

Wholesale local access at a fixed location market analysis

Draft v.2

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Executive summary

Market reviewed	Wholesale local access at a fixed location
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Legal basis	Sri Lanka Telecommunications Act No. 25 of 1991 as amended; Competition Rules No. 01 of 2024
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This report presents the Telecommunications Regulatory Commission of Sri Lanka's assessment of the wholesale local-access inputs relevant to the provision of retail fixed services in Sri Lanka. It follows TRCSL's forward-looking review of the corresponding downstream retail markets.

In accordance with Competition Rule 7.6.10, where a retail market is found not to be effectively competitive, the Commission must identify, define and assess the relevant upstream wholesale market and determine whether intervention at the wholesale level would be a more appropriate and proportionate response than retail regulation alone. The purpose of this analysis is to define the relevant market, assess whether it is susceptible to ex ante regulation, determine whether any operator holds SMP, identify actual or potential competition problems, and establish proportionate regulatory remedies where necessary.

The report defines the relevant product market as wholesale local access at a fixed location provided by fixed-licensed operators for the purpose of enabling downstream retail fixed services. The market is technology-neutral within the fixed-access scope and includes physical local-loop or sub-loop access over copper and fibre; virtual local access, including VULA-type access; qualifying fixed wireless access (FWA); and self-supplied wholesale local access used internally by vertically integrated fixed operators. Active RAN sharing arrangements (MORAN and MOCN) are excluded from the product market, given their more conditional and asymmetric substitutability and their distinct legal and commercial nature. However, they are assessed as economically relevant upstream arrangements that may affect competitive conditions, barriers to entry and expansion, and the design of appropriate remedies. The relevant geographic market is national in scope.

The identified wholesale local access products are not currently supplied to independent third parties on a material commercial basis, and the market therefore consists predominantly of self-supply by vertically integrated operators. Consistent with established international regulatory practice, this does not preclude the definition of a relevant wholesale market; rather, it may indicate barriers to entry, limited incentives to supply access, or the exercise of market power.

The provisional assessment finds that the market satisfies all three criteria for ex ante regulation: entry barriers are high and persistent; the market is not expected to become effectively competitive during the forward-looking review period without intervention; and case-specific competition enforcement cannot

by itself establish a timely, transparent and operational wholesale access product. Accordingly, the application of ex ante sector-specific regulation is justified.

Market-share indicators are mixed. DBN leads by the volume measure (by number of subscribers), while SLT leads materially by relevant revenue and controls Sri Lanka's only copper access network and the fibre access network deployed at national scale, while competing operators' fibre footprints remain comparatively limited. Taking market shares together with infrastructure control, economies of scale and scope, vertical integration, weak buyer power and limited potential entry, TRCSL provisionally concludes that SLT holds SMP in the relevant wholesale local access market.

This conclusion is based on the cumulative assessment of market shares, control of difficult-to-replicate infrastructure, network scale and geographic reach, economies of scale and scope, vertical integration, weak countervailing buyer power, limited potential entry and expansion, and the absence of sufficiently effective alternative wholesale supply. Although DBN constitutes a substantial competitive constraint in FWA and has the larger overall fixed-access subscriber base, but its fibre footprint remains limited and is not considered sufficient to remove SLT's structural advantage in wholesale wireline access over the forward-looking review period.

The market analysis identifies structural concerns arising from the absence of an effective wholesale local-access market, SLT's control of the principal fixed access infrastructure, and the resulting risks of foreclosure, discriminatory treatment and margin squeeze, while intra-group FWA sharing arrangements may create additional asymmetries for unaffiliated operators. TRCSL therefore proposes targeted wholesale remedies. For wireline access, consistent with international regulatory practice, the proposed wholesale access obligation is focused on fibre infrastructure, reflecting its forward-looking importance and SLT's control of the principal difficult-to-replicate fibre access network, while recognising copper as a legacy technology in structural decline and retaining appropriate transitional safeguards for users or access seekers that remain dependent on it. Where an identified competition problem arises from, or is reinforced by, intra-group arrangements, the relevant obligations apply to SLT acting together with its relevant affiliates, while SLT remains the primary addressee of the SMP obligations. Accordingly, the obligation to provide active RAN sharing access applies to SLT together with its relevant affiliates. Taken together, these measures are intended to support sustainable wholesale access-based competition while preserving efficient investment incentives and ensuring that regulation remains proportionate.

The proposed remedies are set out below.

Remedy	Purpose and scope
1. Wholesale local access obligation	SLT shall meet reasonable requests for wholesale local access over its fibre access networks, including associated facilities necessary for an eligible access seeker to provide downstream fixed services. Access shall be provided on transparent, cost-oriented and non-discriminatory terms using the technical form appropriate to the network architecture.

Remedy	Purpose and scope
1.1. Reference Wholesale Offer (RWO)	SLT shall prepare and publish, subject to prior TRCSL approval, an RWO covering at least physical local-loop or sub-loop access over fibre, unless SLT demonstrates to TRCSL that this is not technically or economically feasible; VULA or a functionally equivalent local virtual-access product where physical unbundling is not feasible; associated facilities and services; and transparent copper-to-fibre migration arrangements. The RWO shall specify technical, pricing, service-level, operational and contractual terms.
1.2. Obligation to negotiate and conclude access agreements	SLT shall negotiate in good faith and conclude access agreements within a defined timeline (not exceeding 90 days). Refusal shall be permitted only on objectively justified technical grounds, subject to TRCSL review and dispute-resolution procedures.
1.3. Cost-orientation	Wholesale access prices shall be cost-oriented, based on a methodology prescribed or approved by TRCSL, and shall be subject to TRCSL prior approval before taking effect.
1.4. Non-discrimination	SLT shall provide access to third parties on terms, conditions and quality no less favourable than those provided to its own retail operations, affiliates or related undertakings, including equivalent access to network upgrades and new capabilities.
2. Accounting separation and internal transfer pricing	SLT shall separate wholesale and downstream retail activities in its regulatory accounts and apply arm's-length internal and intra-group transfer pricing. Regulatory accounts shall be subject to an annual independent audit, and the audited accounts and related audit opinion shall be submitted to TRCSL to support the monitoring of cross-subsidisation, margin squeeze and affiliate leveraging risks.
3. Margin squeeze prohibition	SLT's retail prices must leave sufficient margin for an equally efficient access seeker to compete profitably. SLT shall conduct margin squeeze assessments using a methodology prescribed or approved by TRCSL, both periodically and before introducing or modifying any relevant retail tariff or wholesale access charge. SLT shall submit the assessment results, supporting data and calculations to TRCSL for review, and shall not implement such tariffs or charges without TRCSL approval.
4. Active RAN sharing access obligation (SLT with its affiliates)	To remedy the asymmetry from the intra-group MOCN arrangement, SLT with its affiliates is required to provide active RAN sharing access — in both MORAN and MOCN configurations — to any eligible access seeker that submits a written access request in accordance with the conditions set out below.

Remedy	Purpose and scope
4.1. Reference offer requirement and transparency	SLT with its affiliates must publish an active RAN sharing Reference Offer(s). Reference offer shall set out: the technical configurations available, including MORAN and MOCN options; the geographic scope of sharing; the process and timeline for concluding agreements; pricing; and the governance arrangements for joint network management including upgrade procedures and fault resolution. The SMP shall establish and maintain, to specifications and templates determined by the Commission a Shareable-Infrastructure Database, accessible to other operators/ providers.
4.2. Cost-orientation	Prices charged by SLT or its affiliates for active RAN sharing must be cost-oriented. Such prices shall be determined on the basis of a methodology prescribed or approved by TRCSL, reflecting the cost-sharing economics of active RAN sharing arrangements.
4.3. Non-discrimination	SLT with its affiliates must provide active RAN sharing to independent third parties on terms, conditions, and quality that are no less favourable than those it provides to its affiliates under the existing MOCN arrangement or any subsequent intra-group sharing arrangement. To ensure compliance with the non-discrimination obligation, TRCSL proposes the following options for stakeholder assessment and public consultation: Option 1 — Capacity reservation rule/ 50:50 rule Of the shareable capacity recorded in the Database at any reference date, the SMP may allocate up to 50% to its affiliates on a first-come, first-served basis at rates determined or approved by the Commission (see cost-orientation obligation), and shall make the remaining 50% available to unaffiliated operators to enter into Infrastructure sharing agreements within a six-month window from the date the capacity is posted. Option 2 — Prior notification, open offer rule, and Equivalence of inputs Before allocating any shareable capacity to an affiliated entity, the SLT with its affiliates should be required to notify TRCSL and publish a capacity availability notice for independent access seekers. The notice should specify, at minimum the technical parameters, geographic scope, available capacity, quality parameters, implementation conditions and timelines, and proposed commercial terms. The relevant capacity should remain available to independent access seekers for a defined period, to be determined by TRCSL, from the date of publication of the notice. Requests from access seekers should be submitted through TRCSL to ensure transparency and equal treatment. If no unaffiliated operator submits a reasonable request within that period, SLT with its affiliates may proceed with the proposed affiliate allocation, subject to TRCSL approval.

Remedy	Purpose and scope
	SLT with its affiliates shall provide active RAN sharing and related capacity access to unaffiliated operators on an equivalence of inputs basis. Access seekers shall receive the same or equivalent wholesale inputs, technical information, operational support, ordering and provisioning processes, service levels, implementation timelines, and access to network upgrades as those provided to, or used by, affiliated entities. Any deviation from equivalence shall be objectively justified, documented, and notified to TRCSL. Option 3 — Equivalence-based obligation Whenever SLT with its affiliates makes shareable capacity available to an affiliated entity, it shall make equivalent capacity available to unaffiliated operators on transparent, non-discriminatory and TRCSL-approved terms. Equivalent capacity should be assessed by reference to relevant technical, geographic, quality and timing parameters, including spectrum band, capacity, coverage area, service capability and implementation conditions. SLT with its affiliates shall not offer affiliated entities more favourable terms, faster implementation timelines, superior quality parameters or preferential access to network upgrades unless the same terms are made available to unaffiliated operators. Option 4 – proposed by market players

I. Introduction

This report presents the results of the market analysis of the wholesale local-access market that is most relevant to the provision of retail fixed services. The objective of the analysis is to assess the state of competition, identify potential structural bottlenecks, and determine whether ex ante regulatory intervention is warranted under the applicable legal and regulatory framework. Although the retail fixed voice and retail fixed broadband markets are not considered susceptible to market-wide ex ante regulation (see the relevant market analysis report), TRCSL concluded that effective downstream competition depends on the competitive conditions prevailing in the relevant upstream markets. Accordingly, although this wholesale market is not listed in the Annex to the Competition Rules, 2024, the Commission must, in accordance with paragraph 6.2 and 7.6.10 of the Competition Rules, identify and assess the relevant upstream market and determine whether it is susceptible to ex ante regulation.

This analysis therefore examines the wholesale market that underpins the provision of retail fixed services and assesses whether structural conditions at the upstream level could constrain competition in downstream markets. The purpose is to determine whether any wholesale bottlenecks exist that may warrant targeted ex ante intervention. Where such intervention is justified, wholesale remedies may constitute a more effective and proportionate means of supporting downstream competition than market-

wide regulation at the retail level. When identifying wholesale markets, the Commission considers the ladder of investment principle and acknowledges that some retail markets may be downstream markets in relation to more than one wholesale market.

The findings of this report will inform the TRCSL decisions on market designation, the identification of operators with significant market power, and the imposition, maintenance, or withdrawal of regulatory obligations. The review is intended to promote effective competition, encourage efficient investment in network infrastructure, and safeguard consumer interests in Sri Lanka's telecommunications sector.

In accordance with the Competition Rules, 2024, TRCSL initiated the market analysis by publishing a notice on its official website on 9 June 2025 and collecting information from market participants. The historical review period is 2022-2025. TRCSL relies on information submitted specifically for this review, information supplied under existing regulatory obligations, and other evidence relevant to the markets concerned.

