relation to the provision of ISDN30 exchange line services to all Third Party Customers (as an aggregate figure which, for the avoidance of doubt includes provision by the Dominant Provider of ISDN30 exchange line services to itself).
2. The Dominant Provider must provide to Ofcom by electronic mail the information required in KPIs (i) to (iii) below in relation to the provision of ISDN30 exchange line services to itself. The

Dominant Provider shall also provide to Ofcom data relating to specific Third Parties upon request.

3. Where the Dominant Provider does not provide ISDN30 exchange line services to itself, it must instead publish or provide to Third Party Customers and Ofcom (as required) the information required in relation to the equivalent implicit wholesale product provided by the Dominant Provider to itself in order for it to provide downstream services to end users.

KPI(i) - Volume of Installed Base

the Installed Base during the relevant month;

KPI(ii) - Volume of completed faults

the number of Faults where the Dominant Provider subsequently achieves Restored Service during the relevant month in relation to each of:

- (a) Service Maintenance Level 2; and
- (b) Service Maintenance Level 3;

KPI(iii) – Volume of repairs impacted by MBORC declarations

the total number of Faults during the relevant month that were not completed within either Service Maintenance Level 2 or Service Maintenance Level 3 contracted repair times (as applicable) that were subject to an MBORC Declaration by the Dominant Provider.

Proposal for a direction specifying the Regulatory Accounting Principles

Notification of proposals under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 specifying the Regulatory Accounting Principles

Background

1. On 20 May 2014, Ofcom published a policy statement entitled “*Regulatory Financial Reporting – Final Statement*” (“**2014 RFR Statement**”), which set out (among other things) Ofcom’s policy conclusions, following consultation, on the regulatory financial reporting policy that Ofcom considered should be applied to BT in markets in which BT has significant market power. One of Ofcom’s policy conclusions was that in preparing the Regulatory Financial Statements, BT should be required to comply with, among others, the Regulatory Accounting Principles.
2. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9⁶):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom proposed to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9.8, BT is required to comply with, among others, the Regulatory Accounting Principles.
5. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under Condition 9.

⁶ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

6. In the 2016 NMR Consultation, Ofcom set out proposals to give a direction specifying the Regulatory Accounting Principles in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
7. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
8. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
9. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

11. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to give a direction pursuant to proposed Condition 9.4 specifying the Regulatory Accounting Principles in relation to each of the markets set out in paragraph 2 and in relation to interconnect circuits.
12. The proposed direction is set out in the Schedule to this Notification.
13. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

14. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 11 complies with the requirements of section 49(2) of the Act.
15. In making the proposals referred to in paragraph 11 Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

16. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this

document. Otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, appearing to read 'D. Clarkson.', is positioned to the left of the printed name.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] specifying the Regulatory Accounting Principles

Background

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraph 1 and 2 above included proposals to give a direction specifying the Regulatory Accounting Principles. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9.8], set out in the 2017 NMR Notification, BT is required to comply with, among others, the Regulatory Accounting Principles.

7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition [9].
8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], gives the direction to BT specifying the Regulatory Accounting Principles, as set out in the Annex to this Direction, in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits.
14. The Annex to this direction forms part of the Direction.

Interpretation

15. For the purpose of interpreting this Direction:
 - a) except as otherwise defined in paragraph 16 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the 2017 NMR Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly;
and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

16. For the purposes of interpreting this Direction the following definitions shall apply,

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE]; and
- b) **“Regulatory Financial Reporting”** means the whole of the Regulatory Financial Statements, the Accounting Methodology Documents, the accounting records and the Regulatory Accounting System.

17. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Annex - The Regulatory Accounting Principles

The Regulatory Accounting Principles which apply for the purposes of preparing and maintaining the Regulatory Financial Statements, the Accounting Methodology Documents, the accounting records and the Regulatory Accounting System are the following:

1. Completeness

Regulatory Financial Reporting must encompass all revenues, costs, assets and liabilities of the Markets and Technical Areas, together with residual activities (including wholesale and retail).

2. Accuracy

Regulatory Financial Reporting must maintain an adequate degree of accuracy, such that the information included in the Regulatory Financial Statements is free from material errors and double-counting. Materiality must be determined in accordance with the definition set out below.

3. Objectivity

Each element of Regulatory Financial Reporting, so far as is possible, must take account of all the available financial and operational data that is relevant to that element.

Where an element of Regulatory Financial Reporting is based on assumptions, those assumptions must be justified and supported by all available relevant empirical data. The assumptions must not be formulated in a manner which unfairly benefits BT or any other operator or entity, or creates undue bias towards any part of BT's or any other operator's business or product.

4. Consistency with regulatory decisions

Regulatory Financial Reporting must be consistent with Ofcom's regulatory decisions as directed by Ofcom.

5. Causality

Regulatory Financial Reporting must ensure that:

- a) revenues (including revenues resulting from transfer charges);
- b) costs (including costs resulting from transfer charges);
- c) assets; and
- d) liabilities

are attributed in accordance with the activities which cause the revenues to be earned, or costs to be incurred, or assets to be acquired, or liabilities to be incurred respectively.

6. Compliance with the statutory accounting standards

Regulatory Financial Reporting must comply with the accounting standards applied in BT's statutory accounts; with the exception of any departures as Ofcom may direct from time to time.

7. Consistency of the Regulatory Financial Statements as a whole and from one period to another

Regulatory Financial Reporting must be applied consistently in all the Regulatory Financial Statements relating to the same period.

Regulatory Financial Reporting must be applied consistently from one period to another.

All the changes in Regulatory Financial Reporting from one period to another must be justified by reference to the Regulatory Accounting Principles.

If there are material changes in Regulatory Financial Reporting from one period to another, BT must restate the previous period's Regulatory Financial Statements, applying the changes to the Regulatory Financial Statements for that period.

The Regulatory Accounting Principles must be applied to all material items of revenue, costs, assets and liabilities in the Regulatory Financial Statements, or material changes in those items. A material item of revenue, costs, assets or liabilities, or a material change in those items, is one which is reasonably expected by virtue of its magnitude or nature, to affect the views of any user of the Regulatory Financial Statements.

Where it appears to BT that any of the Regulatory Accounting Principles set out above conflict with each other in a particular case, BT must resolve such conflict by giving priority to them in the order in which they are set out above, with a previous principle taking precedence over a later principle.

Proposal for a direction specifying the requirements in relation to regulatory asset value

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 specifying the requirements in relation to the preparation of the Regulatory Financial Statements on a regulatory asset value adjusted current cost basis.

Background

1. On 20 May 2014, Ofcom published a policy statement entitled “*Regulatory Financial Reporting – Final Statement*” (“**2014 RFR Statement**”), which set out Ofcom’s conclusions on the requirements for regulatory financial reporting that Ofcom considered should be applied to BT in markets in which BT has SMP. Ofcom decided, among other things, to introduce a requirement to prepare all Regulatory Financial Statements, explanations and other required information on a regulatory asset value current cost basis.
2. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom is proposing, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9⁷):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom proposed to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9.10, BT shall prepare all Regulatory Financial Statements, explanations or other information required by virtue of proposed Condition 9 on the regulatory asset value adjusted current cost basis.
5. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under proposed Condition 9.

⁷ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

6. In the 2016 NMR Consultation, Ofcom set out proposals to give a direction specifying the requirements in relation to the preparation of the Regulatory Financial Statements on a regulatory asset value adjusted current cost basis in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
7. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
8. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
9. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the draft direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

11. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to give a direction pursuant to proposed Condition 9.4 specifying the requirements in relation to the preparation of the Regulatory Financial Statements on a regulatory asset value adjusted current cost basis in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
12. The proposed direction is set out in the Schedule to this Notification.
13. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

14. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 11 complies with the requirements of section 49(2) of the Act.
15. In making the proposals referred to in paragraph 11, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

16. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this document. Otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, appearing to read 'D. Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] specifying the requirements in relation to regulatory asset value

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction proposals specifying the requirements in relation to the preparation of the Regulatory Financial Statements on a regulatory asset value adjusted current cost basis. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9.10], set out in the 2017 NMR Notification, BT shall prepare all Regulatory Financial Statements, explanations or other information required by virtue of proposed Condition 9 on regulatory asset value adjusted current cost basis.
7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under Condition [9].

8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT to act as prescribed in paragraph 14 below in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits.
14. In preparing the Regulatory Financial Statements, explanations and other required information on a regulatory asset value adjusted current cost basis, BT shall value the Access Ducts capitalised prior to 1 August 1997 on the basis of the closing historical cost on 31 March 2005 which is indexed by the Retail Price Index from 31 March 2005.

Interpretation

15. For the purpose of interpreting this Direction:
 - a) except as otherwise defined in paragraph 16 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the 2017 NMR Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly; and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

16. For the purposes of interpreting this Direction the following definitions shall apply,

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE];
- b) **“Access Ducts”** mean the underground pipes which hold copper and fibre lines and which are used in the part of BT’s network which connects directly to customers from the local telephone exchange; and
- c) **“Retail Price Index”** means the measure of inflation which is published monthly by the Office for National Statistics.

17. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Proposal for a direction specifying the transparency requirements for the purposes of preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 specifying the transparency requirements for the purposes of preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements

Background

1. On 20 May 2014, Ofcom published a policy statement entitled *“Regulatory Financial Reporting – Final Statement”* (**“2014 RFR Statement”**), which set out (among other things) Ofcom’s policy conclusions, following consultation, on the regulatory financial reporting policy that Ofcom considered should be applied to BT in markets in which BT has significant market power. One of Ofcom’s conclusions was that in preparing the Regulatory Financial Statements, BT should be required to comply with, among others, specified transparency requirements.
2. On 1 December 2016, Ofcom published a consultation entitled *“Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access”* (**“2016 NMR Consultation”**). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9⁸):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom is proposing to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under Condition 9.

⁸ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

5. In the 2016 NMR Consultation, Ofcom set out proposals to give a direction specifying the level of transparency required to be met by BT in preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
6. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
7. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
8. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

10. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**") to give a direction pursuant to proposed Condition 9.4 specifying the level of transparency required to be met by BT in preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
11. The proposed direction is set out in the Schedule to this Notification.
12. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

13. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 10 complies with the requirements of section 49(2) of the Act.
14. In making the proposals referred to in paragraph 10, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

15. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this document. Otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, reading "D. Clarkson.", is positioned above the printed name and title.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] specifying the transparency requirements for the purposes of preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction specifying the level of transparency required to be met by BT in preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under Condition [9].

7. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
9. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
11. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

12. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT to act as prescribed in paragraph 13 below in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits.
13. In preparing and maintaining the accounting records, the Accounting Methodology Documents and the Regulatory Financial Statements, BT shall ensure that any data, information, description, material or explanatory document prepared 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 BT'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; and gain a clear understanding of all the material, methodologies and drivers (e.g. systems, Processes and procedures) applied in the preparation of regulatory accounting data.

Interpretation

14. For the purpose of interpreting this Direction:

- a) except as otherwise defined in paragraph 15 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the 2017 NMR Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly;
and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

15. For the purposes of interpreting this Direction the following definition shall apply:

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE];

16. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Proposal for a direction setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements

Background

1. On 20 May 2014, Ofcom published a policy statement entitled *“Regulatory Financial Reporting – Final Statement”* (**“2014 RFR Statement”**), which set out (among other things) Ofcom’s policy conclusions, following consultation, on the regulatory financial reporting policy that Ofcom considered should be applied to BT in markets in which BT has significant market power. One of Ofcom’s conclusions was to specify the level of audit which must, where so required by Ofcom, be secured by BT in obtaining:
 - a) an audit to “fairly presents in accordance with” (“FPIA”) standards; and
 - b) an audit to “properly prepared in accordance with” (“PPIA”) standards.
2. On 1 December 2016, Ofcom published a consultation entitled *“Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access”* (**“2016 NMR Consultation”**). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9⁹):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom is proposing to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9.8(iii), BT is required to secure the expression of an audit opinion upon the Regulatory Financial Statements as notified by Ofcom from time to time.

