



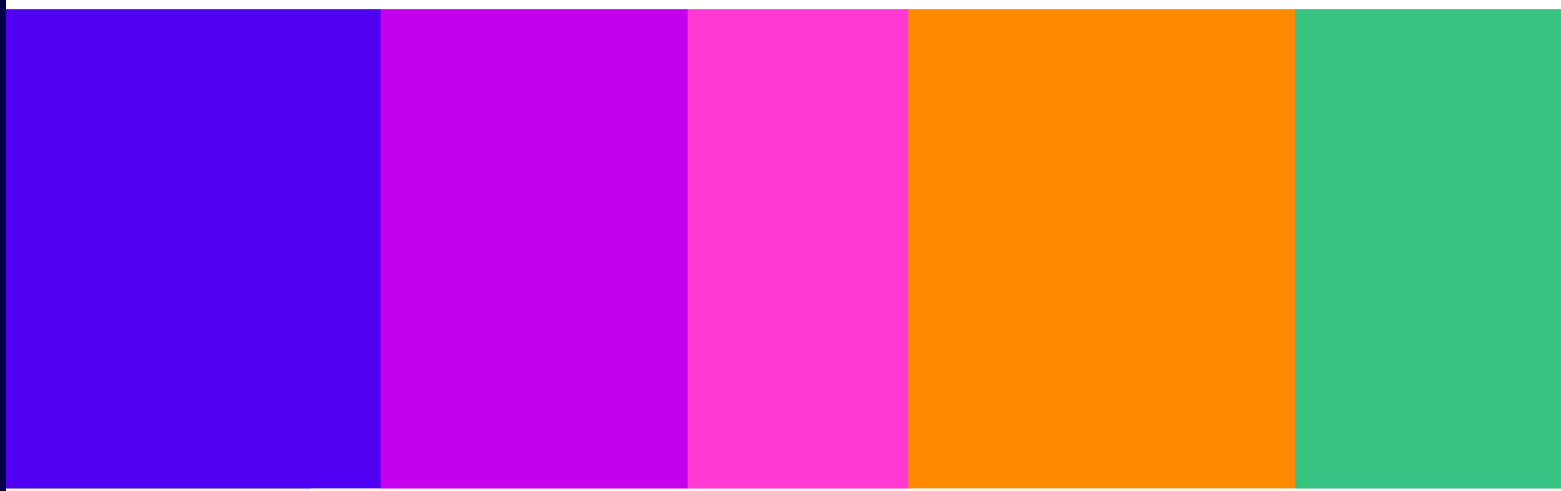
Promoting competition and investment in fibre networks: Telecoms Access Review 2026

Volume 7 Part B: Draft legal instruments
Draft Direction on Virtual Unbundled Local Access (“VULA”)

Consultation

Published 20 March 2025

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NOTIFICATION UNDER SECTION 49 AND 49(A) OF THE COMMUNICATIONS ACT 2003

Notification of proposals under section 49 and section 49A of the Communications Act 2003 and SMP Conditions 1 and 2 relating to the terms on which BT provides network access (Virtual Unbundled Local Access, which it currently provides by way of its GEA product) (“Notification”)

Background

1. Ofcom is today publishing a consultation document entitled “Promoting competition and investment in fibre networks: Telecoms Market Review 2026-31” (the “Consultation”) setting out Ofcom's proposals to identify markets, make market power determinations and set SMP conditions with respect to BT for the five year period from 1 April 2026 to 31 March 2031.
2. At Volume 7 of the Consultation, Ofcom proposes to impose on BT SMP services conditions 1 and 2 which would impose requirements on BT to: (i) provide network access on reasonable request and specific forms of network access including Virtual Unbundled Local Access (“VULA”), and (ii) provide these services on such terms, conditions and charges as Ofcom may from time to time direct.

Proposals in this Notification

3. Ofcom is proposing in accordance with section 49 and section 49A(3) of the Act, and under the SMP services conditions 1 and 2, to give the direction as set out in the Schedule to this Notification relating to the terms (specifically the maximum length of the minimum contract period following migrations and certain connections) on which BT provides network access in the form of VULA.
4. The effect of, and reasons for giving, the proposed direction are set out in the Consultation, in particular Volume 3, Section 6.