II. Current regulatory and legal framework

The telecommunications sector and its regulation in Sri Lanka are governed primarily by the following instruments:

Sri Lanka Telecommunications Act as amended. Section 4(c) establishes that one of the core objectives of the Telecommunications Regulatory Commission of Sri Lanka is *to maintain and promote effective competition* among persons engaged in commercial activities connected with telecommunications, and to foster efficiency and economy in the sector. To achieve these objectives, Section 5 of the Act empowers the TRCSL to:

- (wa) carry out market analyses of telecommunication services to assess market dynamics and the level of competition;
- (wb) intervene to prevent the emergence or abuse of significant market power (SMP); and
- (wc) take regulatory measures to promote fair competition and eliminate anti-competitive practices.

In addition, Section 6A sets out TRCSL's powers and duties in relation to the approval or determination of tariffs, which must reflect non-discrimination and cost orientation. Section 6A(4) permits TRCSL to forbear, in whole or in part and with or without conditions, from regulating the tariff of a service.

Competition Rules No. 01 of 2024 establish the sector-specific competition framework for Sri Lanka's telecommunications market and provide the legal basis for conducting market analyses and imposing ex ante regulatory obligations where necessary. The rules outline the procedures for market analysis and the identification of relevant markets and empower TRCSL to impose proportionate remedies where effective competition is lacking. In addition, Annex 1 of the rules specifies the initial set of markets to be assessed by the TRCSL. Among the retail markets identified for analysis are **retail wired and wireless voice** (hereinafter – fixed voice) and **retail wired and wireless broadband** (hereinafter – fixed broadband) markets.

Licensing Conditions. As per Sri Lanka Telecommunication Act no person is authorized to operate telecommunication system in Sri Lanka without a licence. Licence conditions set out the terms and

conditions subject to which the licence is being granted. Issued licenses explicitly prohibit cross-provisioning of services: a mobile license does not authorize the provision of fixed telecommunication services, and a fixed license does not authorize the provision of mobile services. Under Part V, Condition 22 of the SLT Licence¹ and Part VI, Condition 27 of the DBN Licence² licensed operators are required to lodge notices of tariffs with the TRCSL and to provide the specified services in accordance with the charges, terms, and conditions approved by the TRCSL. Operators shall not deviate from approved tariffs without obtaining prior written approval from the TRCSL. In addition, licensed operators are required to maintain separate accounts for licensed and non-licensed activities. This obligation is set out in Condition 23 of the SLT Licence and Condition 28 of the DBN Licence.

Fixed voice operators are also subject to certain universal-service-type obligations through their licence conditions. These include obligations relating to basic telephone service, public payphones, emergency call services, directory information and special provisions for disadvantaged users. These obligations are relevant because they preserve minimum service availability and public-interest safeguards, particularly for users who continue to rely on traditional number-based fixed voice services.

Overall, Sri Lanka's retail fixed services regulatory framework can be characterised as a combination of licensing, tariff approval, numbering, interconnection and universal-service-type obligations.

Wholesale level regulatory framework. At the wholesale level, interconnection is governed by Section 20A of the Sri Lanka Telecommunications Act, relevant licence conditions and interconnection rules issued by TRCSL. Licensed operators are required to provide interconnection upon request on transparent, non-discriminatory and cost-oriented terms. TRCSL may intervene where commercial negotiations fail, including by determining technical or commercial conditions and resolving disputes.

Interconnection obligations are further reinforced through licence conditions, which require operators to conclude interconnection agreements, ensure technical compatibility and interoperability, comply with prescribed standards and follow TRCSL determinations on charges. The detailed procedures and operational arrangements are governed by the applicable interconnection rules.

At the wholesale level, no additional regulatory framework appears necessary solely for retail fixed voice. Interconnection and call-termination charges, which are the principal upstream inputs for voice, are regulated under Interconnection Determination of May 2010 revised in April 2022, issued by TRCSL. The draft data indicate that fixed termination rates reached LKR 0 per minute in 2025. This framework addresses the principal risk that termination charges could be used as a barrier to entry or to foreclose competing operators.

No comprehensive mandated wholesale fixed-network access framework currently exists in Sri Lanka beyond the existing interconnection and call-termination regime.

Other relevant subsidiary legislation, rules, determinations and guidelines include:

1. Telecommunications Infrastructure Sharing Regulations No 1, 2024

¹ [SLT_L_2023.pdf](#)

² [20260519102946.pdf](#)

2. Interconnection Rules of 2003
3. TRCSL Interconnection Determinations March 2010 and April 2022
4. Broadband Quality of Service (QoS) Standard Rules No. 01 of 2025

III. Summary of the retail fixed voice and retail fixed broadband market analyses

As part of the first round of market analysis, TRCSL assessed the **retail fixed voice market** and the **retail fixed broadband market**, as specified in the Annex to the Competition Rules, 2024. The findings of the retail market analyses are summarised here for context, as they provide the downstream basis for the wholesale fixed access market analysis presented in the following chapters. Full details are set out in the respective retail market analysis reports.

The **retail fixed voice market** comprises publicly available, two-way, real-time voice communication services provided to end-users at a fixed location over wired or fixed wireless networks, whether supplied on a standalone basis or as part of a bundled retail offer. The **retail fixed broadband market** comprises always-on internet access services provided to end-users at a fixed location over wired or fixed wireless networks, including xDSL, FTTx and FWA, whether supplied on a standalone basis or as part of a bundled retail offer. Both markets are technology-neutral and national in geographic scope.

Retail fixed voice market: structural decline supports withdrawal of broad retail regulation.

Market dynamics. The retail fixed voice market is in sustained structural decline. The voice-relevant subscriber base fell by approximately 24% between 2022 and 2025, to 1,540,438 subscriptions, while fixed voice traffic declined by approximately 52%. These trends are consistent with increasing competitive constraints from adjacent communication services. SLT remained the largest operator, although its share by subscribers narrowed from 81.4% in 2022 to 77.2% in 2025 as DBN gained ground. Revenue evidence is consistent with this assessment: neither operator appears to have translated its market position into sustained real-terms price increases, while the declining contribution of fixed voice revenue indicates a reduction in the service's commercial importance over the review period.

Three-criteria test. Criterion 1 is met because barriers to entry remain substantial. Criterion 2 is not met—not because the market has become effectively competitive through stronger internal rivalry, but because sustained contraction and increasing constraints from adjacent alternatives limit the ability of fixed voice operators to exercise durable market power across the broader customer base over the forward-looking period. As the three criteria are cumulative, the test fails overall and Criterion 3 is not assessed separately.

Proposed regulatory approach. No additional wholesale intervention specific to fixed voice appears necessary. Interconnection and termination charges are already regulated under TRCSL Interconnection Determination of May 2010, and revision thereof made in April 2022. TRCSL therefore considers forbearing from broad ex-ante retail tariff regulation under Section 6A(4) of the Telecommunications Act, while retaining targeted and proportionate safeguards for dependent and vulnerable users. This approach is consistent with international regulatory practice, under which broad retail regulation may be withdrawn where a legacy service is in sustained decline, competitive constraints increasingly arise from adjacent services, and the principal upstream inputs are already effectively regulated. In such circumstances,

continued market-wide retail tariff control is no longer proportionate or justified. Regulatory intervention shall instead be focused on targeted consumer protection, service continuity and migration safeguards.

Retail fixed broadband: strengthening competition, with wholesale regulation as the primary regulatory tool.

Market dynamics. The retail fixed broadband market presents a materially different picture. Combined SLT and DBN data revenue increased by approximately 18% over the review period, and the market attracted actual entry with City Cable Links obtaining a TRCSL-approved FTTx tariff. In addition, Starlink commenced commercial satellite broadband service in mid-2025. This contrasts with fixed voice, where the third operator exited without replacement. Although satellite broadband falls outside the defined retail fixed broadband market, it imposes an external constraint, particularly in areas where terrestrial fixed networks are unavailable or of lower quality. Mobile broadband likewise remains outside the relevant market but exerts an indirect constraint on certain customer segments and lower-usage broadband offers.

SLT, the incumbent fixed-network operator, and DBN, its principal challenger, began the review period with broadly equal subscriber shares of nearly 50% each (Lanka Bell had very small number of fixed broadband subscribers). By 2025, DBN's share had increased to 58.3%, demonstrating its ability to challenge the incumbent. SLT nevertheless retained a clear lead in fixed data revenue, accounting for 71% of total market revenue, together with a materially higher ARPU. The competitive position is therefore mixed: DBN leads by subscriber numbers, while SLT retains the stronger revenue position. Neither operator holds an unambiguous lead.

Three-criteria test. Criterion 1 is met, although less decisively than in the fixed voice market, given the evidence of actual entry and the expanding revenue base. Criterion 2 is not met, because revenue growth, continued investment, new entry and emerging competitive constraints from mobile and satellite broadband indicate a prospective, longer-term tendency towards more effective competition. While this competitive development remains gradual and uneven, the available evidence indicates that market conditions are moving in the direction of greater competition. As the three-criteria test is cumulative and Criterion 2 is not met, Criterion 3 is not assessed separately.

In summary, retail fixed broadband conditions are improving, but the market is not yet competitive per se. The market remains concentrated, and service-based entry is not currently supported by an operational wholesale local-access product. To facilitate the further development of downstream competition and for the purposes of Rule 7.6.10, TRCSL therefore proceeds to assess the corresponding upstream wholesale market. This assessment will consider whether proportionate wholesale intervention is warranted to address remaining access bottlenecks, facilitate service-based entry and support sustainable downstream competition and efficient investment over the forward-looking period. This is distinct from the separate question of whether broad retail tariff remedies are necessary or proportionate.

Proposed regulatory approach. Unlike fixed voice, no comprehensive mandated wholesale fixed access framework currently exists for fixed broadband. TRCSL should therefore not proceed directly to retail forbearance. The suggested sequence is to: (i) define the relevant upstream wholesale markets and complete the corresponding SMP assessments; (ii) impose targeted wholesale remedies where justified; and (iii) only then consider forbearance from broad retail tariff regulation under Section 6A(4), supported

by safeguards addressing tariff and speed transparency, service quality, switching and entry-level affordability, together with continued market monitoring. This phased, wholesale-first approach is consistent with international regulatory practice. Retail broadband tariffs are generally not subject to broad ex ante regulation where downstream competition is supported by multiple operators and technologies; intervention is instead concentrated on upstream wholesale markets.

IV. The upstream products for retail fixed voice and retail fixed broadband services and their current regulation

Upstream products and their regulation. Consistent with the Competition Rules, 2024 and the wholesale-first principle, regulatory intervention should be proportionate, objectively justified and targeted at the level where it can most effectively address the identified market constraints. Where appropriate, competition concerns should therefore be addressed first at the relevant upstream wholesale level, with the aim of facilitating effective and sustainable competition in downstream retail markets and enabling existing retail-level regulation to be reduced or withdrawn.

Interconnection and wholesale fixed call termination. The wholesale market most immediate upstream of retail fixed voice services is the market for call termination on individual fixed networks, together with the interconnection services that enable fixed-to-fixed, fixed-to-mobile and mobile-to-fixed call completion. As with mobile termination, termination on each fixed operator's network constitutes an essential upstream input that cannot be substituted, since a calling party cannot reach a subscriber except through the network on which that subscriber is registered.

The legal and regulatory framework governing interconnection in Sri Lanka is established through Section 20A of the Sri Lanka Telecommunications Act, licence conditions imposed on operators, and interconnection rules. Section 20A creates a statutory obligation for licensed telecommunications operators to provide interconnection to other licensed operators upon request. Interconnection must be offered on transparent, non-discriminatory, and cost-oriented terms, and the TRCSL is empowered to intervene where commercial negotiations fail, including by determining technical and commercial conditions and resolving disputes.