⁹ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

5. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition 9.
6. In the 2016 NMR Consultation, Ofcom set out its proposal to give a direction setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
7. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
8. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
9. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

11. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**") to give a direction pursuant to proposed Condition 9.4 setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits. The proposed direction is set out in the Schedule to this Notification.
12. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

13. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 11 complies with the requirements of section 49(2) of the Act.
14. In making the proposals referred to in paragraph 11, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

15. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this document. Otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, appearing to read 'D. Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction setting the requirements in relation to audit, form of the FPIA opinion and form of PPIA opinion for Regulatory Financial Statements. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9.8(iii)], set out in the 2017 NMR Notification, BT is required to secure the expression of an audit opinion upon the Regulatory Financial Statements as notified by Ofcom from time to time.

7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition [9].
8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT to act as prescribed in paragraphs 14 to 16 below in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits.
14. BT shall 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 groups of Regulatory Financial Statement, to either "fairly presents in accordance with" ("FPIA") standards or "properly prepared in accordance with" ("PPIA") standards, as specified by Ofcom and as shall be notified in writing to BT from time to time by Ofcom.
15. Where BT is required to secure the expression of an audit opinion to FPIA standards upon any Regulatory Financial Statement, BT shall ensure that the Regulatory Auditor shall state whether in his opinion:

- a. each Regulatory Financial Statement has been prepared in accordance with the applicable SMP services conditions, the Regulatory Accounting Principles and the Accounting Methodology Documents;
 - b. each Regulatory Financial Statement and corresponding audit opinion that BT delivers to Ofcom and/or publishes is fit for such purpose (or purposes), if any, as notified by Ofcom to BT in writing;
 - c. each Regulatory Financial Statement fairly presents in accordance with the Regulatory Accounting Principles, and the Accounting Methodology Documents:
 - i. in the case of the 'Performance Summary by Market or Technical Area' and the 'BT Reconciliation Statement – Consolidated Profit and Loss Account', the results in the relevant market, technical area, basket, single charge category and Network Service (as appropriate) for the relevant Financial Year and Prior Year Comparatives;
 - ii. in the case of the 'Attribution of Wholesale Current Cost Mean Capital Employed' and the 'BT Reconciliation Statement – Consolidated Mean Capital Employed', the mean capital employed in the relevant market, technical area, basket, single charge category and Network Service (as appropriate) for the relevant Financial Year and Prior Year Comparatives; and
 - iii. in the case of the other statements of revenues, costs, assets, liabilities and other quantities, the revenues, costs, assets, liabilities and other quantities incurred or employed in the relevant market, technical area, basket, single charge category and Network Service (as appropriate) for the relevant Financial Year and Prior Year Comparatives.
16. Where BT is required to secure the expression of an audit opinion to PPIA standards upon any Regulatory Financial Statement, BT shall ensure that the Regulatory Auditor shall state whether in his opinion:
- a. each Regulatory Financial Statement has been properly prepared in accordance with the applicable SMP services conditions, the Regulatory Accounting Principles, and the Accounting Methodology Documents, including the Prior Year Comparatives;
 - b. each Regulatory Financial Statement and corresponding audit opinion that BT delivers to Ofcom and/or publishes is fit for such purpose (or purposes), if any, as notified by Ofcom to BT in writing; and
 - c. anything has come to his attention that would lead him to conclude that the applicable SMP services conditions, the Regulatory Accounting Principles and the Accounting Methodology 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.

Interpretation

17. For the purpose of interpreting this Direction:

- a) except as otherwise defined in paragraph 18 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out

in the Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly; and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

18. For the purposes of interpreting this Direction the following definition shall apply:

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE].

19. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Proposal for a direction setting the requirements in relation to reconciliation report and accompanying audit opinion

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 setting the requirements in relation to reconciliation report and accompanying audit opinion

Background

1. On 20 May 2014, Ofcom published a policy statement entitled “*Regulatory Financial Reporting – Final Statement*” (“**2014 RFR Statement**”), which set out (among other things) Ofcom’s policy conclusions, following consultation, on the regulatory financial reporting policy that Ofcom considered should be applied to BT in markets in which BT has significant market power. One of Ofcom’s conclusions was on the requirements in relation to a reconciliation report and an accompanying audit opinion.
2. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9¹⁰):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom is proposing to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9.8(iv), BT is required to prepare and publish the reconciliation report as directed by Ofcom from time to time. The reconciliation report must set out changes to the Regulatory Accounting Methodology and the impact of such changes on the Regulatory Financial Statements, and Material Errors corrected in the Regulatory Financial Statements and the impact of such Material Errors on the Regulatory Financial Statements.

¹⁰ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

5. Under proposed Condition 9.4 set out at Annex 9, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition 9.
6. In the 2016 NMR Consultation, Ofcom set out its proposal to give a direction setting the requirements in relation to the reconciliation report and accompanying audit opinion in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
7. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
8. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
9. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

11. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to give a direction pursuant to proposed Condition 9.4 setting the requirements in relation to the reconciliation report and accompanying audit opinion in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
12. The proposed direction is set out in the Schedule to this Notification.
13. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

14. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 11 complies with the requirements of section 49(2) of the Act.
15. In making the proposals referred to in paragraph 11, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

16. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this

document. Otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] setting the requirements in relation to reconciliation report and accompanying audit opinion

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction setting the requirements setting the requirements in relation to reconciliation report and accompanying audit opinion. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9.8(iv)], set out in the 2017 NMR Notification, BT is required to prepare and publish the reconciliation report as directed by Ofcom from time to time. The reconciliation report must set out changes to the Regulatory Accounting Methodology and the impact of such changes on the Regulatory Financial Statements, and Material Errors corrected in the Regulatory Financial Statements and the impact of such Material Errors on the Regulatory Financial Statements.

7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition [9].
8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT to act as prescribed in paragraphs 14 and 15 below in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits.
14. BT must prepare a reconciliation report which sets out:
 - i. In relation to changes to the Regulatory Accounting Methodology:
 - a) each and every change;
 - b) the impact of all changes on all figures presented in the Regulatory Financial Statements, by setting out, on an aggregated basis, the difference between the Current Year Figures and the Current Year Figures had such changes not been made, expressed as an absolute amount and as a percentage change;

- c) the impact of each Material Change at the Markets and Technical Areas Level, by setting out, for each Material Change separately, the difference between the Current Year Figures and the Current Year Figures had such Material Change not been made, expressed as an absolute amount and as a percentage change;
 - d) the impact of changes which are not Material Changes at the Markets and Technical Areas Level, by setting out, on an aggregated basis, the difference between the Current Year Figures and the Current Year Figures had such changes not been made, expressed as an absolute amount and as a percentage change; and
 - ii. in relation to Material Errors identified since the publication of the previous Financial Year's Regulatory Financial Statements:
 - a) for each Material Error, a description of the Material Error, the circumstances of discovery of the Material Error, the reason for the Material Error, and whether such Material Error has been corrected in the restated Prior Year Comparatives;
 - b) the impact of all Material Errors on all figures presented in the Regulatory Financial Statements for the previous Financial Year, by setting out, on an aggregated basis:
 - i. the Current Year Figures set out in the Regulatory Financial Statements for the previous Financial Year had such Material Errors been corrected in the previous Financial Year ("the Corrected Previous Year Figures"); and
 - ii. the difference as an absolute amount and as a percentage change between the Current Year Figures set out in the Regulatory Financial Statements for the previous Financial Year and the Corrected Previous Year Figures.
 - c) the impact of each Material Error at the Markets and Technical Areas Level, by setting out, for each Material Error, the difference as an absolute amount and as a percentage change between:
 - i. the Current Year Figures set out in the Regulatory Financial Statements for the previous Financial Year; and
 - ii. the Current Year Figures set out in the Regulatory Financial Statements for the previous Financial Year had such Material Error been corrected in the previous Financial Year.
15. BT must obtain an audit opinion on the reconciliation report which must set out:
- i. whether all Material Changes were included in the Change Control Notification. Where this is not the case, the audit opinion must report whether Material Changes other than those included in the Change Control Notification were made as a result of an audit requirement made following delivery of the Change Control Notification or otherwise;
 - ii. whether the description of each of the Material Changes provided by BT in the Change Control Notification is accurate;

- iii. whether BT included each and every Material Change in the reconciliation report and correctly calculated the impact of all changes on all figures presented in the Regulatory Financial Statements in accordance with paragraph 1(i)(b) above;
- iv. whether the description of each of the Material Errors provided by BT in the reconciliation report is accurate; and
- v. whether the Corrected Previous Year Figures set out in the reconciliation report in accordance with paragraph 1(ii)(b)(i) above are properly prepared in accordance with the Accounting Methodology Documents for the previous Financial Year had these Accounting Methodology Documents not included these Material Errors.

Interpretation

16. For the purpose of interpreting this Direction:

- a) except as otherwise defined in paragraph 17 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly; and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

17. For the purposes of interpreting this Direction the following definitions shall apply:

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE].
- b) **“Audit and Risk Committee”** means the committee of the board of directors of BT whose principal duties include financial reporting, internal controls, risk management and audit and includes any committee or unit established from time to time by the board of directors of BT to perform such duties;
- c) **“Change Control Notification”** means a list of each and every change to the Regulatory Accounting Methodology which BT is required to publish and deliver to Ofcom by 31 March of the Financial Year in which the change to the Regulatory Accounting Methodology is to be made;
- d) **“Markets and Technical Areas Level”** means the level at which total costs, total revenue and total assets are reported for each separate Market and Technical Area to which this Direction applies;
- e) **“Material Change”** means a change in any element of the Regulatory Accounting Methodology which results in a change (be it positive or negative) in any figure in the Regulatory Financial Statements which exceeds the higher of 5% or £1 million. The percentage change in a figure shall be calculated by taking the value of the affected figure before the change in the Regulatory Accounting Methodology is applied, and subtracting

from it, the value of the same figure after the change in the Regulatory Accounting Methodology is applied, and then dividing this result by the former value;

- f) **“Material Error”** means an error which:
- i. results in a correction (be it positive or negative) in any figure in the Regulatory Financial Statements which exceeds the higher of 5% or £1 million. The percentage correction in a figure shall be calculated by taking the value of the affected figure in the Regulatory Financial Reporting before the error is corrected, and subtracting from it, the value of the same figure after the error is corrected, and then dividing this result by the former value; and
 - ii. fulfils at least one of the following conditions set out in paragraphs (ii)(a) and (ii)(b) below:
 - (a) the error has arisen within the Regulatory Attribution System;
 - (b) the error has been brought to the attention of the Audit and Risk Committee by the Regulatory Auditor;
- g) **“Regulatory Attribution System”** means the set of computerised and manual accounting methods, procedures, Processes and controls established to attribute the costs, revenues, assets and liabilities and summarise, interpret, and present the resultant financial data in an accurate and timely manner for the purposes of the whole of the Regulatory Financial Statements, the Accounting Methodology Documents, the accounting records and the Regulatory Accounting System.

18. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Proposal for a direction specifying network components

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 to specify network components

Background

1. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”). Ofcom consulted on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9¹¹):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom proposed to set SMP conditions in relation to Interconnect Circuits.
3. Under proposed Condition 9, network components are defined as the network components specified in a direction given by Ofcom from time to time for the purpose of that Condition.
4. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under the conditions.
5. In the 2016 NMR Consultation, Ofcom set out its proposal to give a direction specifying network components in relation to each of the markets set out in paragraph 1 above and in relation to interconnect circuits.
6. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
7. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
8. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify

¹¹ In the 2016 NMR Consultation, this was numbered proposed Condition 10.

Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.

9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

10. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to give a direction pursuant to proposed Condition 9 specifying network components in relation to each of the markets set out in paragraph 1 above and in relation to interconnect circuits.
11. The proposed direction is set out in the Schedule to this Notification.
12. The effect of and reasons for giving the proposed direction are set out the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

13. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 10 complies with the requirements of section 49(2) of the Act.
14. In making the proposals referred to in paragraph 10, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

15. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this document. Otherwise any word or expression shall have the same meaning as it has in the Act

Signed

A handwritten signature in blue ink, appearing to read 'D. Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] specifying network components

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction specifying network components. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9] network components are defined as the network components specified in a direction given by Ofcom from time to time for the purpose of that Condition.
7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under Condition [9].

8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT that the Network Components specified for the purposes of Condition [9] in relation to each of the markets set out in paragraph 1 and in relation to interconnect circuits, are those shown in the Annex to this Direction. BT to act as prescribed in paragraphs 14 and 15 below in relation to each of the markets set out in paragraph 2 and in relation to interconnect circuits.
14. The Annex to this direction forms part of the Direction.

Interpretation

15. For the purpose of interpreting this Direction:
 - a) except as otherwise defined in paragraph 16 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the 2017 NMR Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly;
and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

16. For the purposes of interpreting this Direction the following definition shall apply,

- a) “2017 NMR Notification” means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE].

17. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Annex: the Network Components

The network components shall be as shown below:

1. Low TISBO 3rd Party Equipment Depn
2. Medium TISBO 3rd Party Equipment Depn
3. High TISBO 3rd Party Equipment Depn
4. TISBO Excess Construction
5. AISBO Excess Construction
6. PC rentals 2Mbit/s regional trunk
7. PC rentals 34Mbit/s regional trunk
8. PC rentals 140Mbit/s regional trunk
9. Co-mingling set up
10. Co-mingling rentals
11. WLA Tie cables
12. Local Loop Unbundling systems development
13. Wholesale Access specific
14. Routeing & records
15. MDF Hardware jumpering
16. E side copper capital
17. E side copper current
18. D side copper capital
19. D side copper current
20. Local exchanges general frames equipment
21. Local exchanges general frames maintenance
22. Analogue line test equipment
23. Dropwire capital & analogue NTE
24. Analogue line drop maintenance
25. Analogue line cards
26. OR Service Centre - Provision AISBO
27. OR Service Centre - Provision Analogue/ISDN2
28. OR Service Centre - Provision WLA
29. Service Level Guarantees
30. OR Service Centre - Assurance Ethernet
31. OR Service Centre - Assurance Analogue/ISDN2
32. OR Service Centre - Assurance WLA
33. Combi Card and MSAN Access - Voice
34. Combi Card - Broadband
35. EES and MSAN Access - Broadband
36. Core Directors - Broadband
37. Edge Ethernet ports broadband
38. Ethernet Backhaul Direct - active
39. Ethernet Backhaul Direct - passive
40. Ethernet Backhaul Direct extended reach
41. Ethernet Backhaul Direct resilience - active

42. Ethernet Backhaul Direct – resilience - passive
43. Ethernet Switch BB
44. Core/Metro (broadband)
45. Metro-core broadband transmission
46. ADSL connections
47. EVOTAM testing systems
48. MPF line testing systems
49. Broadband line testing systems
50. DSLAM support
51. DSLAM equipment
52. PC rental 2Mbit/s link per km distribution
53. PC rental 34Mbit/s link per km distribution
54. PC rental 140Mbit/s link per km distribution
55. Point of Handover electronics
56. PC rental 64kbit/s link
57. PC rental 2Mbit/s link
58. PC rental 34Mbit/s link
59. PC rental 140Mbit/s link
60. PC rental 64kbit/s link per km transmission
61. 2Mbit/s and above PC link connection cct provision
62. 64kbit/s PC link connection cct provision
63. PC rental 64kbit/s link local end
64. PC rental 34Mbit/s link local end
65. PC rental 140Mbit/s link local end
66. PC rental 2Mbit/s local end copper
67. PC rental 2Mbit/s local end fibre
68. Backhaul Extension Services Fibre
69. Wholesale Extension Services Fibre
70. OR systems & development - Ethernet
71. Ethernet Access Direct Fibre
72. Other Ethernet rentals - CCTV
73. Interconnect local end rental 2Mbit/s
74. Interconnect 2Mbit/s connection
75. Interconnect extension circuits (IEC) 2Mbit/s link
76. Customer Sited Interconnect cct (CSI) 2Mbit/s link
77. Nominated In Span I/Connect cct (ISI) transmission
78. Interconnect Extension Circuits (IEC) 2Mbit/s per km
79. Customer Sited Interconnect (CSI) 2Mbit/s per km
80. In Span Interconnect circuits (ISI) transmission
81. Intra Building Circuit (IBC) connection
82. Intra Building Circuit (IBC) rental
83. Ethernet main links
84. Ethernet Electronics
85. Other Ethernet new provides - CCTV

86. Customer support - partial private circuits
87. Customer support - interconnect
88. Customer support - broadband
89. Broadband backhaul circuits (excl Virtual Paths)
90. Openreach sales product management
91. Co-mingling power & vent
92. Revenue Receivables
93. Co-mingling electricity
94. Caller display
95. Metro BRAS and MSE
96. Openreach time related charges
97. PC rental 2Mbit/s link national trunk
98. PC rental 140Mbit/s link national trunk
99. FTTC Development
100. Service centre – provision WLR NGA
101. iNode features
102. Network Features
103. Special Fault Investigation
104. EOI Notional Payables

Proposal for a direction setting the requirements in relation to preparation, delivery, publication, form and content of the Regulatory Financial Statements

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and proposed SMP Services Condition 9.4 setting the requirements in relation to preparation, delivery, publication, form and content of the Regulatory Financial Statements

Background

1. On 20 May 2014, Ofcom published a policy statement entitled “*Regulatory Financial Reporting – Final Statement*” (“**2014 RFR Statement**”), which set out Ofcom’s conclusions on the requirements for regulatory financial reporting that Ofcom considered should be applied to BT in all markets in which BT has significant market power.
2. On 1 December 2016, Ofcom published a consultation entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom proposed, in relation to the markets listed below, to impose, among other things, SMP conditions with respect to regulatory financial reporting on BT (proposed Condition 9¹²):
 - a) Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) Wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
3. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 2 above, Ofcom is proposing to set SMP conditions in relation to Interconnect Circuits.
4. Under proposed Condition 9, and in particular Condition 9.8(i), BT will be required to prepare, deliver to Ofcom and publish the Regulatory Financial Statements as directed by Ofcom from time to time.
5. Under proposed Condition 9.4, Ofcom may from time to time make such directions as they consider appropriate in relation to BT’s obligations under the conditions.
6. In the 2016 NMR Notification, Ofcom set out its proposal to give a direction setting the requirements in relation to preparation, delivery, publication, form and content of the

¹² In the 2016 NMR Consultation, this was numbered proposed Condition 10.

Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.

7. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
8. A copy of the 2016 NMR Consultation, including the proposed direction, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
9. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
10. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom hereby sends a copy of its proposals, including the proposed direction, and a draft of the statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to give a direction

11. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to give a direction pursuant to proposed Condition 9.4 setting the requirements in relation to preparation, delivery, publication, form and content of the Regulatory Financial Statements in relation to each of the markets set out in paragraph 2 above and in relation to interconnect circuits.
12. The proposed direction is set out in the Schedule to this Notification.
13. The effect of and reasons for giving the proposed direction are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

14. For the reasons set out in the Draft Statement, Ofcom considers that the proposed direction referred to in paragraph 11 complies with the requirements of section 49(2) of the Act.
15. In making the proposals referred to in paragraph 11, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

16. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the proposed SMP conditions set out at Annex 9 of this document. Otherwise any word or expression shall have the same meaning as it has in the Act

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Condition [9.4] setting the requirements in relation to preparation, delivery, publication, form and content of the Regulatory Financial Statements

1. On 1 December 2016, Ofcom published a consultation document entitled “*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*” (“**2016 NMR Consultation**”), on proposals identifying markets, making market power determinations and setting SMP conditions. In the 2016 NMR Consultation, Ofcom consulted on proposals, in relation to the markets listed below, to impose (among other things) SMP conditions with respect to regulatory financial reporting on BT:
 - a) wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area;
 - b) wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c) wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d) wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area; and
 - e) wholesale call termination services that are provided by the Dominant Provider to another communications provider, for the termination of voice calls to United Kingdom geographic numbers which the Dominant Provider has been allocated by Ofcom in the area served by the Dominant Provider.
2. As a result of the proposed SMP determinations set out at (d) and (e) of paragraph 1 above, Ofcom consulted on proposals to set SMP conditions in relation to Interconnect Circuits.
3. The proposals referred to in paragraphs 1 and 2 above, included proposals to give a direction setting the requirements in relation to the preparation, delivery, publication, form and content of the Regulatory Financial Statements. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2016. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
4. On [DATE], Ofcom concluded its review of the narrowband markets in which it identified markets, made market power determinations and set appropriate SMP conditions as set out in the 2017 NMR Notification.
5. Ofcom determined in the review referred to in paragraph 4 above, that BT has SMP in the markets set out a paragraph 1 above. Condition [9] (Regulatory Financial Reporting) was set in relation to those markets and, as a result of SMP determinations in relation to the markets set out at (d) and (e) of paragraph 1, in relation to interconnect circuits. This Direction concerns matters to which Condition [9] relates.
6. Under Condition [9], set out in the 2017 NMR Notification, and in particular Condition 9.8(i), BT will be required to prepare, deliver to Ofcom and publish the Regulatory Financial Statements as directed by Ofcom from time to time.

7. Under Condition [9.4], set out in the 2017 NMR Notification, Ofcom may from time to time make such directions as they consider appropriate in relation to BT's obligations under Condition [9].
8. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - a) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - c) proportionate to what it is intended to achieve; and
 - d) in relation to what it is intended to achieve, transparent.
9. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom is satisfied that it has acted in accordance with its general duties set out in section 3 of the Act, the six community requirements set out in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.
10. Ofcom has considered every representation about the proposed Direction duly made to it and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making any modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation, Ofcom sent on [DATE] a copy of them, and of a draft of the statement accompanying this Direction setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with section 49B(2) of the Act.
12. [Ofcom received comments from the European Commission on its proposals on [DATE], and has made such modifications to this Direction and the statement accompanying this Direction as it considers appropriate.]