Ofcom’s duties and legal tests

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

Making representations

7. Representations may be made to Ofcom about the proposals set out in this Notification by no later than 12 June 2025.

Notification to the Secretary of State

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

Interpretation

9. For the purpose of interpreting this Notification:
 - (a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 10 below, 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.
10. In this Notification:
 - (a) **“Act”** means the Communications Act 2003 (c.21);
 - (b) **“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;
 - (c) **“Local Serving Exchange”** means the site of an operational building of BT, where interconnection is made available by BT to a Third Party for Network Termination Points served by that site for the provision of Virtual Unbundled Local Access;
 - (d) **“Network Termination Point”** means the physical point at which a Relevant Subscriber is provided with access to a public electronic communications network;
 - (e) **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002 (2002 c. 11);
 - (f) **“Point of Connection”** means a point at which BT’s electronic communications network and a Third Party’s electronic communications network are connected;
 - (g) **“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;
 - (h) **“Third Party”** means a person providing a public electronic communications service or a person providing a public electronic communications network; and
 - (i) **“Virtual Unbundled Local Access”** means network access comprising of a virtual circuit between a Point of Connection at the Local Serving Exchange and a Network Termination Point, which circuit provides such specified capacity as is agreed between BT and a Third Party for the Third Party’s exclusive use.
11. The Schedule to this Notification shall form part of this Notification.

Signed



Ben Harries

Policy Director, Network and Communications, Ofcom

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

20 March 2025

Schedule

[DRAFT] Direction under section 49 of the Communications Act 2003 and Conditions 1 and 2 relating to the terms on which BT provides network access (Virtual Unbundled Local Access, which it currently provides by way of its GEA product)

Background

1. On [day/month/2026] Ofcom concluded its review of the physical telecoms infrastructure markets and the wholesale markets underpinning broadband and leased line services in which it identified markets, made market power determinations and set appropriate SMP conditions (as set out in the notification at Volume [x] to the review). Ofcom determined that BT has significant market power in the market for the supply of wholesale local access at a fixed location in WLA Area 2 and WLA Area 3.
2. SMP services conditions 1 and 2 (network access on reasonable request and specific forms of network access) were set in relation to the markets referred to in paragraph 1 and this Direction concerns matters to which those conditions relate.
3. In particular, under SMP Conditions 1 and 2, BT is required to provide network access by means of Virtual Unbundled Local Access. SMP Condition 12 imposes charge controls on Virtual Unbundled Local Access. Under SMP Condition 1.4 those forms of Virtual Unbundled Local Access subject to SMP Condition 12 are required to be provided on such terms conditions and charges as Ofcom may from time to time direct, and under SMP Condition 1.3 those forms of Virtual Unbundled Local Access not subject to SMP Condition 12 are required to be provided on such terms, conditions and charges as Ofcom may from time to time direct. SMP Condition 1.11 provides that BT must comply with any direction Ofcom may make from time to time under SMP Condition 1.
4. This Direction is made under:
 - (a) Section 49 of the Act; and
 - (b) SMP Conditions 1.3 and 1.4.

Direction

5. Ofcom has decided to give the Direction as set out in paragraphs 6 to 9 with effect from 1 April 2026.
6. Where BT enters into a contract or other agreement or arrangement to the same or similar effect with a Third Party for VULA Migration, the maximum fixed term of that contract, or other agreement or arrangement (as the case may be), must be no longer than one month.
7. Where BT enters into a contract or other agreement or arrangement to the same or similar effect with a Third Party for VULA Connection, the maximum fixed term of that contract, or other agreement or arrangement (as the case may be), must be no longer than one month.
8. BT must comply with the requirement set out in paragraph 5 on the day this Direction comes into force and the requirement in paragraph 6 within 28 days of this Direction coming into force.

9. The requirements set out in paragraphs 5 and 6 shall apply in respect of all contracts or other agreements or arrangements to the same or similar effect for VULA Connection or VULA Migration that BT enters into on or after the date on which it is required to comply with that requirement. For the avoidance of doubt, BT is not required under this Direction to amend the terms of any contracts for VULA Connection or VULA Migration entered into before this date.

Interpretation

10. In addition to the definitions set out above in this Notification, in this Schedule—
 - (a) **“Communications Provider”** means a Third Party purchasing from BT Virtual Unbundled Local Access;
 - (b) **“VULA Connection”** VULA Connection means the following services provided by BT: “Managed Engineer Install with CP device”, “PCP Only Install”, “Start of Stopped Line” and any future service that replicates or replaces these services; and
 - (c) **“VULA Migration”** means the transfer of control of a Virtual Unbundled Local Access service between Communications Providers and the subsequent provision by BT of such network access to the Communications Provider taking over such control.