In addition to the statutory framework, licence conditions reinforce the obligation to interconnect and require operators to conclude interconnection agreements, ensure technical compatibility and network interoperability, comply with prescribed standards, and adhere to regulatory determinations concerning wholesale charges. Detailed procedures and operational arrangements are further governed by Interconnection rules.

The TRCSL Interconnection Determination, of May 2010, and revised in April 2022 determines the interconnection (call termination) charges applicable among licensed operators.³ Determination introduced a uniform domestic and international fixed termination rate (FTR) applicable to all operators, irrespective of service type or time of day, and set out a glide path for the progressive reduction of

³ [08_Determination.pdf](#)

domestic FTRs. Under the subsequent implementation of this glide path, domestic fixed termination rates have been reduced to LKR 0 per minute as of 2025.

As a result, interconnection is not only mandated by law but is also subject to strict price regulation. Although each operator retains a structural monopoly over termination to its own subscribers, the regulatory setting of domestic FTRs at zero effectively removes the ability of operators to leverage termination charges as a barrier in downstream retail markets. Accordingly, while termination remains a monopolistic bottleneck in structural terms, the price control regime significantly limits the scope for the exercise of market power through excessive wholesale pricing. Importantly, zero FTRs also reduce the strategic ability of larger operators to disadvantage smaller rivals through asymmetric traffic imbalances.

Accordingly, the TRCSL concludes that no additional ex ante regulatory intervention is required in relation to interconnection and fixed termination rates (FTRs).

Wholesale local access and wholesale central access at a fixed location. These products may constitute distinct upstream inputs supporting downstream competition in retail fixed markets. TRCSL has not established a dedicated ex ante regulatory framework for either market.

As per international regulatory practice, **wholesale local access (WLA)** covers access to the fixed access network close to the end user, typically through products such as local-loop or fibre unbundling and VULA. **Wholesale central access at a fixed location (WCA)** covers more centralised, service-based wholesale access, typically through bitstream products where traffic is handed over at a higher network level. In regulatory practice, WLA is often regarded as the more fundamental access bottleneck because it concerns control over the last-mile network, which is typically difficult to replicate economically. WCA is a more aggregated service-based input and may therefore require lighter or no ex-ante regulation where effective competition develops through alternative infrastructures, commercial wholesale offers or remedies imposed at the WLA level.

Where neither WLA nor WCA is currently available, regulatory assessment generally begins with the local access layer. WLA addresses the more fundamental and difficult-to-replicate last-mile bottleneck and can provide access seekers with greater scope to differentiate downstream services. WCA may then be considered as a complementary or alternative remedy where deeper access is not technically or economically feasible, or where a more service-based form of entry is needed to support competition. It also supports the ladder-of-investment principle.

Available public information does not identify standardised mass-market wholesale access products at the local access level. SLT's publicly available wholesale portfolio includes transport, international connectivity, internet, data-centre and passive-infrastructure services, but does not identify products equivalent to local-loop unbundling, fibre unbundling, VULA or wholesale bitstream access for fixed mass-market services.⁴ This does not exclude the possibility that commercial wholesale arrangements or bespoke agreements may exist outside the publicly advertised portfolio.

⁴ [SLTMobitel](#)

Passive and active infrastructure access. Passive and active infrastructure access in Sri Lanka is governed by the Infrastructure Sharing Regulations, 2024. These regulations establish a formal framework for access to network infrastructure as an upstream input relevant to both wholesale and retail market dynamics.

Access to passive infrastructure—including towers, masts, ducts, dark fibre, co-location facilities, and site sharing—constitutes a key upstream input. Such infrastructure significantly reduces duplication of sunk investment and lowers entry or expansion costs. In practice, operators had already been engaging in commercial infrastructure-sharing arrangements well before the entry into force of the 2024 Infrastructure Sharing Regulations, reflecting clear economic incentives to share passive assets, particularly in high-cost or low-density areas. Given the importance of passive infrastructure as a distinct upstream input, and the specific competitive and regulatory issues it raises, TRCSL intends to assess this area separately in a dedicated market analysis.

The 2024 framework further introduces provisions for **active infrastructure sharing**, including Radio Access Network (RAN) sharing, on a symmetric basis. While this extends the regulatory scope beyond passive assets, stakeholder feedback indicates that active sharing arrangements remain limited in practice.⁵

In July 2024 (before the Infrastructure Sharing Regulations entered into force), the TRCSL permitted two infrastructure sharing arrangements:

1. **RAN sharing between Sri Lanka Telecom PLC (SLT) and Mobitel (Pvt) Ltd. (Mobitel).** TRCSL permitted SLT to conduct Fixed to Mobile RAN sharing with Mobitel in the 2560–2580 MHz and 2600–2620 MHz spectrum bands for the provision of Mobitel’s LTE mobile services (MOCN sharing, covering 4G technologies). The authorisation permits the RAN sharing for the period from 1 January 2023 to 14 March 2029. Ownership of the relevant base stations remains with SLT, and the arrangement covers 830 base stations across Sri Lanka.
2. **RAN sharing between DBN and Dialog.** TRCSL permitted DBN to conduct Fixed to Mobile RAN sharing with Dialog in the 2340–2360 MHz spectrum bands for the provision of Dialog’s LTE mobile services (MOCN sharing, covering 4G technologies). The authorisation permits the RAN sharing for the period from 1 July 2024 to 30 June 2025, which was extended to 31 December 2025. Ownership of the relevant base stations remains with DBN, and the arrangement covers 334 base stations across Sri Lanka.

The above RAN sharing was permitted following the Industry Settlement Agreement of 4 March 2024. That settlement established that, immediately after the court settlement, TRCSL would permit infrastructure sharing (including RAN sharing) between fixed and mobile operators, as well as between mobile operators, subject to temporary pricing regulations to be determined by TRCSL, until the promulgation of infrastructure sharing regulations. The Industry Settlement Agreement further provides

⁵ Some market participants argued that leading operators have limited incentives to enter into effective infrastructure sharing arrangements where these could strengthen smaller competitors or support new entry. They considered current infrastructure sharing prices to be prohibitively high and potentially intended to marginalise competition. Active RAN-sharing arrangements are currently limited to intra-group agreements.

that operators may request a determination from TRCSL on any technical or pricing issues arising in connection with such arrangements.

In addition, the settlement provides that wholesale services supplied by mobile and fixed operators to other operators, such as international bandwidth and fibre, shall remain subject to price regulation by TRCSL until the introduction of competition regulations for the telecommunications market.

RAN sharing has not yet developed into a broadly available third-party wholesale input. The identified arrangements are intra-group arrangements. Their competitive effects, and any requests by unaffiliated operators, should be assessed under the Telecommunications Infrastructure Sharing Regulations No. 1 of 2024.

V. Analysis of the relevant wholesale local access market

In accordance with the Competition Rules, 2024, the TRCSL assesses whether the relevant wholesale fixed network access market is susceptible to ex ante regulation and, if so, whether any undertaking holds significant market power in that market. The assessment follows the sequence prescribed by the Competition Rules. First, the TRCSL defines the relevant market, including the relevant product market and its geographic scope. Second, the defined market is assessed against the three-criteria test in order to determine whether it is susceptible to ex ante regulation. Third, where the market is found to satisfy the three criteria, the TRCSL examines whether the market is effectively competitive, identifies any undertaking with significant market power, and assesses the competition problems arising from that market power. Finally, where SMP is established, the TRCSL determines the most appropriate ex ante remedies to address the identified competition concerns.

TRCSL is required to conduct a forward-looking analysis, taking into account current market conditions, reasonably foreseeable developments, and the impact of other forms of regulation over a review period of three to five years.

VI. Market definition of wholesale local access at a fixed location⁶

The purpose of this section is to identify the set of wholesale inputs that are sufficiently substitutable to form part of the same relevant product market. In accordance with the Competition Rules, this assessment is based primarily on demand-side substitutability and supply-side substitutability, taking account of the characteristics, intended use, and commercial conditions of the relevant services.⁷

⁶ Following established regulatory practice, TRCSL will begin its assessment at the wholesale local access (WLA) level, as this is the upstream layer most directly associated with the fixed access bottleneck and can support sustainable downstream competition while providing access seekers with greater scope to invest, differentiate their services and progressively move up the investment ladder.

⁷ Competition Rules No. 01 of 2024, Rules 7.5-7.6.

6.1. Product market definition – wholesale local access at a fixed location

Access to local network infrastructure is a necessary input for operators wishing to offer retail fixed services to end users. Operators without a comparable access network must either deploy one or obtain an appropriate wholesale input from an infrastructure owner.

Historically, Sri Lanka Telecom PLC (SLT) has been the incumbent fixed-network operator in Sri Lanka. Its position derives from the former state telecommunications monopoly: in 1991, the telecommunications business, assets and liabilities of the Department of Telecommunications were transferred to the newly established state owned corporation, and in 1996 it was converted into a public limited company as part of the privatisation process⁸. SLT's corporate status has changed over time, but this does not alter its position as the historical incumbent.

SLT continues to control a substantial part of Sri Lanka's legacy fixed access infrastructure, including the copper network, as well as a significant and expanding fibre access network. This historical position is particularly relevant from a wholesale-access perspective because much of the local copper access network was deployed before the emergence of competing fixed operators and would be difficult and costly to replicate at comparable scale. By contrast, later fixed entrants, including Lanka Bell, Suntel and Dialog Broadband Networks (DBN), developed alternative access infrastructures, particularly wireless local access and, to a more limited extent, fibre, rather than inheriting an established nationwide fixed access network.

Against this background, the relevant competitive issue is not simply whether several operators hold fixed-service licences, but whether operators without comparable local access infrastructure can economically replicate that infrastructure or obtain wholesale access on terms that allow them to compete effectively in downstream retail markets. This distinction is central to the assessment of wholesale local access.

The starting point for the assessment is the downstream retail fixed communications markets, in particular retail fixed broadband and retail fixed voice. These services in Sri Lanka are provided over a range of access technologies, i.e. fibre, xDSL and fixed wireless access (FWA). Although these technologies differ in their technical characteristics, they perform the same basic function from the end-user perspective: providing connectivity at a fixed location that may support one or more downstream services, including broadband Internet access and voice. In practice, the competitive significance of wholesale fixed access is increasingly driven by demand for broadband connectivity, but retail fixed voice remains within the scope as it continues to be provided over, or in conjunction with, the same underlying fixed access infrastructure.

The fixed access market in Sri Lanka is undergoing a clear technology transition, but this is taking place within an overall contracting subscriber base. Total fixed access subscriptions (voice, data and bundled) declined by around 14% between 2022 and 2025, from 3.06 million to 2.63 million, indicating that growth in newer technologies has not fully offset losses from legacy platforms.

⁸Sri Lanka Telecom PLC, Annual Report 1999, Report of the Directors (historical corporate information), https://www.slt.lk/reports-html/annual/1999/html_verion/1-financial_statments_report_ofthe_directors.htm.

Copper lines fell by around 31%, while ADSL subscriptions declined by approximately 42%. By contrast, fibre was the only access technology to record sustained growth over the period, increasing by around 21% and raising its share of total fixed access subscriptions from 13.7% to 19.2%. Fixed wireless access over LTE remains by far the largest technology, accounting for around 58% of fixed access subscriptions in 2025.

Overall, the technology mix is therefore shifting away from copper, ADSL and CDMA towards fibre, while LTE remains the dominant volume base but shows signs of saturation. This distinction is relevant for the market analysis, as fibre and LTE are at different stages of their development and may exert different competitive constraints within the wholesale fixed access market.