[DRAFT] Direction

13. Ofcom hereby, pursuant to section 49 of the Act and Condition [9.4], directs BT to act as prescribed in paragraphs 14 to 18 below in relation to each of the markets set out in paragraph 2 and in relation to interconnect circuits.
14. BT shall prepare, deliver to Ofcom and publish the following statements:
 - a. the following statements in respect of each individual Market and interconnect circuits in accordance with the obligation in paragraph 16 below:
 - i. Statement by Ofcom;
 - ii. Statement of Responsibility;
 - iii. Regulatory Financial Review;

- iv. Notes to the Regulatory Financial Statements;
 - v. Report of the Regulatory Auditor;
 - vi. Performance Summary by Market or Technical Area;
 - vii. Attribution of Wholesale Current Costs;
 - viii. Attribution of Wholesale Current Cost Mean Capital Employed;
 - ix. Market/Technical Area Summary;
 - x. Market/Technical Area Calculation of FAC based on component costs and usage factors;
 - xi. BT Reconciliation Statement – Consolidated Profit and Loss Account;
 - xii. BT Reconciliation Statement – Consolidated Mean Capital Employed;
 - xiii. Consolidated Network Activity Statement;
 - xiv. Adjusted financial performance at a market review level;
 - xv. Price controls in wholesale markets (Non Confidential Statements).
15. BT shall publish the statements set out in paragraph 14 of this Direction within four months after the end of the Financial Year to which they relate with the exception of:
- a. Price controls in wholesale markets (Non Confidential Statements) which must be published at the same time as the Price controls in wholesale markets (Confidential Statements), as referred to in paragraph 18(a)(xv) of this Direction, are delivered to Ofcom;
16. Except where BT is entitled to amend the form and content of the Regulatory Financial Statements, BT shall prepare the statements described in paragraph 15 above as to form and content in the manner set out in Annex A to this Direction;
17. BT shall publish the Regulatory Financial Statements in Excel spreadsheet format as well as in portable document format (“PDF”).
18. BT shall prepare and deliver to Ofcom:
- a. the following additional financial information in the form and content as described in Annex B in respect of each Market:
 - i. Cost category (as used within regulatory LRIC model) analysis for network components, increments and relevant layers of common cost;
 - ii. Summarised activity analysis of components for network activities, increments and the relevant layers of common cost (LRIC basis);
 - iii. Cost category (as used within regulatory LRIC model) analysis for network components and increments;
 - iv. Summarised activity analysis for network components and increments;

- v. Analysis, by asset category and network activities, of the depreciation charge for the year and impact of CCA valuation adjustments on costs for the year;
 - vi. CCA fixed asset movement statement;
 - vii. Total mean capital employed and detailed activity analysis for all network components;
 - viii. Detailed network activity analysis of mean capital employed for all network components;
 - ix. Graphs over time of the various raw indices, index weightings and composite indices used by BT to revalue assets onto a current cost basis;
 - x. Estimated economic useful lives, valuation and depreciation basis, survey used for valuation or index used to revalue, historical cost accounting (HCA) and current cost accounting (CCA) depreciation, gross book values (GBV) by year of acquisition, gross replacement costs (GRC) and net replacement costs (NRC) across asset categories;
 - xi. Total operating costs and mean capital employed costs (and associated volumes) for each plant group and their individual exhaustion, including the disclosure of relevant usage factors, onto each network activity and/or (sub) component;
 - xii. Provision of BT 'Data File';
 - xiii. CCA information to allow Ofcom to re-calculate the regulatory asset value (RAV) for copper assets used in BT's access network;
 - xiv. BT Network Services Reconciliation;
 - xv. Price controls in wholesale markets (Confidential Statements);
 - xvi. Adjusted financial performance at a market level;
 - xvii. Provision of FAC, DLRIC and DSAC data per service.
- b. the following additional financial information as described in Annex B in respect of the market for Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area (Confidential Statements):
- i. Time Related Charge Costs.

19. The Annexes to this direction form part of the Direction.

Interpretation

20. For the purpose of interpreting this Direction:

- a) except as otherwise defined in paragraph 21 below or in so far as the context otherwise requires, words or expressions have the meaning assigned to them in SMP conditions set out in the 2017 NMR Notification, and otherwise any word or expression has 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 Direction shall be construed accordingly;
and
- d) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

21. For the purposes of interpreting this Direction the following definition shall apply,

- a) **“2017 NMR Notification”** means the notification at Annex [X] of the statement [narrowband market reviews] dated [DATE].

22. The Direction will take effect on [DATE].

Signed

[NAME]

[Competition Policy Director]

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

[DATE]

Annex A

Statement by Ofcom

The statement provided by Ofcom commenting on the figures in, the notes to, or the presentation of any or all of the Regulatory Financial Statements, in relation to each of the markets to which cost accounting and/or accounting separation obligations apply.

Statement of Responsibility

The statement provided by the board of directors of BT shall set out the basis of preparation of the Regulatory Financial Statements and confirm the approval of the Regulatory Financial Statements by BT's board of directors.

Regulatory Financial Review

BT shall be required to summarise the financial performance:

1. across all of the SMP markets to which cost accounting and/or accounting separation obligations apply;
2. at the market review level encompassing individual SMP markets to which cost accounting and/or accounting separation obligations apply considered as part of such market review; and
3. at the level of each individual SMP market to which cost accounting and/or accounting separation obligations apply.

The Regulatory Financial Review (RFR) shall be included in the Regulatory Financial Statements either as a separate statement or as notes to relevant other statements.

The RFR should assist the user's assessment of the Regulatory Financial Statements and provide commentary on compliance with these regulatory conditions.

The RFR should focus on those matters which are relevant to the users of the information, be clearly written and readily understandable.

The information and analysis contained within the RFR should be complete and free from bias.

Disclosure should make clear any issues of comparability that would assist the reader's understanding of the RFR. It should highlight accounting policies that are key to the understanding of performance, focusing on those which have required the particular exercise of judgement in their application and those accounting policies which have changed in the year.

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.

The RFR should explain the main factors that underlie all of the regulated activities, all of the individual SMP markets forming part of each market review and each individual SMP market. In particular, the RFR should explain those factors which have either varied in the past or are expected to change in the future. It should also set out an analysis of the effect of changes in each individual SMP market or the environment in which it operates and of developments within each individual SMP market. For example, it should include changes in the market conditions, introduction or announcement of new products and services, new and discontinued activities, other acquisitions and disposals.

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 of the principal risks facing all of the regulated activities, all of the individual SMP markets forming part of each market review, and each individual SMP market, with a commentary on the approach taken to manage them.

Notes to the Regulatory Financial Statements

The Regulatory Financial Statements shall contain, as a separate statement or as notes to relevant other statements, notes, modelled on statutory accounting conventions, to assist the user in the interpretation of the individual Regulatory Financial Statements.

The notes will address issues necessary to ensure the fair presentation of the Regulatory Financial Statements (where BT is required to obtain an audit to “fairly presents in accordance with” standards) and the proper preparation of the Regulatory Financial Statements (where BT is required to obtain an audit to “properly prepared in accordance with” standards). They should set out to the extent necessary the basis of accounting, accounting policies, changes for restatement, non compliance with the ICAEW Guidance and any other information that will enable users to properly understand the individual Regulatory Financial Statement.

Amongst others the necessary notes would be expected to include:

- 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;
- 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 Regulatory Financial Statements in respect of Wholesale Services.

Report of the Regulatory Auditor

The statement by the Regulatory Auditor shall set out the duties and responsibilities of BT and of the Regulatory 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 Regulatory Financial Statement.

Narrowband Market Review – Draft Statement
Annexes 9-10

Performance Summary by Market or Technical Area 20XX

For the year ended 31 March 20XX

Market Review 1	Section	Internal Revenue	External Revenue	Total Revenue	Operating Costs	Depreciation	Holding (gain)/loss	Supp. Dep.	Other CCA	Adj's	Roundings	Total CCA	Operating Costs	Return	Mean Capital Employed	Return on MCE
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Market/Technical Area 1	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market/Technical Area 2 etc	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market Review 2 etc																
Market/Technical Area 1	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market/Technical Area 2 etc	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total SMP Markets		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Wholesale Residual		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Retail Residual		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total Markets		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%

Performance Summary by Market or Technical Area 20XX

For the year ended 31 March 20XX

Market Review 1	Section	Internal Revenue	External Revenue	Total Revenue	Operating Costs	Depreciation	Holding (gain)/loss	Supp. Dep.	Other CCA	Adj's	Roundings	Total CCA	Operating Costs	Return	Mean Capital Employed	Return on MCE
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Market/Technical Area 1	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market/Technical Area 2 etc	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market Review 2 etc																
Market/Technical Area 1	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Market/Technical Area 2 etc	X.X	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Total SMP Markets		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Wholesale Residual		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
EOI Eliminations																
Roundings																
Total Wholesale markets																
Retail Residual		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%
Eliminations																
Roundings																
Total Markets		xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx%

Attribution of Wholesale Current Costs 20XX

For the year ended 31 March 20XX

	Market Review 1		Market Review 2 etc					
	Market/Technical Area 1	Market/Technical Area 2 etc	Market/Technical Area 1	Market/Technical Area 2 etc	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	£m	£m	£m	£m	£m	£m	£m	£m
Operating Costs of Wholesale Services:								
EOI Input Prices	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Provision/Maintenance	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Network Support	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
General Support	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
General Management	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Finance and Billing	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Accommodation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Bad Debts	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Other Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation - Land & Buildings	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
- Access	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
- Switch and Transmission	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
- Other related	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Sub Total Depreciation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Sub Total HCA Operating Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
CCA Adjustments:								
Holding Loss/(Gain)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Supplementary Depreciation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Other CCA Adjustments	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Roundings	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total CCA Operating Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

Attribution of Wholesale Current Cost Mean Capital Employed 20XX

For the year ended 31 March 20XX

	Market Review 1		Market Review 2 etc					
	Market/Technical Area 1	Market/Technical Area 2 etc	Market/Technical Area 1	Market/Technical Area 2 etc	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets								
Land & Buildings	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Access - Copper	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Access - Fibre	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Access - Duct	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Switch	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Transmission	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Other	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Investments	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Non-current Assets	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Current Assets								
Inventories	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Receivables								
- Internal	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
- External	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Current Assets	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Current Liabilities								
- Internal	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
- External	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total liabilities falling due within one year	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net Current Assets/(Liabilities)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Assets less Current Liabilities	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Provisions for Liabilities & Charges	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Roundings	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Mean Capital Employed	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

Market/Technical Area Summary 20XX

Summary for Market 1/Technical Area 1 etc

For the year ended 31 March 20XX

	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Unit(s)	Average Internal price £	Average External Price £	Internal FAC* £m	External FAC £m
Basket 1	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Basket 2 etc	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Single Charge 1 (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Single Charge 2 etc (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Specific services required to be shown seperately by Ofcom (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Other (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Total Market 1 etc	x.x	x.x	x.x						x.x	x.x
Adjustment for EOI and Internal (if appropriate)	x.x		x.x						x.x	x.x
Total Market 1 etc (excluding EOI and Internal)	x.x	x.x	x.x						x.x	x.x

Internal and External FAC as required by Ofcom

Average Prices may require more detailed analysis as required by Ofcom

* Only where Internal unit FAC is different from External unit FAC

Market/Technical Area Summary 20XX

Summary for Market 1/Technical Area 1 etc

For the year ended 31 March 20XX

	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Unit(s)	Average Internal price £	Average External Price £	Internal FAC* £m	External FAC £m
Basket 1	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Sub-basket 1	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Basket 2 etc	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Sub-basket 1	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Single Charge 1 (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Single Charge 2 etc (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Specific services required to be shown seperately by Ofcom (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Other (if applicable)	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x
Rounding	x.x	x.x	x.x						x.x	x.x
Total Market 1 etc	x.x	x.x	x.x						x.x	x.x
Adjustment for EOI and Internal (if appropriate)	x.x		x.x						x.x	x.x
Total Market 1 etc (excluding EOI and Internal)	x.x	x.x	x.x						x.x	x.x

Internal and External FAC as required by Ofcom

Average Prices may require more detailed analysis as required by Ofcom

* Only where Internal unit FAC is different from External unit FAC

Notes to the statement entitled “Market/Technical Area Summary”

BT shall disclose financial information shown in the “Market/Technical Area Summary” as follows:

1. In relation to the market “Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area” the information is required to be provided for the following Network Services:
 - a) Analogue WLR Basic Rental;
 - b) WLR Connections;
 - c) WLR Transfers;
 - d) WLR Conversions;
 - e) Analogue Premium Rentals;
 - f) WLR Premium Connections;
 - g) WLR Premium Transfers;
 - h) Caller Display;
 - i) Time Related Charges;
 - j) Other WLR.
2. In relation to the market “Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area” the information is required to be provided for each of the following Network Services. Internal FAC and external FAC information does not need to be provided for any service. For ‘Other ISDN2’ only revenue information is required to be provided.

