

# 30 July 2015: Telecoms sector

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## ***Acquisition of SFR by Numericable***

**The Autorité de la concurrence has approved Numericable's reference offers for access to its cable network, after amendments.**

**As a result of these offers, competitors will be able to replicate Numericable's retail offers on its very high-speed cable network while they are deploying their own FttH networks.**

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On 30 October 2014, the Autorité de la concurrence cleared the acquisition of SFR by Numericable, a subsidiary of the Altice group, subject to commitments<sup>1</sup>. Within this context, Numericable has committed to provide access to its very high-speed cable network.

### **Reminder of the access commitment made by Numericable**

Numericable committed to submit two reference offers for access to its very high-speed cable network to the Autorité de la concurrence for approval. The first offer, under a "white label", must allow MVNO operators that do not deploy any FttH network and do not have their own set-up boxes to access the cable network. The second, so-called "bitstream" offer, must enable all internet service providers (ISPs) to use access to the cable network to market very high-speed service offers using their own boxes and their own customer platforms.

This commitment was made to prevent Numericable from taking advantage of its cable network to pre-empt customers in the very high-speed internet access sector. It aims to open up access to the cable network, thus enabling other

internet service providers, whose very high-speed network infrastructures are currently limited, to compete with Numericable in this market segment. This commitment is, however, planned on a provisional basis (5 years, renewable once) in order to preserve competitors' incentives to deploy their own infrastructures (FttH networks).

Under the terms of this commitment, on 30 January 2015, Numericable submitted an initial draft of its reference offers. This was the subject of public consultation on 16 February 2015.

**The reference offers will provide Numericable's competitors with the means to replicate its retail offers in the very short-term, without having to await completion of their own FttH deployments.**

At the end of the consultation, during which ARCEP's (French Telecoms regulator) opinion was also sought, and having obtained improvements on several important points, the Autorité approved the reference offers for access to Numericable's cable network. It verified in particular that the tariffs would not generate a margin squeeze effect. To this end, the Autorité compared the retail price level levied by Numericable-SFR and the price level of its reference offers, in order to check that the economic space left to competing operators was sufficient to allow them to compete effectively with the new entity.

As a result of these offers, competitors will be able to replicate Numericable's retail offers on its very high-speed cable network while they are deploying their own FttH networks. Competitors will have access to a full set of wholesale services, allowing them to build a range of offers equivalent to Numericable's. They will also enjoy tariffs set at a non-squeezing price level, leaving them sufficient economic space to develop.

The reference offers should thus make it possible to guarantee stimulation of competition in the very high-speed internet access market segment.

Implementation of the reference offers will be carried out under the control of the trustee and the Autorité. The Autorité will continue to monitor Numericable's compliance with its commitments as well as ensuring that competition

objectives are being met.

<sup>1</sup> See **Decision 14-DCC-160 and press release of 27 October 2014.**

**> Full text of Decision 15-DAG-02 of 29 July 2015 regarding compliance with commitments made in Decision No. 14-DCC-160 which cleared the acquisition of sole control of SFR by the Altice group**

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