Figure 1. Fixed access technology dynamics, subscribers, 2022-2025

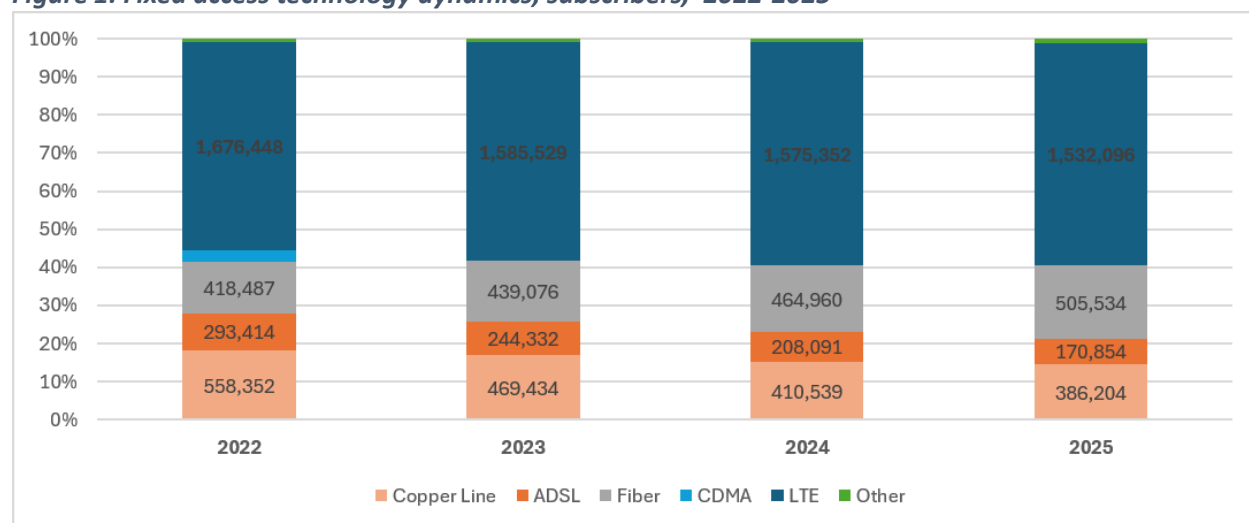
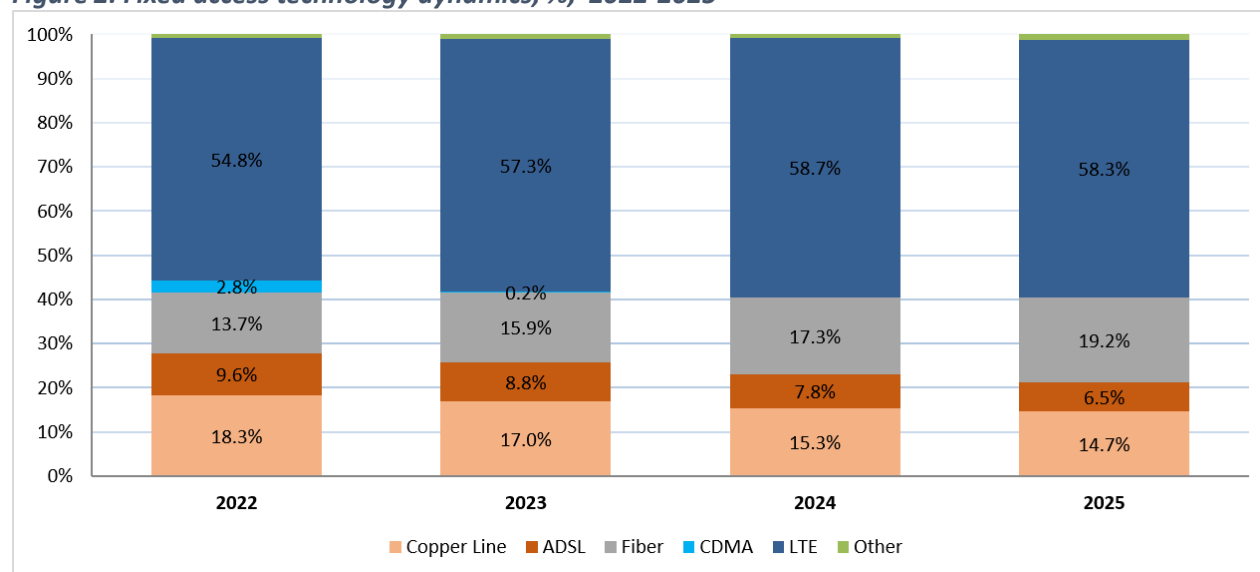


Figure 2. Fixed access technology dynamics, %, 2022-2025



At the wholesale level, an operator wishing to provide retail fixed services without deploying a complete access network of its own requires access to infrastructure or services that enable it to reach the end user.

Such access may take different forms depending on the underlying network architecture and technology. It may include physical access to an access line, virtual access providing functionality equivalent or similar to physical unbundling, or another wholesale access product that gives the access seeker sufficient control over the connection to provide and differentiate its own downstream retail services.

There are various means of accessing fixed local networks at the wholesale level. The type of access an access buyer wishes to use will depend on the extent to which it controls its own infrastructure. The following forms of access can generally be identified:

- **Physical local loop and sub-loop unbundling.** An access seeker may obtain physical access to the copper or fibre pair connecting the end-user premises to the local exchange or distribution point, allowing it to operate its own active equipment and retain full control over service configuration, quality and retail pricing. The access seeker owns and operates the active layer while relying on the host operator only for the passive local loop itself. **Sub-loop unbundling** refers specifically to access to the portion of the access line between an intermediate distribution point (for example, a street cabinet) and the end-user premises, rather than to the full local loop back to the exchange. This can be relevant where network architecture allows competitors to install their own active equipment closer to end users.
- **Virtual local access. (VULA-type access).** Where physical unbundling is not technically or commercially practicable, particularly in point-to-multipoint fibre architectures such as GPON-based FTTH/FTTB, an access seeker may obtain Virtual Unbundled Local Access (VULA) or a functionally equivalent virtual access product. To be included at the local-access level, the product must be handed over sufficiently close to the end user and give the access seeker meaningful control over service configuration, quality and retail differentiation.⁹

It is important to note that, in Sri Lanka, no wholesale market currently appears to exist, as none of the identified services are provided at wholesale level to other operators. The absence of an existing wholesale market does not, however, imply the absence of an economically relevant wholesale market. That does not preclude definition of a notional wholesale market: under Rule 9.3.1.3 of the Competition Rules, self-supply by vertically integrated operators is included where a formal wholesale market is absent. The relevant internal access input is therefore assessed together with any external supply. Vertically integrated operators internally provide the access input required by their own retail operations and the absence of third-party supply may itself be indicative of barriers to entry or the exercise of market power by a vertically integrated operator. In economic terms, there is no material distinction between wholesale local access supplied internally and the same input supplied externally to an access seeker: both are used

⁹ Wholesale fixed access should be distinguished from more centralised wholesale broadband products under which traffic is handed over at a regional or national aggregation point and the access seeker has materially less control over the underlying access connection. Such centralised or bitstream-type access may perform a different function from local or virtual local access and may therefore constitute a separate wholesale product market where the conditions for separate market definition are met. The relevant market for the present assessment is therefore defined around wholesale access sufficiently close to the end-user connection to enable an access seeker to provide and differentiate retail fixed broadband services. The precise technical form of such access may vary according to the underlying network technology and architecture.

to support the provision of the same retail services, and an increase in the internal transfer price of the relevant input has the same downstream effect on retail cost as an equivalent increase in an external wholesale charge would have. Self-supplied wholesale local access is accordingly included within the relevant product market.

On this basis, the relevant product market is defined as:

Wholesale local access at a fixed location comprises physical or virtual access to the local access connection, provided at a point sufficiently close to the end user to enable an operator to provide downstream services. For market definition and SMP-assessment purposes, the relevant market includes both wholesale access supplied externally and equivalent wholesale inputs self-supplied by vertically integrated operators to their own downstream operations. Depending on the underlying network architecture, such access may take the form of physical unbundling or a functionally equivalent virtual local access product.

6.2. Demand-side substitutability

Demand-side substitutability assesses whether an access seeker would regard alternative wholesale inputs as sufficiently interchangeable for the same intended use. In the present case, the relevant question is whether an undertaking seeking to provide retail fixed services, in particular fixed broadband, in Sri Lanka would regard different forms of wholesale fixed access as viable alternatives.

In Sri Lanka, there is currently no established third-party supply of wholesale local access products. Demand-side substitutability therefore cannot be assessed on the basis of observed switching between existing wholesale products. The assessment must instead consider the functional characteristics of the potential wholesale inputs, the extent to which they enable an access seeker to provide comparable downstream services, and the costs and practical implications of switching between them.

As indicated above, during the review period, retail fixed broadband services in Sri Lanka have mainly been provided using the following access technologies:

1. copper-based local access using xDSL technology;
2. fibre-based local access, principally FTTH/FTTx; and
3. fixed wireless access (FWA), including LTE-based fixed access.

Copper and fibre access substitutability. Copper-based access constitutes a traditional form of local fixed access. The local copper line connects the end-user premises to the operator's access network and can therefore provide the underlying wholesale input required for downstream fixed services. Where technically feasible, wholesale access may be provided through physical unbundling of the local loop (at the exchange) or physical sub-loop unbundling at an intermediate distribution point (at a cabinet or other intermediate distribution point).

In Sri Lanka, SLT is the historical incumbent fixed-network operator and has traditionally operated the country's most extensive legacy copper-based fixed access network.¹⁰ Copper-based access networks are generally regarded as legacy infrastructure and are no longer the focus of new network deployment. Instead, investment is increasingly directed towards fibre-based and wireless access technologies offering higher capacity and greater scalability.¹¹ (**Annex 1**)

During the review period, copper's importance has been declining as customers migrate towards fibre and, in some areas, fixed wireless technologies. This reflects the broader technological transition away from legacy copper networks towards next-generation access infrastructure. The forward-looking relevance of copper should therefore be assessed in the context of this migration.

Fibre-based networks perform the same fundamental local-access function: they connect the end-user premises to the operator's access network and provide the underlying input for the provision of downstream fixed broadband and other electronic communications services. The precise form of wholesale access depends on the network architecture.

There are nevertheless differences between the two technologies. Fibre provides substantially greater capacity and supports higher and more symmetric speeds, while copper-based xDSL is constrained by the technical characteristics and length of the copper loop. An access seeker using unbundled copper access could, in principle, migrate to fibre-based wholesale access as fibre becomes available. Such migration may nevertheless require changes to equipment, network interconnection arrangements, operational systems and customer-premises equipment.

These differences may affect the ease and timing of substitution, but do not necessarily imply separate wholesale markets. In a forward-looking context, fibre increasingly represents the successor technology to copper. Where both technologies are available at the same premises and the relevant wholesale products enable an access seeker to provide comparable downstream fixed services, copper and fibre access can therefore be regarded as sufficiently substitutable from the demand side. Such substitutability is likely to be asymmetric: an access seeker using copper would generally have an incentive to migrate to fibre, whereas switching from fibre back to copper would be significantly less attractive because of the lower capabilities of the legacy technology.

Nevertheless, insofar as copper/xDSL remains in use during the review period and continues to support a material number of downstream fixed broadband connections, the associated self-supplied access input remains relevant for the assessment of the wholesale fixed access market. Accordingly, copper-based xDSL access is included in the relevant wholesale fixed access market.

Physical and virtual fibre access substitutability. Where physical unbundling of fibre is technically feasible, an access seeker can obtain direct control of the relevant local access connection. Where the network architecture, including point-to-multipoint arrangements, does not permit effective physical unbundling,

¹⁰Sri Lanka Telecom PLC, Annual Report 2021, https://www.slt.lk/sites/default/files/sustainability_reports/AR-2021-Final.pdf.

¹¹Sri Lanka Telecom PLC, Annual Report 2025, https://www.slt.lk/sites/default/files/sustainability_reports/20260527-SLTAR25-annual%20report-interactive-PDF%20%2815MB%29%20%282%29.pdf.

wholesale access may instead be provided through a virtual local access product, such as Virtual Unbundled Local Access (VULA).