For the 2017/18 Financial Year

- a) information on ISDN2 Rental Services subject to Condition 1B
- b) information on ISDN2 Connection Services subject to Condition 1B
- c) information on ISDN2 Transfer Services subject to Condition 1B
- d) Other ISDN2 (i.e. revenue information on all ISDN2 services other than ISDN2 Rental Services, ISDN2 Connection Services and ISDN2 Transfer Services)

For the 2018/19 Financial Year

- a) information on ISDN2 Rental Services subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN 2 Rental Services subject to Condition 1C for the period [1 December 2018] to 31 March 2019
- b) information on ISDN2 Connection Services subject to Condition 1B for the period 1 April 2018 to [30 November 2018]
- c) information on ISDN2 Transfer Services subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Condition 1C for the period [1 December 2018] to 31 March 2019
- d) Other ISDN2 (i.e. revenue information on all other ISDN2 services, and additionally, for the period [1 December 2018] to 31 March 2019, revenue information on ISDN2 Rental Services, ISDN2 Connection Services and ISDN2 Transfer Services not subject to Condition 1C)

For the 2019/20 Financial Year onwards

- a) information on Existing ISDN2 Rental Services subject to Condition 1C
- b) information on ISDN2 Transfer Service subject to Condition 1C
- c) Other ISDN2 (i.e. revenue information on all ISDN2 services not subject to Condition 1C)

3. In relation to the market “Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area” the information is required to be provided for each of the following Network Services. Internal FAC and external FAC information does not need to be provided for any service. For Other ISDN30 only revenue information is required to be provided:

For the 2017/18 Financial Year

- a) information on ISDN30 Rental Services subject to Condition 1B
- b) information on ISDN30 Connection Services per channel subject to Condition 1B
- c) information on ISDN30 Connection Services New Installation subject to Condition 1B
- d) information on ISDN30 SML 3 and 4 subject to Condition 1B
- e) information on ISDN30 Transfer Services subject to Condition 1B
- f) information on ISDN30 Direct Dial Inward Rental Services subject to Condition 1B
- g) information on ISDN30 Direct Dial Inward Planning Service subject to Condition 1B

- h) information on ISDN30 Direct Dial Inward Connection Service subject to Condition 1B
- i) Other ISDN30 (i.e. revenue information on all ISDN30 services other than those listed at a) to h).

For the 2018/19 Financial Year

- a) information on ISDN30 Rentals subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN30 Rentals subject to Condition 1C for the period [1 December 2018] to 31 March 2019
- b) information on ISDN30 Connection Services per channel subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN30 Connection Services per channel Condition 1C for the period [1 December 2018] to 31 March 2019
- c) information on ISDN30 Connection Services New Installation subject to Condition 1B for the period 1 April 2018 to 30 November 2018
- d) information on ISDN30 SML 3 and 4 subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN30 SML 3 and 4 subject to Condition 1C for the period [1 December 2018] to 31 March 2019
- e) information on ISDN30 Transfer Services subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN30 Transfer Services subject to Condition 1C for the period [1 December 2018] to 31 March 2019
- f) information on ISDN30 Direct Dial Inward Rental Service subject to Condition 1B for the period 1 April 2018 to [30 November 2018] and Existing ISDN30 Direct Dial Inward Rental Service subject to Condition 1C for the period [1 December 2018] to 31 March 2019
- g) information on ISDN30 Direct Dial Inward Planning Service subject to Condition 1B for the period 1 April 2018 to [30 November 2018]
- h) information on ISDN30 Direct Dial Inward Connection Services subject to Condition 1B for the period 1 April 2018 to [30 November 2018]
- i) Other ISDN30 (to include revenue information on all ISDN30 services other than those listed at a) to h).

For the 2019/20 Financial Year onwards

- a) information on Existing ISDN30 Rental Services subject to Condition 1C
- b) information on Existing ISDN30 Connection Services per channel subject to Condition 1C
- c) information on Existing ISDN30 SML 3 and 4 subject to Condition 1C
- d) information on Existing ISDN30 Transfer Services subject to Condition 1C
- e) information on Existing ISDN30 Direct Dial Inward Rental Services subject to Condition 1C
- f) Other ISDN30 (to include revenue information on all ISDN30 services other than those listed at a) to e)

- 4. In relation to the market “Wholesale call termination services on a fixed narrowband network in the United Kingdom excluding the Hull Area”:
 - a. the information is required to be provided for the following Network Service: “WCT services”.

- b. Where BT varies WCT prices by time of day (for example different prices for day, evening and weekend) then volume and price information must be provided for each time of day price.
- 5. In relation to the technical area “Interconnect circuits in the United Kingdom excluding the Hull Area” the information is required to be provided for the following Network Services. Information must relate to External Revenues, as defined in Condition 5D, only and relate only to interconnection at the DLE.
 - i. external wholesale standard Customer-Sited Interconnect connections;
 - ii. external wholesale standard Customer-Sited Interconnect rentals – fixed;
 - iii. external wholesale standard Customer-Sited Interconnect rentals – per km;
 - iv. external wholesale interconnection extension circuits connections;
 - v. external wholesale interconnection extension circuits rentals – fixed;
 - vi. external wholesale interconnection extension circuits rentals – per km;
 - vii. external wholesale intra-building circuits connections;
 - viii. external wholesale intra-building circuits rentals;
 - ix. external wholesale in-span interconnection links rentals;
 - x. external nominated in-span interconnection links – per km;
 - xi. external wholesale rearrangements.
- 6. BT is not required to provide information in relation to the following markets:
 - a. Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area.

Market/Technical Area calculation of FAC based on component costs and usage factors 20XX

Calculation of FAC based on component costs and usage factors for Market 1/Technical Area 1 etc

For the year ended 31 March 20XX

			Market/Technical Area 1 etc											
		Average cost per unit (from annex XX)	Basket 1 - internal *	Basket 1 - external	Sub-basket 1 - internal *	Sub-basket 1 - external	Basket 2 etc - internal *	Basket 2 etc - external	Sub-basket 2 etc - internal *	Sub-basket 2 etc - external	Single Charge Category 1 - Internal*	Single Charge Category 1 - External	Single Charge Category 2 etc - Internal*	Single Charge Category 2 etc - External
Fully Allocated Cost (£)			£	£	£	£	£	£	£	£	£	£	£	£
Components	Unit													
Component 1	X	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx
Component 2 etc	X	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx
EOI Inputs Prices (Basket level Part 3)			x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx
Fully Allocated Costs (£)			x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx

Volumes (unit) (where applicable)

xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx

Fully Allocated Cost (£m)

x.x x.x x.x x.x x.x x.x x.x x.x x.x x.x x.x x.x x.x

Specific services required to be shown separately by Ofcom (if applicable)

* Only where Internal unit FAC is different from External unit FAC

Market/Technical Area calculation of FAC based on component costs and usage factors 20XX

Calculation of FAC based on component costs and usage factors for Market 1/Technical Area 1 etc

For the year ended 31 March 20XX

			Market/Technical Area 1 etc												
		Average cost per unit (from annex XX)	Basket 1 - internal *	Basket 1 - external	Sub-basket 1 - internal *	Sub-basket 1 - external	Basket 2 etc - internal *	Basket 2 etc - external	Sub-basket 2 etc - internal *	Sub-basket 2 etc - external	Single Charge Category 1 - Internal *	Single Charge Category 1 - External	Single Charge Category 2 etc - Internal*	Single Charge Category 2 etc - External	Basket, sub-basket, single charge category, etc**
Fully Allocated Cost (£)			£	£	£	£	£	£	£	£	£	£	£	£	%
Components	Unit														
Component 1	X	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.x%
Component 2 etc	X	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.x%
EOI Inputs Prices (Basket level Part 3)			x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.x%
Fully Allocated Costs (£) or %**			x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	100.0%
Volumes (unit) (where applicable)			xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	n/a
Fully Allocated Cost (£m)			x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x	x.x

Specific services required to be shown seperately by Ofcom (if applicable)

* Only where Internal unit FAC is different from External unit FAC

** Where services have no applicable volumes, the percentage contribution from each cost component should be provided

Notes to the statement entitled “Market/Technical Area Calculation of FAC based on component costs and usage factors”

BT shall disclose financial information shown in the “Market/Technical Area Calculation of FAC based on component costs and usage factors” as follows:

1. In relation to the market “Wholesale fixed analogue exchange line services in the United Kingdom excluding the Hull Area” the information is required to be provided for;
 - a. Analogue WLR Basic Rental – Internal;
 - b. Analogue WLR Basic Rental – External;
 - c. WLR Connections – Internal;
 - d. WLR Connections – External;
 - e. WLR Transfers – Internal;
 - f. WLR Transfers – External;
 - g. WLR Conversions – Internal;
 - h. WLR Conversions – External;
 - i. Analogue Premium Rentals - internal
 - j. Analogue Premium Rentals - external
 - k. WLR Premium Connections – internal
 - l. WLR Premium Connections – external
 - m. WLR Premium Transfers - internal
 - n. WLR Premium Transfers – external
 - o. Caller Display – internal
 - p. Caller Display – external
 - q. Time Related Charges – internal
 - r. Time Related Charges – external
 - s. Other WLR – internal
 - t. Other WLR - external
2. In relation to interconnect circuits, the information is required to be provided for:
 - a. external wholesale standard Customer-Sited Interconnect connections;

- b. external wholesale standard Customer-Sited Interconnect rentals – fixed;
 - c. external wholesale standard Customer-Sited Interconnect rentals – per km;
 - d. external wholesale interconnection extension circuits connections;
 - e. external wholesale interconnection extension circuits rentals – fixed;
 - f. external wholesale interconnection extension circuits rentals – per km;
 - g. external wholesale intra-building circuits connections;
 - h. external wholesale intra-building circuits rentals;
 - i. external wholesale in-span interconnection links rentals;
 - j. external nominated in-span interconnection links – per km;
 - k. external wholesale rearrangements.
3. BT is not required to provide information in relation to the following markets:
- a. Wholesale call origination on a fixed narrowband network in the United Kingdom excluding the Hull Area;
 - b. Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
 - c. Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
 - d. Wholesale call termination services on a fixed narrowband network in the United Kingdom excluding the Hull Area.

