

Dawn Longman  
Royal Mail Group Limited  
100 Victoria Embankment  
London  
EC4Y 0HQ

David Brown  
Director of Financial Economics

7 January 2019

Dear Dawn,

### USP Access Condition in relation to the margin squeeze control

Thank you for your letter dated 30 November 2018, to Kamak Arzhangi, regarding the implementation date for the decision set out in our November 2018 statement - *Amendments to the Universal Service Provider Access Condition in relation to the margin squeeze control*.<sup>1</sup>

As you know, the new USPA condition annexed to that statement (the “**New USPA Condition**”) was stated to take effect on 8 November 2018. However, having carefully considered the points made in your letter, we have decided to provide Royal Mail with a short extension to come into compliance with the New USPA Condition. Specifically, we are satisfied that Royal Mail’s December 2018 margin squeeze submissions be prepared in accordance with the previous USPA condition and that Royal Mail should have until the end of March 2019 to comply with the New USPA Condition.

We also agree that all of Royal Mail’s margin squeeze submissions relating to the 2018/19 financial year should be prepared in accordance with the previous USPA condition. This will allow Ofcom to view consistent outturn data for the 2018/19 financial period.

For the avoidance of doubt, we expect Royal Mail’s next margin squeeze submission (due on 29 March 2019) to be prepared in accordance with the New USPA Condition, insofar as it relates to the 2019/20 financial year. All future submissions relating to the 2019/20 and subsequent financial years should also be prepared on that basis.

Yours sincerely,



David Brown

---

<sup>1</sup> Ofcom, 2018. *Amendments to the Universal Service Provider Access Condition in relation to the margin squeeze control*. <https://www.ofcom.org.uk/consultations-and-statements/category-2/post-uspac-margin-squeeze>.