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French Competition Authority Fines SFR EUR40 million for Broken Merger Commitments

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In a decision dated 8 March 2017, the **French Competition Authority** (the “**FCA**”) fined jointly Altice Luxembourg and SFR Group EUR 40 million on the basis that SFR Group failed to meet its commitments with regard to the deployment of optical fiber.

When SFR was taken over by Numericable in 2014, the FCA authorized the merger subject to the following conditions (i) SFR had to continue building out the infrastructure to connect buildings to the optical networks and (ii) SFR had to honor its maintenance obligations. These commitments aimed at preventing SFR Group from impeding the deployment of the optical fiber in high density areas.

According to the FCA, two years after completion of the merger, the pace of the connection had slowed down noticeably and the deterioration in the network maintenance conditions was obvious, to the detriment of the other operators.

In addition to the fine, the FCA took new orders to force SFR to meet its commitments. SFR also faces periodic penalty payments if it does not meet the new timetable for the buildout. SFR announced that it would appeal the decision.

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