BT Reconciliation Statement - Consolidated Profit and Loss Account 20XX

For the year ended 31 March 20XX

	External Revenue £m	Operating Costs £m	Return or Profit before taxation £m
As in the Annual Report	X	X	X
Adjustments			
Elimination of inter-market revenue and costs	X	X	X
Share of Post tax loss of associates and joint ventures	X	X	X
Loss on disposal of interest in associates and joint ventures	X	X	X
Net short term interest	X	X	X
Specific pension interest	X	X	X
Long term interest payable	X	X	X
Other adjustment(s) as required	X	X	X
Total Markets (HCA)	X	X	X
Holding (gain)/loss	X	X	X
Supplementary Depreciation	X	X	X
Other CCA adjustments	X	X	X
Roundings	X	X	X
Total Markets (CCA)	X	X	X

BT Reconciliation Statement - Consolidated Mean Capital Employed 20XX

For the year ended 31 March 20XX

	20XX £m	20XX-1 £m	Mean capital employed of BT Markets	20XX £m	20XX-1 £m
Shareholders' funds as in the 20XX Annual Report	X	X			
CCA adjustments	X	X	Market Review 1	X	X
	X	X	Market Review 2 etc	X	X
Adjustments			Sub total SMP Markets	X	X
	X	X			
Derivative financial instruments - assets	X	X	Residual activities		
Deferred tax liabilities	X	X	Wholesale residual activity	X	X
Deferred tax assets	X	X	Retail residual activity	X	X
Current tax assets	X	X			
Current tax liabilities	X	X	Sub total residual activities	X	X
Long term loans and other borrowings:					
Due in less than one year	X	X	Roundings and other adjustments		
Due in more than one year	X	X	Wholesale markets	X	X
Derivative financial instruments - liabilities	X	X	Retail markets & activities	X	X
Other liabilities	X	X			
Retirement benefit obligations	X	X	Sub total roundings and other adjustments	X	X
Other adjustment(s) as required	X	X			
			Total CCA mean capital employed	X	X
Closing CCA capital employed at 31 March	X	X			
Opening CCA capital employed at 1 April	X	X			
Total CCA mean capital employed	X	X			

Narrowband Market Review – Draft Statement
Annexes 9-10

Consolidated Network Activity Statement 20XX

For the year ended 31 March 20XX

Network Activity Statement - Consolidated (this is a consolidation of all markets where there are cost accounting obligations)

Fully Allocated Cost (€m)	Footnotes	HCA operating cost	Supplementary depreciation	Holding gain/(loss) and other CCA adjustments	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (units)	Average costs per min/unit on a current cost basis relating to current year
Network Components											
Component 1		X	X	X	X	X	X	X	X	X	X
Component 2 etc		X	X	X	X	X	X	X	X	X	X
Residual components		X	X	X	X	X	X	X	X	X	X
Roundings		X	X	X	X	X	X	X	X	X	X
Total		X	X	X	X	X	X	X	X	X	X

Adjusted financial performance at a market review level 20XX

For the year ended 31 March 20XX

	As reported							Estimated impacts				Impact on return		
	Revenue	HCA Costs	CCA Adjustments	CCA Operating Costs	Return	MCE	Return on MCE	Revenue	CCA Operating Costs	Return	MCE	Revised return	Revised MCE	Return on MCE
	£m	£'m	£m	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	Δ %
Market Review 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Market Review 2 etc	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated impacts														
	Revenue	CCA Operating Costs	Return	MCE										
	£'m	£m	£'m	£'m										
Adjustment a	-	-	-	-										
Adjustment b etc	-	-	-	-										
	-	-	-	-										

Price controls in wholesale markets (Non confidential Statements)

Basket 1 Total	Condition x.xx	Year	20XX/20XX+1	Notes
		RPI/CPI (as appropriate)	X.X%	
		X	X.X%	
		RPI/CPI (as appropriate) - X	X.X%	
		Changes made in prior year	X.X%	
		Control percentage	X.X%	
		Prior year Revenue	X	
		Changes made	X	
		% price change	X.X%	
		Carry-over %	X.X%	
		Complies	YES/NO	
		Sub Cap service 1	X.XX%	
		Complies	YES/NO	
	condition x.xx	Sub Cap service 1a	X.XX%	
	condition x.xx	Complies	YES/NO	
		Sub Basket 1 CP	X.X%	
	condition x.xx	Complies	YES/NO	
		% sub basket change	X.X%	
		Complies	YES/NO	
Basket 2 etc Total	Condition x.xx	Year	20XX/20XX+1	Notes
		RPI/CPI (as appropriate)	X.X%	
		X	X.X%	
		RPI/CPI (as appropriate) - X	X.X%	
		Changes made in prior year	X.X%	
		Control percentage	X.X%	
		Prior year Revenue	X	
		Changes made	X	
		% price change	X.X%	
		Carry-over %	X.X%	
		Complies	YES/NO	
		Sub Cap service 1	X.XX%	
		Complies	YES/NO	
	condition x.xx	Sub Cap service 1a	X.XX%	
	condition x.xx	Complies	YES/NO	
		Sub Basket 1 CP	X.X%	
	condition x.xx	Complies	YES/NO	
		% sub basket change	X.X%	
		Complies	YES/NO	
Single Charge Category 1 Total	Condition x.xx	Year	20XX/20XX+1	Notes
		RPI/CPI (as appropriate)	X.X%	
		X	X.X%	
		RPI/CPI (as appropriate) - X	X.X%	
		Changes made in prior year	X.X%	
		Control percentage	X.X%	
		Prior year Revenue	X	
		Changes made	X	
		% price change	X.X%	
		Carry-over %	X.X%	
		Complies	YES/NO	
Single Charge Category 2 Total	condition x.xx	Year	20XX/20XX+1	Notes
		RPI/CPI (as appropriate)	X.X%	
		X	X.X%	
		RPI/CPI (as appropriate) - X	X.X%	
		Changes made in prior year	X.X%	
		Control percentage	X.X%	
		Prior year Revenue	X	
		Changes made	X	
		% price change	X.X%	
		Carry-over %	X.X%	
		Complies	YES/NO	

Price controls in wholesale markets (Non confidential Statements) (continued)

Redacted (see note)

	RPI/CPI (as appropriate)	X.XX%
	**X*	20XX/20XX+1
Basket 1	X.XX%	X.XX%
Sub-basket	X.XX%	X.XX%
Basket 2 etc	X.XX%	X.XX%
Single Charge Category	X.XX%	X.XX%
Single Charge Category	X.XX%	X.XX%

Feature	Price list reference	Sub basket (if applicable)	Sub cap/inertia clause (if applicable)	Sub Cap/Inertia Clause % (if applicable)	Volume metric (time of day prices if applicable)	Prior Year revenue	Prices			Price Change dates			Days each price was in effect			Sub cap compliance	Weighted average price		% price Change	Basket Revenue Impacts	
						20XX-1/XX £	Start price XX/XX/20XX £	Change 1 XX/XX/20XX £	Change 2 etc XX/XX/20XX £	Start price	20XX/XX+1 Change 1	Change 2 etc	Start price	20XX/XX+1 Change 1	Change 2		20XX/XX	20XX/XX+1	20XX/XX+1	20XX/XX+1 £	
Basket 1																					
Basket 1 - Service 1		Yes	Yes	X.XX%			X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X	Yes/No	X	X	X.X%		X
Basket 1 - Service 1a		Yes	No				X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X
Basket 1 - Subbasket 1 sub total							X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx					X	X	X.X%		X
Basket 1 - Service 2 etc		No	No				X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X
Basket 1 Total																			X.X%		X
Basket 2																					
Basket 2 etc - Service 1		No	Yes	X.XX%			X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X
Basket 2 etc - Service 2		No	No				X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X
Basket 2 etc Total																		X.X%		X	
Single Charge Category 1			Yes	X.XX%			X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X
Single Charge Category 2 etc			Yes	X.XX%			X	X	X	xx/xx/xx	xx/xx/xx	xx/xx/xx	X	X	X		X	X	X.X%		X

Note 1	
Note 2	

Total Revenue	X	X	X
Revenues/Vol	X	X	X
Difference	X	X	X
Reconciliation of difference:			
Difference 1	X	X	X
Difference 2	X	X	X
Total Differenc	0	0	0
CHECK	Yes./No	Yes./No	Yes./No
BT to provide explanations for all differences listed above			

Notes to the Price controls in wholesale markets (Non confidential Statements)

BT shall disclose financial information shown in the “Price controls in wholesale markets (Non confidential Statements)” as follows:

- Figures in the columns headed Prior year revenue and Basket Revenue impacts can be redacted where revenue information on the basket, sub-basket or individual service is not published in the Regulatory Financial Statements.
- BT is required to complete the information in the “Price controls in wholesale markets (Non confidential Statements)” in relation to the following markets and interconnect circuits:

- a. Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area;
- b. Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area;
- c. Interconnect circuits in the United Kingdom excluding the Hull Area.

Annex B

Reference	Additional Financial Information	Description	For information only: BT reference in 2016/17
<u>Additional Financial Information to be provided in respect of each Market and Interconnect Circuits</u>			
5(a)(i)	Cost category (as used within regulatory LRIC model) analysis for network components, increments and relevant layers of common cost (LRIC, DLRIC and DSAC basis)	1. ensure the LRIC model reconciles to BT group's total cost and asset and liability base; 2. review the outputs of BT's LRIC model for the whole BT group by cost category and components, increments and layers of common costs; 3. identify all relevant layers of common costs separately within BT group; 4. enable trend analysis of this breakdown to be undertaken; 5. enable assessment of cost-volume relationships; 6. provide input into network price control reviews.	

5(a)(ii)	Summarised activity analysis of components for network activities, increments and the relevant layers of common cost (LRIC DLRIC and DSAC, basis)	1. review the outputs of BT's LRIC model by activity analysis for network components, increments and the layers of common costs; 2. identify all relevant layers of common costs separately for network activities; 3. enable trend analysis of this breakdown to be undertaken; 4. provide input into network price control reviews; 5. ensure LRIC model reconciles to the total cost and asset and liability base for BT's network activities.	AFI 2
5(a)(iii)	Cost category (as used within regulatory LRIC model) analysis for network components and increments	Similar to "Cost category (as used within regulatory LRIC model) analysis for network components, increments and relevant layers of common cost" but on a fully allocated cost (FAC) basis.	AFI 3
5(a)(iv)	Summarised activity analysis for network components and increments	Similar to "Summarised activity analysis of components for network activities, increments and the relevant layers of common cost" but on a fully allocated cost (FAC) basis.	AFI 4

5(a)(v)	Analysis, by asset category and network activities, of the depreciation charge for the year and impact of CCA valuation adjustments on costs for the year for example: - HCA depreciation - CCA supplementary depreciation - Holding gain - Other CCA adjustments	1. provide impact on profit and loss cost base of the application of CCA methodologies; 2. enable trend analysis of this breakdown to be undertaken; 3. provide sub-analysis (for the cost/gain line items left) of the asset movement statement in relation to network components; 4. provide input into network price control reviews.	AFI 5
5(a)(vi)	CCA fixed asset movement statement a) gross replacement costs brought forward, additions/disposals/transfers, holdings gains/(loss), gross replacement costs carried forward; and b) gross depreciation brought forward, HCA depreciation charge, supplementary CCA depreciation, disposals/transfers/other movements, holding gains/(loss), gross depreciation carried forward) by asset category for BT Group plus reconciliation to HCA fixed assets movement statement in the group statutory accounts	1. review the breakdown of asset costs between principal asset categories and how such CCA asset values have moved in the year; 2. enable trend analysis of CCA asset values to be undertaken; 3. provide input into network price control reviews.	AFI 6

5(a)(ix)	Graphs over time of the various raw indices, index weightings and composite indices used by BT to revalue assets onto a current cost basis	1. evaluate the price trends for composite elements of BT's asset revaluation indices; 2. evaluate the weightings within individual asset revaluation indices; 3. evaluate the trend of individual asset revaluation indices; 4. provide input into price control reviews and determinations.	AFI 9
5(a)(x)	Estimated economic useful lives, valuation and depreciation basis, survey used for valuation or index used to revalue, historical cost accounting (HCA) and current cost accounting (CCA) depreciation, gross book values (GBV) by year of acquisition, gross replacement costs (GRC) and net replacement costs (NRC) across asset categories	1. review the nature and relative distribution of BT's asset base; 2. evaluate BT's chosen asset lives for individual asset categories; 3. review the relationship between gross HCA and CCA valuations; 4. evaluate the appropriateness of the CCA valuation basis for each asset category; 5. evaluate the appropriateness of the CCA depreciation methodology for each asset category; 6. review the impact of CCA accounting on the cost base; 7. enable trend analysis of CCA costs to be undertaken; 8. provide input into network price control reviews.	AFI 10

