3 February 2015: Mobile telephony pylons

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TDF proposes to reduce the length of contracts and ease the conditions for early termination in the contracts of mobile operators using its pylons for the installation of their antennas.

The *Autorité de la concurrence* launches a market test on these proposals.



> Version française

Within the scope of litigation proceedings initiated before the Autorité de la concurrence by FPS Towers (hereinafter FPS), TDF commits to limiting the duration of hosting contracts binding it to the operators Orange, SFR, Bouygues and Free, and giving them the possibility of terminating a portion of the sites used prior to the completion of the contract.

This proposal is market tested. The interested parties (competitors and operators) are invited to submit their observations prior to 3 March 2015.

Hosting antennas on pylon sites

In order to cover large areas of territory, mobile telephony operators use a network of antennas installed in high places: flat roofs, water towers and pylons. Pylon sites are mostly found in peri-urban and rural areas. They either belong to the mobile operators themselves or to tower companies such as TDF, FPS, Itas Tim or Towercast. In the latter case, the owners of the pylons lease them to mobile operators so that they can install their antennas on them. TDF is likely to be the dominant operator on the pylon site antennas hosting market.

Competition concerns

Investigation into FPS's request for interim measures has demonstrated that it is not excluded that the combination of very long contracts and the inclusion of very restrictive early termination clauses (only for a few dozen sites per year) is likely to foreclose the market by making it more difficult for TDF's competitors to sign hosting contracts with mobile operators.

TDF's proposed commitments

At the time of filing its complaint with the Autorité de la concurrence, FPS also requested urgent interim measures. It was during the meeting of the board reviewing these requests that TDF put forward commitments in response to the competition concerns raised.

In particular, TDF commits to proposing to the mobile operators:

- that at least 2% of contracts currently in force with each operator can, each year, be subject to early termination;
- that at least 3% of each operator's new contracts can be terminated each year, or that at least 4% of them can over two years;
- to limit the duration of new contracts to 10 years renewable for 5 years if so agreed by the parties.

Further procedures

The Autorité has decided to consult the market on these proposals in order to gain a better appreciation of their scope and effectiveness.

Once the market test has been completed, the Autorité's board will convene a session to hear the parties and examine the observations formulated by third parties. Where applicable, the Autorité may require such commitments to be amended or supplemented then, once the commitments have been made compulsory, the proceedings will be closed. Should the Autorité find that the commitments, even where amended, remain unsatisfactory, it will resume the standard litigation procedure.

Interested third parties have until 3 March 2015 to submit their observations on TDF's proposed commitments. All useful information can be found in the **market test available here**.

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