For VULA to constitute a demand-side substitute for physical unbundling, it should provide characteristics sufficiently close to local physical access. In particular, the access seeker should retain substantial control over service parameters, capacity and quality and should be able to differentiate its downstream retail offer. The point of handover should also be sufficiently close to the end user to distinguish VULA from a more aggregated central-access or bitstream product.

Where these conditions are satisfied, an access seeker faced with an increase in the price of physical fibre access could reasonably switch to VULA, or vice versa, without fundamentally changing its downstream business model. Physical fibre unbundling and VULA may therefore be regarded as substitutes within the wholesale fixed access market.

Given the growing role of fibre in Sri Lanka's fixed broadband market and its position as the principal successor to legacy copper infrastructure, fibre-based access, including VULA, forms part of the relevant wholesale fixed access market.

Wired access and fixed wireless access. Fixed wireless access differs from copper and fibre because the final segment of the connection between the network and the end-user premises is provided using radio spectrum rather than a physical line. This technological difference does not, in itself, justify excluding FWA from the wholesale fixed access market. The relevant question is whether FWA is used to provide broadband connectivity at a fixed location and whether the underlying access input performs a sufficiently comparable function to wired local access.

In Sri Lanka, FWA is used as part of the provision of retail fixed services and therefore needs to be considered explicitly in the wholesale market analysis. SLT and DBN currently offers fixed broadband over fibre, ADSL and fixed 4G/LTE, while its fixed LTE offers include both broadband-only and broadband-plus-voice configurations. This demonstrates that FWA already performs a fixed-location downstream function alongside wired technologies in Sri Lanka. In particular, FWA serves as an alternative to copper or fibre in locations where wired deployment is unavailable, uneconomic or being progressively replaced.

A further basis for considering FWA within the market arises from TRCSL's licensing framework. FWA is provided by fixed-licensed operators, SLT and DBN, within the regulatory framework applicable to fixed access services. This places fixed-licensed FWA within a distinct regulatory category from mobile broadband, notwithstanding the use of similar radio technologies. From the end-user perspective, FWA provides connectivity at a fixed or designated location and can therefore perform a local-access function broadly comparable to a wireline local loop. TRCSL's spectrum roadmap recognises FWA as a broadband access technology capable of providing performance comparable with certain high-speed fixed and mobile broadband services, while the underlying radio architecture remains distinct from dedicated wired access.¹²

¹²TRCSL, Spectrum Road Map 2024-2029, https://www.trc.gov.lk/content/files/spectrum/spectrum%20Division%20FINAL_ROAD_MP_2024.pdf

At the wholesale level, however, FWA differs materially from physical copper or fibre access. An individual radio access connection cannot generally be physically unbundled in the same manner as a copper loop or dedicated fibre line. Wholesale FWA access would therefore need to take the form of a virtual or managed access product. The ability of such a product to substitute for wired wholesale access would depend on the degree of control afforded to the access seeker over service quality, capacity, service profiles and customer management.

Unlike dedicated copper or fibre access, FWA relies on radio capacity shared among users and is therefore affected by factors such as spectrum availability, network loading, signal conditions and coverage. These characteristics are particularly relevant in Sri Lanka, where TRCSL has approved active infrastructure-sharing arrangements under which radio access network capacity and spectrum associated with fixed-licensed operators are shared with affiliated mobile operators through MOCN arrangements. This means that the capacity available for fixed wireless services may also be influenced by the manner in which shared radio resources are configured and utilised across affiliated fixed and mobile operations.

Switching between wired wholesale access and FWA may require different customer-premises equipment, provisioning arrangements and network interfaces. An access seeker using FWA would also generally depend more heavily on the host operator for management of the radio access network, spectrum resources and capacity than would be the case under physically unbundled copper or fibre access. Direct demand-side substitutability at the wholesale level is therefore likely to be more limited than between copper and fibre and may be asymmetric across different access seekers.

From a regulatory perspective, an operator seeking to deploy and operate its own FWA network would require the relevant authorisations, access to suitable spectrum and the necessary radio infrastructure. This may limit the ability of a new entrant to switch rapidly from wholesale wired access to self-provided FWA. By contrast, an existing operator with suitable spectrum, radio infrastructure or access to active infrastructure-sharing arrangements may be better positioned to expand fixed broadband supply using FWA. Accordingly, FWA may represent a more credible alternative for established network operators than for a new entrant relying primarily on wholesale access. Demand-side substitutability at the wholesale level is therefore likely to be limited and asymmetric across different types of access seekers.

TRCSL notes that service-based entry, relying on wholesale fixed access, and infrastructure-based entry, relying on passive and/or active infrastructure sharing combined with own-network deployment, represent distinct but potentially complementary routes to participation in the downstream retail market. Both may contribute to retail competition, although they involve different levels of investment and operational control. The ladder-of-investment framework is relevant in this context insofar as it recognises that operators may rely on different wholesale inputs and progressively increase their own infrastructure investment.

On the evidence currently available, qualifying fixed-location FWA is included in the relevant wholesale fixed access market alongside copper and fibre access.

Active RAN-sharing arrangements. Active RAN sharing, including arrangements such as MORAN and MOCN, may reduce rollout costs, improve coverage, and facilitate the provision of fixed wireless access

(FWA).¹³ It is therefore relevant to the wholesale fixed access analysis where FWA forms part of the relevant fixed access market. Both models are forms of active network sharing in the sense that they involve the joint use of elements that actively process and transmit radio signals, as distinct from the passive sharing of supporting infrastructure.

However, **active RAN sharing is not itself equivalent to a conventional wholesale local access product.** Physical or virtual wholesale local access over copper or fibre and active RAN sharing differ materially in their economic function, technical characteristics and commercial structure.

Wholesale local access products, such as local-loop unbundling, fibre unbundling and VULA, enable an access seeker to use an existing fixed access connection to serve an end-user premises. An access seeker uses that input to provide its own downstream retail services. Depending on the form of access, the access seeker may exercise significant control over service configuration, capacity, quality and other parameters.

Active RAN sharing operates differently. Rather than providing access to an individual end-user connection, it gives another network operator access to active radio-network infrastructure that can be used, together with the operator's own resources, to provide FWA services across the relevant coverage area. It therefore represents a more infrastructure-intensive form of entry and generally requires the access seeker to retain a greater degree of network capability than would be required when relying on an unbundled or virtual fixed access product.

The principal differences are as follows.

- **First, access to an end-user connection versus access to network infrastructure.** Physical or virtual fixed access provides the access seeker with an input associated directly with the connection to a specific end-user premises. Active RAN sharing instead provides access to radio-network infrastructure that can be used to establish wireless connections to multiple customer locations. It therefore operates at a different functional level from LLU or VULA.
- **Second, degree of infrastructure investment.** An operator relying on fibre or copper wholesale access can enter the retail fixed broadband market without deploying its own complete access network. By contrast, an operator using active RAN sharing will generally continue to require its own network assets and operational capabilities, potentially including spectrum rights, core-

¹³ Under a **Multi-Operator Radio Access Network (MORAN)** arrangement, two or more operators share active radio equipment — including base stations and antennas — but each operator retains its own separately licensed spectrum. Each operator's traffic is handled by the shared hardware but carried over its own spectrum, and the network appears to each operator's subscribers as that operator's own network. MORAN reduces the capital cost of deploying and maintaining active radio equipment but preserves spectrum separation between the sharing parties. Under a **Multi-Operator Core Network (MOCN)** arrangement, sharing goes further: in addition to sharing active radio equipment, the sharing parties may also share spectrum resources. Subscribers of each operator connect to the shared RAN and are then routed to their respective operator's core network. MOCN can deliver greater efficiency gains than MORAN but involves deeper technical integration and more complex governance arrangements, particularly where spectrum is shared. See: https://www.gsma.com/solutions-and-impact/technologies/networks/gsma_resources/infrastructure-sharing-an-overview and [TS 123 251 - V18.0.0 - Universal Mobile Telecommunications System \(UMTS\); LTE; Network sharing; Architecture and functional description \(3GPP TS 23.251 version 18.0.0 Release 18\)](#)

network functionality, backhaul and customer-premises equipment. Active RAN sharing therefore represents a more infrastructure-based form of entry.

- **Third, operational control.** Under physical unbundling, and to a significant extent under VULA, the access seeker may exercise substantial control over the downstream service provided to the customer. Under active RAN sharing, operation of the radio access layer necessarily involves the shared network infrastructure and, depending on the sharing model, varying degrees of coordination between participating operators. In the case of MOCN, the sharing arrangement may also involve the use or pooling of spectrum resources.
- **Fourth, commercial structure.** Traditional wholesale fixed access is generally structured as a supplier–access seeker relationship under which the access seeker pays a wholesale price for a defined access product. Commercial RAN-sharing arrangements, by contrast, are frequently bilateral or multilateral arrangements involving allocation of investment and operating costs, governance arrangements and responsibilities for the shared network. A regulated wholesale access price and a RAN sharing cost-allocation arrangement are therefore economically distinct instruments serving different purposes.
- **Fifth, the prerequisite of spectrum rights.** Active RAN sharing presupposes that all participating operators hold licensed spectrum: both MORAN and MOCN are technically predicated on each sharing party contributing its own spectrum to the arrangement, whether kept separate under MORAN or pooled under MOCN. A spectrum-less entrant cannot participate in a MORAN or MOCN arrangement in any operationally meaningful sense.

The legal and commercial character of active RAN sharing arrangements also differs materially from that of wholesale access products. Wholesale access products, particularly where subject to ex ante regulation, are typically governed by a reference offer specifying the terms of access, pricing, quality, and non-discrimination obligations. The regulatory objective is to prevent an operator with market power from foreclosing downstream competition through refusal to supply, discriminatory treatment, or excessive pricing. The legal relationship is one of regulated third-party access, with the regulator acting as the backstop enforcer of access obligations.

Active RAN sharing arrangements are ordinarily governed by bilateral or multilateral sharing agreements that are commercially negotiated between the parties. They typically address: the geographic scope of sharing; the allocation of capital expenditure and operating costs between the parties; the governance structure for joint decision-making on network configuration and investment; the handling of spectrum in shared zones (particularly under MOCN); and the terms under which the arrangement may be varied or terminated. These agreements are not access agreements — neither party is providing network access to the other as a retail service enabler.

Notwithstanding the above distinctions, active RAN sharing remains economically significant to the analysis of the wholesale fixed access market. Active RAN sharing may have important implications for downstream retail competition and for the assessment of market power where the arrangement takes place within an integrated group or between affiliated entities. In the Sri Lankan context, this issue arises in particular in relation to the arrangements between Dialog Axiata PLC and DBN and between Mobitel and SLT. The existing relationships between SLT and Mobitel and between Dialog and DBN demonstrate

the ability of vertically integrated groups to combine fixed and mobile network assets, including active radio infrastructure, in the provision of communications services. Such arrangements may provide integrated groups with access to infrastructure, spectrum-related resources and network capabilities that are not equally available to independent operators. Such arrangements may affect the competitive position of fixed operators, particularly where comparable access to radio infrastructure or capacity is not available to independent operators.

Active RAN sharing may therefore complement, rather than replace, conventional wholesale fixed access remedies. A service-based entrant may rely on fibre unbundling or VULA to reach individual customer premises, while an infrastructure-based operator possessing the necessary spectrum, core-network capabilities or other network assets may use active RAN sharing to extend FWA coverage. These represent different levels of infrastructure investment and operational control but may both contribute to reducing barriers to entry and strengthening competition in the downstream fixed broadband market.

TRCSL therefore treats active RAN sharing as economically proximate to, but analytically distinct from, the relevant wholesale fixed access market. It is excluded from the product market definition for the reasons set out above. It will, however, be addressed in the competition assessment and remedies sections of this review, in particular in relation to the competitive implications of existing or proposed sharing arrangements, and the risk that horizontal RAN-sharing arrangements or affiliate-based sharing structures may foreclose wholesale access to third parties.