5(a)(xii)	Provision of BT 'Data File'	Delivery of "data file" in prescribed format containing all records from cost attribution system. Format of file to allow for identification of sources of data, data flows (from the input sources at F8/OUC code level through to products and services) and attribution bases. The data file will also identify revenue by service. The data would as a minimum, be able to replicate the outputs of the financial statements and include financial information (for example F8 code, OUC, finance type, and AS/WS sector) on all services and components that have received an allocation of costs in the Regulatory Financial Statements. The data would include transfer charges and CCA adjustments, and be able to identify the attribution bases to those described in the Accounting Methodology Documents. The basis of preparation must be consistent with BT's SMP conditions, the Regulatory Accounting Principles and the Accounting Methodology Documents. The provision of the data file will be accompanied by Excel files containing controls totals for, as a minimum, operating cost and capital employed (including notional debtors and creditors) by market, service, component, plant group and activity group showing key stages of attribution. The information to be provided annually within 10 working days of the publication of the regulatory accounts. The outputs of the annual file would be consistent with published audited information. BT to maintain file in format consistent with Ofcom/third party import routine and any technical advice which allows seamless data transfers and it should be updated where appropriate. In consultation with Ofcom, BT shall procure an appropriate audit opinion in relation to the data file.	
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		For the avoidance of doubt the data file will include the following information: • revenue, volume and cost information relating to each new ISDN2 and ISDN30 rental, connection and ancillary service and cost information for related components; and • revenue, volume and cost information relating to each WCO and WCT service and cost information for related components.	
5(a)(xiii)	CCA information to allow Ofcom to re-calculate the regulatory asset value (RAV) for copper assets used in BT's access network.	1. Provide breakdown of the following information: a) Full CCA on an actual price index basis; b) Pre 1997 assets on an RPI basis; c) Post 1997 assets on an actual price index basis; 2. Enable Ofcom to re-calculate and monitor the effect of this going forward.	AFI 13
5(a)(xiv)	BT Network Services Reconciliation	Provide a breakdown of FAC into BT services and components and reconcile both categories to the total FAC for the year.	AFI 14

5(a)(xv)	Price controls in wholesale markets (Confidential Statements)	Demonstrate compliance with charge controls, including provision of revenue, price change, any relevant calculations and any other required information. BT is required to complete the information in the “Price controls in wholesale markets (Confidential Statements)” in relation to the following narrowband markets and interconnect circuits: a) Wholesale ISDN2 exchange line services in the United Kingdom excluding the Hull Area; b) Wholesale ISDN30 exchange line services in the United Kingdom excluding the Hull Area; c) Interconnect circuits in the United Kingdom excluding the Hull Area.	
5(a)(xv)	Provision of FAC, DLRIC and DSAC data per service	Provide FAC, DLRIC and DSAC information for each regulated service.	AFI C3
<u>Additional Financial Information to be provided in respect of the Wholesale Fixed Analogue Exchange Line Services Market</u>			
5(b)(i)	Time Related Charges Costs Relating to the Wholesale Fixed Analogue Exchange Line Services_Markets (Confidential Statements)	Provide Time Related Charges costs and billed volumes information.	AFI B1
<u>Additional Financial Information to be provided in respect of Interconnect circuits</u>			
5(c)(i)	Interconnect information at the DLE and tandem layer	A schedule of volumes, revenues, operating costs and MCE associated with interconnect circuits at the DLE and tandem layer combined (e.g. a similar format to the schedule on page 79 of the 2016/17 RFS)	

Section 2 – Proposed directions for KCOM

Proposal for direction modifying Direction 1

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and SMP Services Condition OB2 to modify Direction 1 specifying network components

Background

1. On 22 July 2004, Ofcom published a statement entitled *“The regulatory financial reporting obligations on BT and Kingston Communications Final statement and notification – Accounting separation and cost accounting: Final Statement and notification”* (**“July 2004 Statement”**). At Annex 3 of that statement, Ofcom imposed SMP conditions with respect to regulatory accounting (Conditions OB1 to OB33) on KCOM in markets in which KCOM had been found to have significant market power in previously concluded market reviews.
2. At Annex 5 of the July 2004 Statement, Ofcom published various directions for KCOM given under the SMP conditions. These included a direction specifying network components for the purposes of, among others, SMP Services Conditions OB1 to OB33 (**“Direction 1”**).
3. Direction 1 was subsequently modified by the Direction dated 28 April 2016 set out at section 4 of Annex 35 to the *“Business Connectivity Market Review: Review of competition in the provision of leased lines”* in relation to the markets covered by that review.
4. On 1 December 2016, Ofcom published a consultation document entitled *“Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access”* (**“2016 NMR Consultation”**). Ofcom consulted on proposals identifying markets, making certain market power determinations and setting SMP services conditions. In the 2016 NMR Consultation, Ofcom proposed to apply SMP conditions OB1 to OB27 and OB31 to OB33 to KCOM in relation to the following markets:
 - a) Wholesale fixed analogue exchange line services in the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the Hull Area; and
 - d) Wholesale call origination on a fixed narrowband network in the Hull Area.
5. In Condition OB, network components are defined as the network components specified in a direction given by Ofcom from time to time for the purposes of these conditions.
6. Under Condition OB2 set out at Annex 3 of the July 2004 Statement which Ofcom proposed to apply to KCOM in the 2016 NMR Consultation, Ofcom may from time to time make such directions as they consider appropriate in relation to KCOM’s obligations under these conditions.
7. In the 2016 NMR Consultation, Ofcom proposed modifying Direction 1 in relation to each of the markets set out in paragraph 4 above.

8. Ofcom invited responses to the 2016 NMR Consultation by 28 February 2017. On 20 February 2017, Ofcom extended the deadline for responses to 29 March 2017.
9. A copy of the 2016 NMR Consultation, including the proposed modification of Direction 1, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
10. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
11. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation Ofcom hereby sends a copy of its proposals, including the proposed modification of Direction 1, and a draft of statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to modify a direction

12. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to modify Direction 1 specifying the network components in relation to each of the markets set out in paragraph 4 above.
13. The proposed modification to Direction 1 is set out in the Schedule to this Notification.
14. The effect of, and the reasons for, the proposed modifications are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

15. For the reasons set out in the Draft Statement, Ofcom considers that the proposed modification referred to in paragraph 12 complies with the requirements of section 49(2) of the Act.
16. In making the proposals referred to in paragraph 12, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

17. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the conditions set out in Annex 3 of the July 2004 Statement and Direction 1 and otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule – Proposed modification of Direction 1

[Proposed] Modification of Direction 1 made under section 49 of the Communications Act 2003 and SMP Services Condition OB2 specifying network components for the purposes of, among others, SMP Services Conditions OB1 to OB33

In accordance with section 49(1) of the Act, Ofcom hereby modifies Direction 1 specifying network components, in relation to the markets for: wholesale fixed analogue exchange line services in the Hull Area; wholesale ISDN30 exchange line services in the Hull Area; wholesale ISDN2 exchange line services in the Hull Area; and wholesale call origination on a fixed narrowband network in the Hull Area, as follows:

The information set out in Annex A to Direction 1 is modified by adding the following network components:

- 1.1 Local loop infrastructure;
- 1.2 Exchange to exchange infrastructure;
- 1.3 Electronics;
- 1.4 Field provision;
- 1.5 Field maintenance;
- 1.6 Back-office provision;
- 1.7 Back-office maintenance;
- 1.8 Sales and product management;
- 1.9 Net current assets; and
- 1.10 Other.

Proposal for direction modifying requirements set out in Direction 3

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and SMP Services Condition OB2 modifying the requirements in relation to preparation, audit, delivery and publication of the Regulatory Financial Statements

Background

1. On 22 July 2004, Ofcom published a statement entitled *“The regulatory financial reporting obligations on BT and Kingston Communications Final statement and notification – Accounting separation and cost accounting: Final Statement and notification”* (**“July 2004 Statement”**). At Annex 3 of that statement, Ofcom imposed SMP conditions with respect to regulatory accounting (Conditions OB1 to OB33) on KCOM in markets in which KCOM had been found to have significant market power in previously concluded market reviews.
2. At Annex 5 of the July 2004 Statement, Ofcom published various directions for KCOM given under the SMP conditions. These included a direction relating to the preparation, audit and delivery of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting (**“Direction 3”**).
3. Direction 3 was subsequently modified by:
 - a) the Direction published at Annex 6 of the regulatory statement *“Changes to BT and KCOM’s regulatory financial reporting – 2008/09 update”* of 15 June 2009;
 - b) the Direction published at Annex 5 of the regulatory statement *“Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update”* of 4 June 2010; and
 - c) the Direction published at Annex 5 of the regulatory statement *“Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update”* of 3 April 2014.
4. On 1 December 2016, Ofcom published a consultation document entitled *“Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access”* (**“2016 NMR Consultation”**). Ofcom consulted on proposals identifying markets, making certain market power determinations and setting SMP services conditions. In the 2016 NMR Consultation, Ofcom proposed to apply SMP conditions OB1 to OB27 and OB31 to OB33 to KCOM in relation to the following markets:
 - a) Wholesale fixed analogue exchange line services in the Hull Area;
 - b) Wholesale ISDN30 exchange line services in the Hull Area;
 - c) Wholesale ISDN2 exchange line services in the Hull Area; and
 - d) Wholesale call origination on a fixed narrowband network in the Hull Area.
5. Under Condition OB2 set out at Annex 3 of the July 2004 Statement which Ofcom proposed to impose on KCOM in the 2016 NMR Consultation, Ofcom may from time to time make such directions as they consider appropriate in relation to KCOM’s Cost Accounting System, Accounting Separation System and its obligations under these conditions.

6. In the 2016 NMR Consultation, Ofcom proposed modifying the requirements in Direction 3 in relation to the preparation, delivery and publication of the Regulatory Financial Statements in relation to each of the markets set out in paragraph 4 above.
7. A copy of the 2016 NMR Consultation, including the proposed modification of Direction 3, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
8. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation Ofcom hereby sends a copy of its proposals including the proposed modification of Direction 3, and a draft of statement (“Draft Statement”) accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to modify a direction

10. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the “**Act**”), to modify the requirements in Direction 3 in relation to the preparation, delivery and publication of the Regulatory Financial Statements in relation to each of the markets set out in paragraph 4 above.
11. The proposed modifications to Direction 3 are set out in the Schedule to this Notification.
12. The effect of, and the reasons for, the proposed modifications are set out in the Draft Statement accompanying this Notification.

Ofcom’s duties and legal tests

13. For the reasons set out in the Draft Statement, Ofcom considers that the proposed modifications referred to in paragraph 10 comply with the requirements of section 49(2) of the Act.
14. In making the proposals referred to in paragraph 10, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

15. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the conditions set out in Annex 3 of the July 2004 Statement and Direction 3 and otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule – Proposed modifications of Direction 3

[Proposed] Modifications of Direction 3 made under section 49 of the Communications Act 2003 and SMP Services Condition OB2 specifying requirements for the preparation, audit and delivery of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting

In accordance with section 49(1) of the Act, Ofcom hereby modifies Direction 3 specifying requirements for the preparation, audit and delivery of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting, in relation to the markets for: wholesale fixed analogue exchange line services in the Hull Area; wholesale ISDN30 exchange line services in the Hull Area; wholesale ISDN2 exchange line services in the Hull Area; and wholesale call origination on a fixed narrowband network in the Hull Area, as follows:

A. Modifications to Annex A of Direction 3

1. The last sentence of the first paragraph of Annex A to Direction 3 which reads “In the table below, X means that the financial statement set out at the head of the column is required for the market or service on that row.” shall be deleted and replaced with the following text:

“In the table below, X means that the financial statement set out at the head of the column is required to be published for the market or service on that row while O means that the financial statement set out at the head of the column is required to be provided to Ofcom privately for the market or service on that row. A blank cell means the financial statement set out at the head of the column is not required.”
2. The following bullet in Annex A shall be deleted:
 - *SoAC FA = statement of activity costs on a current fully allocated cost basis for the market (as set out in Annexes 34), supported by consolidated statement of activity costs on a current fully allocated cost basis (as set out in Annexes 33)*and replaced with the following two bullets:
 - SoAC FA (market) = statement of activity costs on a current fully allocated cost basis for the market (as set out in Annex 34);
 - SoAC FA (consolidated) = consolidated statement of activity costs on a current fully allocated cost basis (as set out in Annex 33)
3. The following bullet in Annex A shall be modified as follows (where words shown as struck through are to be deleted):
 - ~~NCR FA = attribution of activity costs on a current fully allocated cost basis for the market (as set out in annex 36), supported by~~ consolidated attribution of activity costs on a current fully allocated cost basis (as set out in annex 35).
4. The first Table in Part B of Annex A shall be modified as follows, so that the financial statement “SoAC FA (market)” shall be provided to Ofcom privately and the financial statement “SoAC FA (consolidated)” shall be published: (note: words in the table that have been deleted are shown as struck through while new words are in bold)

Part B

Review of the ~~fixed narrowband wholesale exchange line, call origination, call conveyance and transit~~ markets

		Financial statements						Audit		Published
	SoAC FA	SoAC FA (market)	SoAC FA (consolidated)	NCR FA	SoAC IE	RFR	SDR	FPIA	PPIA	
Wholesale market and illustrative services										
Wholesale fixed analogue exchange line services	X	O	X	X	X	X	X	X		
Wholesale ISDN30 exchange line services	X	O	X	X	X	X	X	X		
Wholesale ISDN2 exchange line services	X	O	X	X	X	X	X	X		
Wholesale call origination on a fixed narrowband network	X	O	X	X	X	X	X	X		

B. Modifications to Annex B of Direction 3

- The first table in Part A of Annex B to Direction 3 shall be modified as follows: (note: words in the table that have been deleted are shown as struck through while new words are in bold).

