

BT Group agrees to separate broadband unit

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British telecoms giant BT Group has agreed to legally separate its broadband unit Openreach to remedy concerns over competition in the sector, the company announced Friday.

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across the UK.

However rivals, including Sky and Vodafone, argued that the existing set-up gave BT a competitive advantage—and the UK telecoms watchdog Ofcom agreed, forcing BT into the changes announced Friday.

As a result, about 32,000 employees will transfer to the new Openreach Limited in "one of the largest such transfers in UK corporate history", BT said in a statement.

"BT and Ofcom have reached agreement on a long-term regulatory settlement that will see Openreach become a distinct, legally separate company with its own board, within the BT Group," the statement added.

"The agreement is based upon voluntary commitments submitted by BT that the regulator has said meet its competition concerns."

Ofcom chief executive Sharon White said the move marked "a significant day for phone and [broadband users](#)" in the UK.

She added in a statement: "The new Openreach will be built to serve all its customers equally, working truly independently and taking investment decisions on behalf of the whole industry—not just BT."

Investors welcomed the announcement, with BT shares up 4.5 percent at 344.90 pence in early trading, topping London's benchmark FTSE 100 index, which was up almost half a percent overall.

"BT's rivals such as Sky, TalkTalk and Vodafone, which use Openreach's network to offer broadband to consumers, have long complained of high charges, poor service and failure to invest in the division," noted Ian Forrest, investment research analyst at The Share Centre.

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