Accordingly, active RAN sharing does not form part of the relevant product market, but will be assessed as an important related upstream arrangement insofar as it may materially affect competitive conditions and the design of remedies.

6.3. Supply-side substitutability

Supply-side substitutability assesses whether operators that are not currently supplying the relevant wholesale product could, in response to a small but significant and non-transitory increase in its price, begin supplying an equivalent product within a relatively short period and without incurring significant additional costs or risks. In the present case, the assessment considers whether operators controlling alternative fixed access infrastructures could switch or expand the supply of wholesale fixed access so as to constrain existing suppliers.

The relevant wholesale fixed access market has been defined on a technology-neutral basis to include copper/xDSL, fibre-based access and qualifying fixed wireless access (FWA). As established in the demand-side analysis, these technologies can perform the same underlying function of providing access to an end user at a fixed location. Their supply characteristics nevertheless differ materially. In particular:

- **Copper-based access providers.** An operator cannot rapidly switch from copper to fibre supply without deploying substantial additional infrastructure. Fibre rollout requires civil works, passive infrastructure, optical equipment and associated investment. Conversely, an operator supplying fibre would have no economic incentive to deploy a new copper access network in response to a change in wholesale prices. The relationship between copper and fibre is therefore primarily one of **technological migration rather than short-term supply-side substitution**. Where an operator

already controls both networks, however, it may migrate existing or new connections from copper to fibre within its established access footprint.

- **Fibre-based access providers.** An operator already controlling FTTH/FTTx infrastructure may, depending on the network architecture, be capable of introducing physical or virtual wholesale local access without constructing a new access network. The incremental investment required to enable wholesale access may therefore be materially lower than the cost of replicating the underlying fibre infrastructure. An operator without an existing fibre footprint, by contrast, could not begin supplying wholesale fibre access within a short period without significant sunk investment and deployment time.
- **Fixed wireless access providers.** FWA can provide an alternative means of supplying fixed-location connectivity, but the ability to expand wholesale FWA supply depends heavily on the operator's existing spectrum, radio sites, backhaul and RAN infrastructure. An operator lacking these inputs could not enter rapidly without significant investment and the necessary regulatory authorisations. An established operator already controlling suitable spectrum and radio infrastructure may, however, be able to expand FWA capacity or coverage more rapidly, particularly where passive or active infrastructure-sharing arrangements are available.
- **Mobile network operators.** The operation of an LTE or 5G mobile network does not, in itself, make an MNO a supply-side substitute for wholesale fixed access. To constrain the relevant market, the operator would need to be capable of supplying a fixed-location wholesale access input with appropriate capacity, coverage and service characteristics and within the applicable licensing framework. General mobile broadband therefore does not constitute wholesale local access as defined in this market. Differences in observed fixed and mobile broadband performance may provide supplementary evidence of this distinction, although performance varies by location and over time.
- **Satellite operators.** Satellite broadband, including LEO services, may exert a competitive constraint at the retail level, particularly in areas where terrestrial infrastructure is unavailable. However, satellite networks use a different architecture and currently do not provide a wholesale local access input that an access seeker could readily substitute for copper, fibre or FWA. They are therefore not considered direct supply-side substitutes.
- **Providers without their own access infrastructure (e.g. ISPs).** Service-based ISPs and other providers that do not control an access network are themselves dependent on upstream wholesale inputs. They could not begin supplying wholesale local access without first deploying or obtaining control over relevant network infrastructure and therefore do not constitute supply-side substitutes.

From the supply side, copper, fibre and FWA do not use identical network inputs. Copper and fibre rely on dedicated physical access infrastructure, while FWA relies on radio access infrastructure and spectrum. An operator specialising in one technology could not generally switch to another within a short period without significant additional investment. Supply-side substitutability between the technologies is therefore more limited and asymmetric than demand-side substitutability.

Nevertheless, limited supply-side substitutability does not preclude inclusion of these technologies within the same relevant wholesale fixed access market. Existing vertically integrated operators that already control multiple access infrastructures may be able to expand fixed broadband supply using those assets and thereby exert competitive pressure across technologies. In particular, an operator with an established fibre footprint may expand fibre-based access, while an operator with suitable spectrum and radio infrastructure may expand FWA supply, including through passive or active infrastructure-sharing arrangements.

The competitive relevance of FWA therefore lies primarily in self-supply and infrastructure-based expansion. An established operator may use its own radio infrastructure, spectrum and sharing arrangements to expand fixed broadband provision without relying on wired wholesale access. This may constrain wired access providers, even though a new entrant without comparable assets could not readily switch from wholesale copper or fibre access to self-provided FWA.

Accordingly, supply-side substitutability supports a technology-neutral assessment of wholesale fixed access, but the strength of substitution differs by technology and by operator. Copper, fibre and qualifying FWA may all contribute to competitive constraints within the relevant market, while the ability to switch between them depends materially on the operator's existing network assets, spectrum position and level of infrastructure investment.

Conclusion on relevant market definition. The relevant product market is defined as the market for wholesale local access at a fixed location, provided by fixed-licensed operators for the purpose of enabling the provision of downstream retail fixed voice and broadband services. The market is defined on a technology-neutral basis within the fixed-access scope described above and includes:

- physical unbundling of the local loop or sub-loop over copper and, where technically feasible, fibre;
- virtual local access, including VULA-type access, where physical unbundling is not technically or commercially practicable;
- qualifying fixed wireless access provided within the regulatory framework applicable to fixed access services; and
- self-supplied wholesale local access used internally by fixed-licensed operators.

Mobile broadband products and active RAN-sharing arrangements, including the SLT–Mobitel and DBN–Dialog arrangements, are not included in the relevant product market. Active RAN sharing is instead treated as an economically relevant but analytically distinct upstream arrangement and is considered in the competition assessment and remedies analysis. This reflects the fact that existing sharing arrangements are confined to affiliated fixed–mobile groups and may affect the competitive conditions under which third-party operators can access infrastructure and capacity required to provide FWA-based fixed services.

6.4. Geographical scope of the market

Once the relevant product market has been defined, TRCSL proceeds to determine its geographic scope. In accordance with paragraph 7.6.6.1 of the Competition Rules, the relevant geographic market is

generally presumed to be national unless the assessment demonstrates sufficiently distinct and stable competitive conditions at local or regional level to justify a narrower market definition.

As established in the retail fixed broadband analysis, fixed broadband services in Sri Lanka are provided over a combination of fibre, copper/xDSL and fixed wireless access (FWA). The geographic availability and relative importance of these technologies vary across the country. Fibre and copper networks have more extensive footprints in some areas, while FWA may play a greater role where wired deployment is limited or less economic. These differences must therefore be considered when assessing whether competitive conditions vary sufficiently to warrant sub-national wholesale markets.

At the wholesale level, however, there is currently no established third-party market for wholesale local access. The assessment is therefore based primarily on the self-supply of vertically integrated fixed operators. In this context, differences in infrastructure coverage do not, in themselves, establish separate geographic markets. The relevant question is whether they give rise to materially different and sufficiently stable competitive conditions across clearly identifiable geographic areas.

The legal and regulatory framework applicable to fixed telecommunications networks is national in scope. Licensing conditions, regulatory requirements and TRCSL's powers apply throughout Sri Lanka and do not vary systematically by region. Any wholesale access obligations imposed following an SMP finding would likewise operate within a common national regulatory framework.

The principal fixed operators also generally determine their commercial strategies, service portfolios and investment decisions on a national basis. Retail tariffs are generally set nationally, subject to the availability of the relevant access technology at a particular location. Differences in local network availability therefore affect primarily whether and how a service can be supplied at a given premises, rather than establishing clearly identifiable areas with systematically different pricing or competitive conditions.

For copper and fibre access, network footprints are geographically uneven. However, no sufficiently clear and durable sub-national boundaries have been identified within which competitive conditions differ materially from those prevailing elsewhere. Moreover, continued fibre expansion and the progressive decline of legacy copper infrastructure mean that geographic segmentation based solely on current wired-network footprints could become unstable over the forward-looking review period.

FWA further reduces the case for defining narrowly differentiated local wholesale markets. Because radio-based fixed access can extend service beyond the footprint of wired networks, it may provide an additional competitive constraint in areas where fibre or copper coverage is limited. Its availability and competitive significance nevertheless depend on radio coverage, spectrum, capacity and network loading. These differences are relevant to the assessment of market power and, where appropriate, to the design or geographic application of remedies, but they do not presently demonstrate sufficiently distinct and durable competitive conditions to justify separate geographic markets.

TRCSL therefore considers that, although the availability and relative importance of individual access technologies vary across Sri Lanka, the evidence does not demonstrate sufficiently distinct and stable local or regional competitive conditions to depart from the presumption of a national market.

On this basis, TRCSL concludes that the relevant geographic market for wholesale fixed access is **national in scope and covers the entire territory of Sri Lanka**.

This conclusion does not preclude TRCSL from taking geographic differences in network coverage, infrastructure availability or competitive conditions into account when designing, targeting or reviewing specific SMP remedies.

VII. Three Criteria Test

The three-criteria test is set out in Section 8 of the Competition Rules, 2024. Under this test, a relevant market is considered susceptible to ex ante regulation only where all three of the following criteria are met simultaneously:

- (a) the presence of substantial and persistent structural, legal, or regulatory barriers to entry;
- (b) a market structure that does not tend towards effective competition within the anticipated timeframe of three to five years; and
- (c) the insufficiency of existing competition law to effectively address the identified competition concerns.

Failure to satisfy any one of these criteria implies that the market should not be subject to ex-ante regulatory intervention.

Criterion 1. The presence of substantial and persistent barriers to entry

The first criterion of the three-criteria test requires an assessment of whether substantial and persistent structural, legal or regulatory barriers to entry exist in the relevant market. The assessment considers current and forward-looking market conditions and whether a potential entrant could realistically enter the wholesale fixed access market and exert competitive pressure on existing infrastructure owners within a reasonable timeframe.

Regulatory and legal barriers. As per Sri Lanka Telecommunication Act as amended, no person is authorized to operate telecommunication system in Sri Lanka without a Licence. Licence conditions set out the terms and conditions subject to which the licence is being granted. Issued licenses explicitly prohibit cross-provisioning of services: a mobile license does not authorize the provision of fixed telecommunication services, and a fixed license does not authorize the provision of mobile services.

The applicable licensing framework creates different routes to market depending on whether an entrant intends to deploy its own infrastructure or provide services using infrastructure supplied by another licensed operator:

- An undertaking seeking to establish and operate its **own fixed telecommunications network**, including fibre, copper or wireless access infrastructure and associated switching or transmission facilities, would generally require a Section 17 Telecommunications System Licence. Conventional public fixed voice provision likewise generally requires a Section 17 licence because it entails operation of switching and transmission facilities, numbering resources, interconnection and a

public telecommunications network. SLT and DBN currently hold Section 17 Fixed Access Telecommunications System Licences.

- Lighter licensing routes are available for service-based entry. A **Section 17B Licence** may be used where services are provided without establishing a full telecommunications system, while an ISP licensee may provide Internet services using transmission facilities leased from other licensed operators. However, an ISP licensee cannot establish its own transmission facilities and does not obtain spectrum or numbering rights. Data Communication and Cable TV licences also permit certain Internet services but impose limitations on the deployment of independent subscriber-access or transmission infrastructure¹⁴.

Accordingly, the licensing regime does not prevent market entry, but it reinforces the distinction between service-based and infrastructure-based entry. Entrants using lighter licences remain dependent on infrastructure controlled by other licensed operators, while independent network-based entry requires broader authorisation and substantial network investment. The licensing framework therefore contributes to, but does not alone determine, the high and non-transitory barriers to entry in the wholesale fixed access market.

Structural barriers: control of infrastructure not easily replicated (sunk investment) and economies of scale and scope. Entry into the wholesale fixed access market requires control of, or effective access to, infrastructure capable of connecting end-user premises to an operator's network. The scale, cost and time required to establish such infrastructure create significant structural barriers to entry.