Part A

Review of the ~~fixed narrowband wholesale exchange line, call origination, call conveyance and transit~~ markets

	Financial statements			Audit		Published
	TS	SOS	IMT	FPIA	PPIA	
Wholesale market and illustrative services						
Wholesale fixed analogue exchange line services	X	X	X	X		X
Wholesale ISDN30 exchange line services	X	X	X	X		X
Wholesale ISDN2 exchange line services	X	X	X	X		X
Wholesale call origination on a fixed narrowband network	X	X	X	X		X

Proposal for direction modifying requirements set out in Direction 4

Notification of proposal under sections 49 and 49B of the Communications Act 2003 and SMP Services Condition OB2 modifying the requirements in relation to form and content of the Regulatory Financial Statements

Background

1. On 22 July 2004, Ofcom published a statement entitled "*The regulatory financial reporting obligations on BT and Kingston Communications Final statement and notification – Accounting separation and cost accounting: Final Statement and notification*" ("**July 2004 Statement**"). At Annex 3 of that statement, Ofcom imposed SMP conditions with respect to regulatory accounting (Conditions OB1 to OB33) on KCOM in markets in which KCOM had been found to have significant market power in previously concluded market reviews.
2. At Annex 5 of the July 2004 Statement, Ofcom published various directions for KCOM given under the SMP conditions. These included a direction specifying the form and content of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting ("**Direction 4**");
3. Direction 4 was subsequently modified by:
 - a) the Direction published at Annex 7 of the regulatory statement "*Changes to BT and KCOM's regulatory financial reporting – 2008/09 update*" of 15 June 2009;
 - b) the Direction published at Annex 6 of the regulatory statement "*Changes to BT and KCOM's regulatory and financial reporting 2009/10 update*" of 4 June 2010; and
 - c) the Direction published at Annex 6 of the regulatory statement "*Changes to BT and KCOM's regulatory and financial reporting 2013/14 update*" of 3 April 2014.
4. On 1 December 2016, Ofcom published a consultation document entitled "*Narrowband Market Review: Consultation on the proposed markets, market power determinations and remedies for wholesale call termination, wholesale call origination and wholesale narrowband access*" ("**2016 NMR Consultation**"). Ofcom consulted on proposals identifying markets, making certain market power determinations and setting SMP services conditions. In the 2016 NMR Consultation, Ofcom is proposing to apply SMP conditions OB1 to OB27 and OB31 to OB33 to KCOM in relation to the following markets:
 - a) wholesale fixed analogue exchange line services in the Hull Area;
 - b) wholesale ISDN30 exchange line services in the Hull Area;
 - c) wholesale ISDN2 exchange line services in the Hull Area; and
 - d) wholesale call origination on a fixed narrowband network in the Hull Area.
5. Under Condition OB2 set out at Annex 3 of the July 2004 Statement which Ofcom proposed to impose on KCOM in the 2016 NMR Consultation, Ofcom may from time to time make such directions as they consider appropriate in relation to KCOM's Cost Accounting System, Accounting Separation System and its obligations under these conditions.

6. In the 2016 NMR Consultation, Ofcom proposed to modify the requirements in Direction 4 in relation to the form and content of Regulatory Financial Statements in relation to each of the markets set out in paragraph 4 above.
7. A copy of the 2016 NMR Consultation, including the proposed modification of Direction 4, was also sent to the Secretary of State in accordance with section 49C(1)(a) of the Act.
8. Ofcom received several responses in relation to the proposals set out in the 2016 NMR Consultation and it considered every such representation. The Secretary of State did not notify Ofcom of any international obligation on the United Kingdom for the purposes of section 49A(6)(b) of the Act.
9. The proposals set out in the 2016 NMR Consultation contained proposals of EU significance for the purposes of the Act. Therefore, after making such modifications of the proposals that appeared to Ofcom to be appropriate following domestic consultation Ofcom hereby sends a copy of its proposals including the proposed modification of Direction 4, and a draft of statement ("**Draft Statement**") accompanying this Notification setting out the reasons for them, to the European Commission, BEREC and the regulatory authorities of every other member State for EU consultation, in accordance with sections 49B(2) of the Act.

Proposal to modify a direction

10. Ofcom is proposing, in accordance with section 49 of the Communications Act 2003 (the "**Act**"), to modify the requirements in Direction 4 in relation to the form and content of the Regulatory Financial Statements in relation to each of the markets set out in paragraph 4 above.
11. The proposed modifications to Direction 4 are set out in the Schedule to this Notification.
12. The effect of, and the reasons for, the proposed modifications are set out in the Draft Statement accompanying this Notification.

Ofcom's duties and legal tests

13. For the reasons set out in the Draft Statement, Ofcom considers that the proposed modifications referred to in paragraph 10 comply with the requirements of section 49(2) of the Act.
14. In making the proposals referred to in paragraph 10, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act, the six community requirements in section 4 of the Act and the duty to take account of European Commission recommendations for harmonisation in section 4A of the Act.

Interpretation

15. Except as otherwise defined, words or expressions used shall have the same meaning as they have been ascribed in the conditions set out in Annex 3 of the July 2004 Statement and Direction 4 and otherwise any word or expression shall have the same meaning as it has in the Act.

Signed

A handwritten signature in blue ink, consisting of a stylized 'D' followed by the name 'Clarkson'.

David Clarkson
Competition Policy Director, Ofcom

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

26 October 2017

Schedule 1 – Proposed modifications of Direction 4

[Proposed] Modifications of Direction 4 made under section 49 of the Communications Act 2003 and SMP Services Condition OB2 specifying requirements for the form and content of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting

In accordance with section 49(1) of the Act, Ofcom hereby modifies Direction 4 specifying requirements for the form and content of Regulatory Financial Statements in respect of wholesale cost accounting, accounting separation and retail cost accounting, in relation to the markets for: wholesale fixed analogue exchange line services in the Hull Area; wholesale ISDN30 exchange line services in the Hull Area; wholesale ISDN2 exchange line services in the Hull Area; and wholesale call origination on a fixed narrowband network in the Hull Area, as follows:

1. The following annexes to Direction 4 shall be removed in relation to each of the markets referred to above:
 - Annex 7 – wholesale summary narrowband P&L statement; and
 - Annex 8 – wholesale summary narrowband MCE statement
2. Annex 9 – wholesale market P&L statement shall be replaced, in relation to the markets for wholesale fixed analogue exchange line services in the Hull Area and wholesale call origination on a fixed narrowband network in the Hull Area, with the following Annex 9A:

Annex 9A – wholesale market P&L statement

KCOM Wholesale Market XX									
CURRENT COST PROFIT AND LOSS ACCOUNT								Restated	
for the year ended 31 March 20XX								(cross refer to	
								notes)	
				£k	% per line	£k	% per line	% Change	
				20XX	item/total	20XX-1	item/total	Year on Year	
Turnover									
Internal Sales									
External Sales									
Total Turnover					100%		100%		
Operating costs									
Operating costs of Wholesale Market (to show all cost categories that exceed 10% of operating cost)									
- Maintenance									
- Provision & Installation									
- Finance & Billing									
- Outpayments									
- Bad Debts									
- Depreciation									
- Other Costs (total of items below 10% of operating cost)									
Sub total operating expenditure					100%		100%		
CCA adjustments:									
Holding (gain)/loss									
Supplementary depreciation									
Other adjustments									
Total operating costs									
Return									
RETURN ON MEAN CAPITAL EMPLOYED AND TURNOVER									
for the year ended 31 March 2005				20XX		20XX-1			
				%		%		%	
Return on mean capital employed									
Return on turnover									

3. Annex 9 – wholesale market P&L statement shall be replaced, in relation to the markets for wholesale ISDN30 exchange line services in the Hull Area and wholesale ISDN2 exchange line services in the Hull Area , with the following Annex 9B for the period Condition 1B is in force (i.e. [1 December 2017] to [30 November 2018])

Annex 9B – wholesale market P&L statement

KCOM Wholesale Market XX								
CURRENT COST PROFIT AND LOSS ACCOUNT						Restated		
for the year ended 31 March 20XX						(cross refer to		
						notes)		
				£k	% per line	£k	% per line	% Change
		Notes	20XX	item/total	20XX-1	item/total	Year on Year	
Turnover								
Internal Sales								
External Sales								
Total Turnover					100%	100%		
Operating costs								
Operating costs of Wholesale Market (to show all cost categories that exceed 10% of operating cost)								
- Maintenance								
- Provision & Installation								
- Finance & Billing								
- Outpayments								
- Bad Debts								
- Depreciation								
- Other Costs (total of items below 10% of operating cost)								
Sub total operating expenditure					100%	100%		
CCA adjustments:								
Holding (gain)/loss								
Supplementary depreciation								
Other adjustments								
Total operating costs								
Return								
RETURN ON MEAN CAPITAL EMPLOYED AND TURNOVER								
for the year ended 31 March 2005			20XX		20XX-1			
			%		%			%
Return on mean capital employed								
Return on turnover								

4. Annex 9 – wholesale market P&L statement shall be replaced, in relation to the markets for wholesale ISDN30 exchange line services in the Hull Area and wholesale ISDN2 exchange line services in the Hull Area, with the following Annex 9C for the period Condition 1C is in force (i.e. from [1 December 2018])

Annex 9C – wholesale market P&L statement

KCOM Wholesale Market XX							
CURRENT COST PROFIT AND LOSS ACCOUNT				Restated			
for the year ended 31 March 20XX				(cross refer to notes)			
			£k	% per line	£k	% per line	% Change
	Notes	20XX	item/total	20XX-1	item/total	Year on Year	
Turnover							
Internal Sales - existing lines							
Internal Sales - new lines							
Internal Sales - total							
External Sales - existing lines							
External Sales - new lines							
External Sales - total							
Total Turnover				100%	100%		
Operating costs							
Operating costs of Wholesale Market (to show all cost categories that exceed 10% of operating cost)							
- Maintenance							
- Provision & Installation							
- Finance & Billing							
- Outpayments							
- Bad Debts							
- Depreciation							
- Other Costs (total of items below 10% of operating cost)							
Sub total operating expenditure				100%	100%		
CCA adjustments:							
Holding (gain)/loss							
Supplementary depreciation							
Other adjustments							
Total operating costs							
Return							
RETURN ON MEAN CAPITAL EMPLOYED AND TURNOVER							
for the year ended 31 March 2005		20XX		20XX-1			
		%		%		%	
Return on mean capital employed							
Return on turnover							