Copper and fibre. The provision of fixed access requires control of infrastructure capable of connecting end-user premises to an operator's network. For wired access, this requires extensive deployment of fibre or legacy copper infrastructure, including ducts, poles, fibre cables, access nodes and associated transmission facilities. Replication of such infrastructure entails substantial sunk costs, civil works, rights of way and deployment time. These costs are particularly significant where an entrant seeks to achieve sufficiently broad geographic coverage to compete effectively with an established operator.

Legacy copper infrastructure provides an additional incumbency advantage. Although its importance is declining, the copper network was accumulated over many years and could not economically be replicated by a new entrant. Fibre is the principal forward-looking wired access technology, but construction of an alternative FTTH/FTTx network similarly requires substantial investment and time. An established operator with an extensive access footprint therefore benefits from a first-mover infrastructure advantage that a new entrant would be unlikely to replicate within the review period.

The scale of SLT's existing wired infrastructure illustrates this barrier. As of December 2025, SLT reported approximately 557,000 active copper access lines (incl. ADSL) and around 495,000 active fibre access lines.

¹⁴ Eg. Data Communication Licence provides that an operator shall not establish subscriber access network using wire line, cable, or optical fiber connectivity outside plant network and subscriber connectivity links must be obtained from operators licensed for that purpose. See Schedule 2, point 4

[LankaCommunicationServicesDataComLicense_20110704.pdf](#)

Similarly, Cable TV Licence provides that an operator shall not establish its own telecommunication links except connection to other licensed systems authorized for public internet/data services and required transmission links must be obtained from operators licensed by TRCSL for that purpose. See Schedule 2, point 6 [ASK_L-20230609.pdf](#)

These active-line figures, however, do not fully reflect the scale of the underlying fibre access network. SLT had deployed approximately 1.3 million fibre ports across the country, indicating a significantly broader network footprint and substantial spare or future-connectable capacity beyond the number of active fibre connections. Replication of an access network of this scale would require substantial sunk investment and could not reasonably be achieved within a short period by an entrant without an established local access network.

Fixed wireless access. FWA may reduce some of the civil-engineering requirements associated with wired deployment, but it does not eliminate structural barriers to entry. An operator seeking to provide FWA over its own network requires suitable spectrum, radio access infrastructure, sites, backhaul, core-network capabilities and customer-premises equipment, together with the necessary regulatory authorisations. Spectrum availability and access to radio infrastructure therefore represent additional constraints on infrastructure-based entry. TRCSL's spectrum framework also recognises infrastructure sharing, including RAN sharing, as a mechanism for improving the efficient use of network resources.

The scale of the existing fixed-licensed FWA infrastructure illustrates the magnitude of this barrier. DBN operates **2,567 base stations**, while SLT operates **1,750**. These networks form the principal radio infrastructure supporting fixed-licensed FWA services in Sri Lanka. Replicating a footprint of this scale would require substantial capital expenditure, site acquisition, spectrum resources and deployment time, and would be unlikely within the review period for an entrant without an established radio-network footprint.

The scale of existing MOCN arrangements further demonstrates the importance of access to established infrastructure. Approximately 13% of DBN's base-station footprint and 47% of SLT's footprint are involved in active sharing arrangements with affiliated mobile operators. Such arrangements may reduce incremental rollout costs and improve utilisation of existing network assets, but they do not eliminate the underlying barriers faced by an operator without comparable spectrum, sites, backhaul or access to sharing arrangements.

Table 1. FWA infrastructure and intra-group active RAN sharing

	DBN	SLT
Number of operated base stations	2567	1750
Coverage	Not publicly quantified	60% of households passed by FWA (21% by fibre and 25% by copper)
Active FWA subscribers (LTE), 2025	1,395,225	136,871
Shared 4G/LTE sites (MOCN) with an affiliate for mobile service provision	334	830

Passive and active infrastructure sharing can therefore lower entry and expansion costs, but do not remove the need for substantial network assets and investment. An entrant must still acquire or obtain access to a range of essential inputs before it can establish a competitive FWA footprint.

Economies of scale and scope reinforce these structural barriers. An operator with an established access network can spread fixed network costs across a large existing customer base and, where vertically integrated, across several downstream services. A new entrant faces significantly higher unit costs while its customer base remains small.

Limited effectiveness of wholesale-based entry. The absence of an established third-party wholesale local access market further reinforces barriers to entry. An operator that does not wish to replicate fixed access infrastructure currently lacks a readily available wholesale route through which it can obtain local access and compete effectively at the retail level.

This is particularly relevant under the licensing framework. Although service-based licences may allow entry without operation of a complete telecommunications network, such operators remain dependent on obtaining subscriber-access and transmission inputs from existing infrastructure owners. In the absence of effective wholesale local access products, the availability of a service-based licence does not remove the underlying access bottleneck.

An entrant is therefore faced with two principal options: rely on access to infrastructure controlled by existing operators, where such access is available, or incur the substantial investment, deployment time and regulatory requirements necessary to construct or acquire its own access network. The absence of established wholesale local access consequently limits the effectiveness of service-based entry and increases the competitive significance of existing network ownership.

The barriers are therefore not merely temporary. Although current fibre rollout, FWA deployment and infrastructure sharing may progressively reduce the cost of expansion, they are not expected within the forward-looking review period to eliminate the structural advantages associated with control of an established access network.

TRCSL therefore concludes that Criterion 1 is met.

Criterion 2. The market is not tending towards effective competition

The second criterion of the three-criteria test examines whether, notwithstanding the presence of high and non-transitory barriers to entry, the relevant market nonetheless shows a tendency towards effective and sustainable competition within a reasonable forward-looking timeframe. This assessment focuses on whether market dynamics, structural developments, or competitive forces are likely to erode market power in the absence of ex-ante regulatory intervention.

By definition, Criterion 2 is forward-looking. It is not fulfilled where there is sufficiently clear evidence that market developments will lead to sustainable competition without regulation. Conversely, where the evidence indicates increasing concentration, limited rivalry, or a lack of credible competitive constraints, the criterion is satisfied.

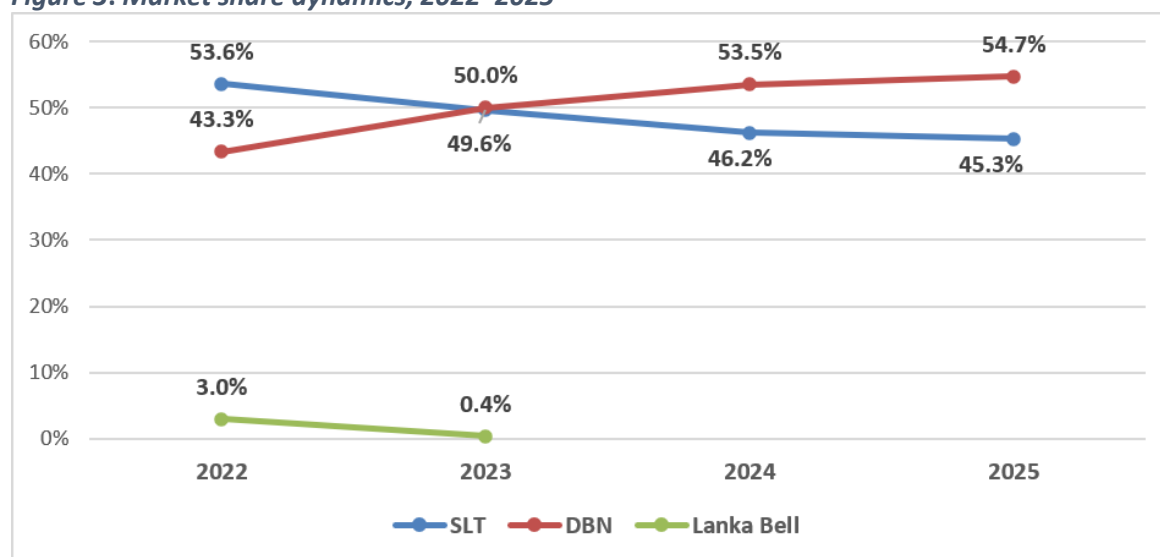
The wholesale fixed access market is currently characterised primarily by **self-supply rather than third-party wholesale provision**. Operators controlling fixed access infrastructure use that infrastructure

principally to serve their own downstream retail operations. As a result, an independent service provider seeking to enter or expand in retail fixed broadband cannot currently rely on an established wholesale local access product as an alternative to deploying, acquiring or otherwise obtaining access to network infrastructure.

The existence of several access technologies does not, in itself, demonstrate effective wholesale competition. Copper, fibre and FWA may exert competitive pressure through downstream retail markets, but infrastructure competition remains asymmetric. Established operators with existing fibre networks, radio infrastructure, spectrum holdings and customer bases are better positioned to expand across technologies than infrastructure-light entrants, while replication of an established access footprint remains costly and time-consuming.

The evolution of subscriber shares indicates increased retail rivalry between SLT and DBN, with DBN overtaking SLT in subscriber terms by 2024 and reaching 54.7% in 2025. This development is relevant to the assessment of competitive constraints, particularly from FWA. However, subscriber shares should be interpreted together with revenue shares, infrastructure ownership and technology mix. In particular, a stronger retail subscriber position does not necessarily translate into an equivalent wholesale access position where operators rely on materially different underlying infrastructures.

Figure 3. Market share dynamics, 2022–2025



These structural characteristics are reinforced by significant economies of scale and scope and by vertical integration between upstream network infrastructure and downstream retail services. A vertically integrated operator with substantial control over access infrastructure may therefore have both the ability and incentive to favour its own downstream operations, including through refusal or delay of access, discriminatory technical conditions, differences in service quality or pricing arrangements that weaken the commercial viability of entry by access seekers.

Competing fibre and FWA infrastructure may constrain such conduct to some extent and should be taken fully into account in the SMP assessment. The relevant question under Criterion 2, however, is whether

these competitive forces are sufficiently strong and durable to drive the market towards effective wholesale competition **without regulatory intervention**.

At present, there is no evidence of a developed merchant wholesale local access market emerging voluntarily, nor is there evidence that alternative infrastructure operators are likely, within the review period, to provide wholesale local access on a scale sufficient to create effective and sustainable wholesale rivalry.

Ongoing fibre expansion and the continued importance of FWA will alter the technology mix over time, but technological migration does not necessarily remove the underlying access bottleneck. Customers may migrate from copper to fibre or FWA while control over the replacement access infrastructure remains concentrated in vertically integrated operators. Technological change may therefore alter the form of the bottleneck without eliminating it.

Passive and active infrastructure sharing provide additional routes to infrastructure-based expansion and may reduce deployment costs. However, such arrangements remain dependent on access to existing infrastructure, suitable spectrum and negotiated or regulated sharing arrangements. They therefore do not, by themselves, establish a clear tendency towards effective wholesale competition within the review period.

Accordingly, the available evidence does not indicate that the wholesale fixed access market is tending towards effective and sustainable competition in the absence of ex ante regulation. The combination of concentrated infrastructure control, vertical integration, economies of scale and scope, and the absence of established third-party wholesale local access is likely to persist over the forward-looking period.

Criterion 2 is therefore met.

Criterion 3. Existing competition-law and sector-specific enforcement tools are insufficient to address the identified competition problems effectively.

The third criterion of the three-criteria test requires an assessment of whether existing competition law, or competition-related rules, would be sufficient, on their own, to address the competition problems identified in the relevant market.

Sri Lanka does not have a cross-sectoral competition authority with economy-wide enforcement powers or a general competition statute comparable to those in some jurisdictions. In telecommunications, the Competition Rules, 2024 provide for ex ante market analysis and SMP remedies under Part I, assessment of anti-competitive conduct under Rule 12, and merger control under Part II. Conduct enforcement is case-specific and can address abusive behaviour after or as it arises, but it cannot by itself create a standardised wholesale local-access product with continuing technical, operational, pricing and monitoring obligations. For the purposes of Rule 8.5, those limitations make ex ante regulation necessary where the structural access problem is established.

This distinction is particularly relevant in the wholesale fixed access market. The competition concerns identified are not limited to isolated instances of anti-competitive conduct, but arise from structural characteristics of the market, including control of access infrastructure that is costly and difficult to

replicate, substantial sunk investment, economies of scale and scope, vertical integration, and the absence of established third-party wholesale local access products.

These characteristics may give an operator controlling extensive fixed access infrastructure both the ability and incentive to restrict downstream competition, including through refusal or delay of access, discriminatory technical or commercial conditions, excessive wholesale prices, margin squeeze, or preferential treatment of its own downstream operations.

Reliance on ex post intervention alone would be insufficient for several reasons:

- **First, ex post intervention is inherently reactive.** It addresses anti-competitive conduct only after it has occurred and cannot, by itself, ensure that wholesale access is available on timely, transparent and predictable terms. Refusals to negotiate, delays in provisioning or discriminatory treatment may materially impede entry before an ex post procedure is concluded.
- **Second, ex post enforcement is not well suited to a market in which wholesale access products are currently absent.** In Sri Lanka, there is no established third-party supply of LLU, fibre unbundling, VULA or equivalent wholesale local access products. The regulatory issue may therefore concern not only abusive conduct in relation to an existing product, but the absence of an effective access framework itself. Addressing this may require specification of access products, technical interfaces, handover points, service levels, transparency requirements and pricing principles—measures that are more appropriately implemented ex ante.
- **Third, effective market entry requires regulatory predictability.** Prospective access seekers need sufficient certainty regarding the availability, terms and conditions of wholesale access in order to make investment and entry decisions. Ex post enforcement cannot provide the same degree of certainty as clearly defined access obligations established in advance.
- **Fourth, ex post intervention may be insufficient to address complex forms of vertical discrimination or self-preferencing.** In a market characterised predominantly by self-supply and vertical integration, discriminatory treatment may arise through differences in provisioning, quality of service, access to technical information, migration arrangements, pricing or affiliate treatment. Such conduct may be difficult to identify and remedy effectively once competitive harm has occurred.
- **Fifth, technological migration strengthens the case for forward-looking safeguards.** The transition from copper to fibre and, where relevant, FWA may change the technical form of the access bottleneck without eliminating it. Ex ante regulation may therefore be required to ensure continuity of access during migration and to prevent network transition decisions from undermining effective wholesale competition.

Effective regulation of the wholesale fixed access market may therefore require detailed and ongoing obligations concerning access, transparency, non-discrimination, reference offers, service-level agreements and KPIs, pricing, accounting separation, migration arrangements and, where justified, technology-specific forms of access.

For copper and fibre-based access, this may include physical unbundling and/or VULA. Where competition concerns relate to FWA, technically appropriate measures may differ and could include access to relevant active infrastructure, including active RAN sharing where justified and proportionate. The need to tailor remedies to different network architectures further illustrates the limitations of relying solely on ex post intervention.

Given the persistent structural characteristics of the market, the absence of established third-party wholesale access products, and the need for technically detailed and forward-looking intervention, TRCSL considers that existing ex post competition-related rules alone would not be sufficient to address the identified competition concerns effectively. Ex ante sector-specific regulation is therefore necessary to establish a predictable wholesale access framework, prevent foreclosure and discriminatory treatment, and support sustainable competition in downstream fixed communications markets.

Accordingly, TRCSL concludes that the wholesale fixed access market satisfies **the third criterion of the three-criteria test**.

Conclusion. Based on the above assessment, it is concluded that the wholesale fixed access market in Sri Lanka satisfies all three criteria of the three-criteria test. The market is characterised by high and persistent barriers to entry, does not tend towards effective and sustainable competition, and competition law or competition-related rules alone are insufficient to address the identified market failures. Accordingly, the application of ex ante sector-specific regulation is justified.

VIII. Assessment of competition in the wholesale local access market in Sri Lanka

Under Rule 9 of the Competition Rules, 2024, TRCSL must determine whether the relevant market is effectively competitive and whether one or more licensed operators or providers hold individual or joint SMP. The assessment uses a combination of the criteria specified in the Rules.

8.1. Methodological approach: market shares in the absence of wholesale transactions

As established earlier in this report, there is currently no established market for wholesale fixed access in Sri Lanka. The identified wholesale access products, including physical unbundling and virtual local access, are not currently supplied to independent third parties on a commercial basis. The wholesale market therefore consists predominantly of self-supply, whereby vertically integrated operators use their own access networks to provide downstream retail fixed services.

As a result, wholesale market shares cannot be calculated on the basis of observed third-party wholesale transactions, wholesale revenues or access volumes. TRCSL therefore derives the relative position of each operator in the wholesale market from the corresponding downstream retail connections supported by the relevant access infrastructure.

Where wholesale access is supplied through self-supply, the retail connections supported by each vertically integrated operator's own network provide an appropriate proxy for the volume of wholesale access supplied internally. Each retail fixed connection is supported by an underlying access input provided over the operator's own copper, fibre or qualifying FWA infrastructure. Accordingly, the

operator's share of relevant retail connections provides an indication of the relative scale of its self-supplied wholesale fixed access.

For the purposes of this assessment, only connections supported by technologies falling within the defined wholesale fixed access market are included. This includes copper/xDSL, fibre-based access and fixed wireless access used to provide connectivity at a fixed location.

For the purposes of the SMP assessment, market positions are considered primarily on the basis of:

- **active fixed connections by access technology**, as a proxy for the volume of self-supplied wholesale access;
- **retail revenues and traffic supported by the relevant access infrastructure**, as supplementary indicators of the economic significance and utilization of the self-supplied access network;
- **the operator's access-network footprint and coverage**, as an indicator of the geographic reach and replicability of the relevant wholesale input.

8.2. Market share

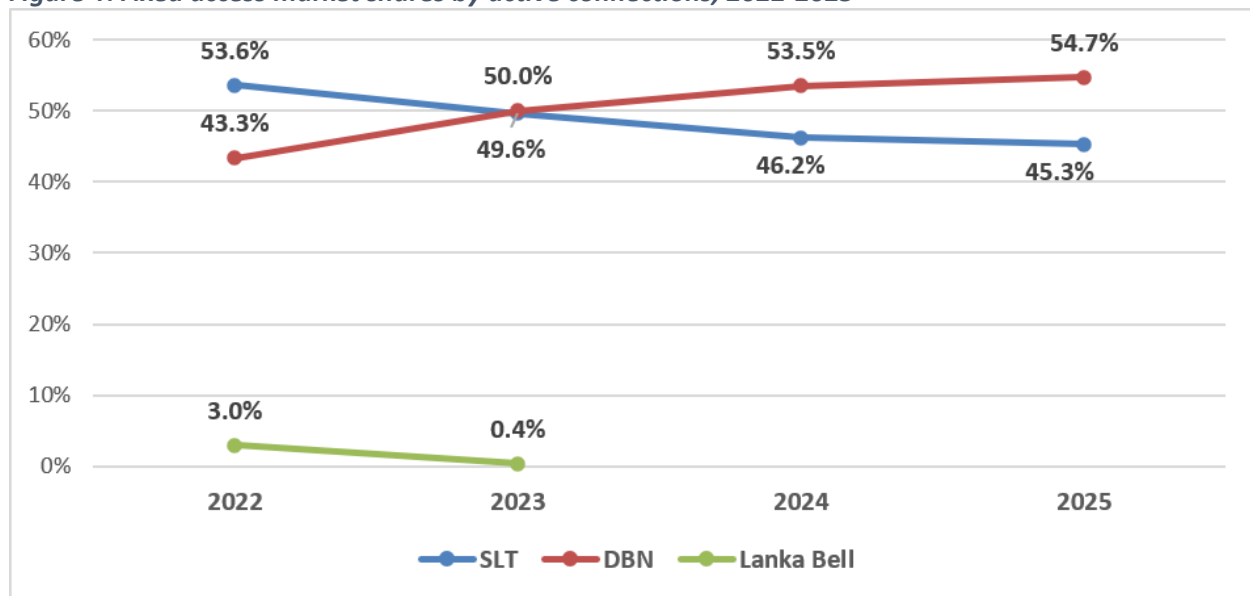
Market share is a key indicator in the assessment of market power and may be measured by reference to revenues, subscribers, units supplied or network scale. As a general rule, a market share of 50% or more may indicate a strong position, while a share below 35% is less likely, in isolation, to indicate significant market power. The evolution of market shares over time is also relevant, as it provides an indication of whether competitive positions are strengthening, weakening or remaining stable.

For the assessment of wholesale local access, TRCSL considers the following indicators:

- share of active connections falling within the relevant product market, counted once per access connection and using a consistent technology and service scope;
- share of revenues attributable to services using those connections, excluding unrelated services and using the same market scope; and
- technology mix, as an additional indicator of the underlying access infrastructure and capacity supporting self-supplied wholesale access.

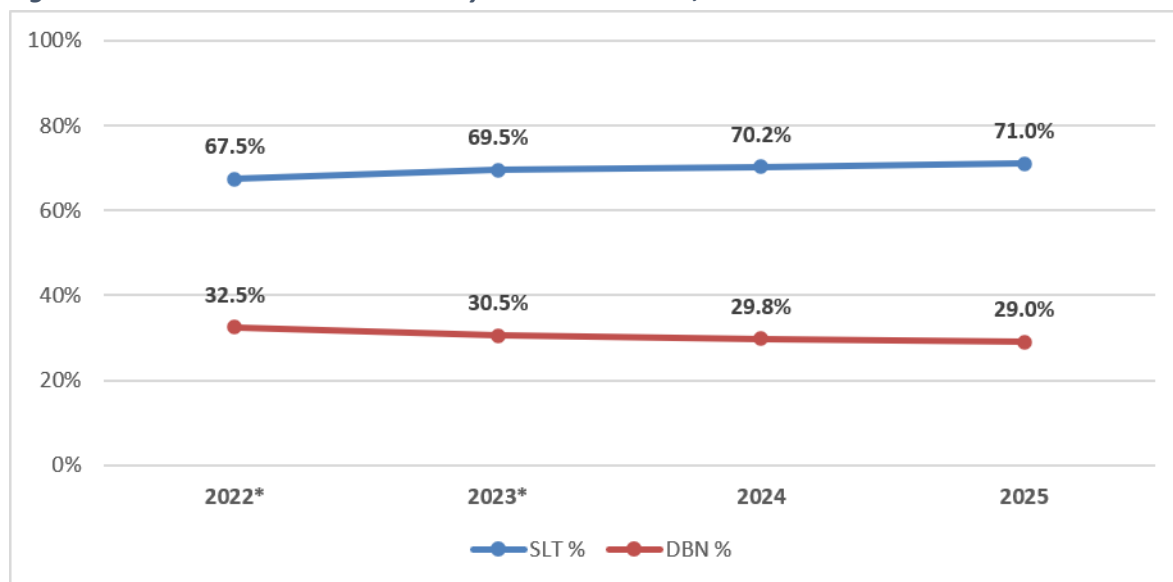
Figure 4 shows the evolution of subscriber-based market shares between 2022 and 2025. SLT held the leading position in 2022, with 53.6% of fixed access subscriptions. DBN overtook SLT from 2023 onwards and reached 54.7% by 2025, compared with 45.3% for SLT. Lanka Bell, the third fixed-licensed operator at the beginning of the review period, had effectively exited the market by 2024.

Figure 4. Fixed access market shares by active connections, 2022-2025



Considered in isolation, this trend could suggest a shift in market position from SLT towards DBN. However, the subscriber-based measure is not confirmed by the revenue-based indicator. Revenue shares show the opposite development. SLT nevertheless retained a clear lead in fixed data revenue, accounting for 71% of total market revenue in 2025.

Figure 5. Fixed access market shares by relevant revenue, 2022-2025

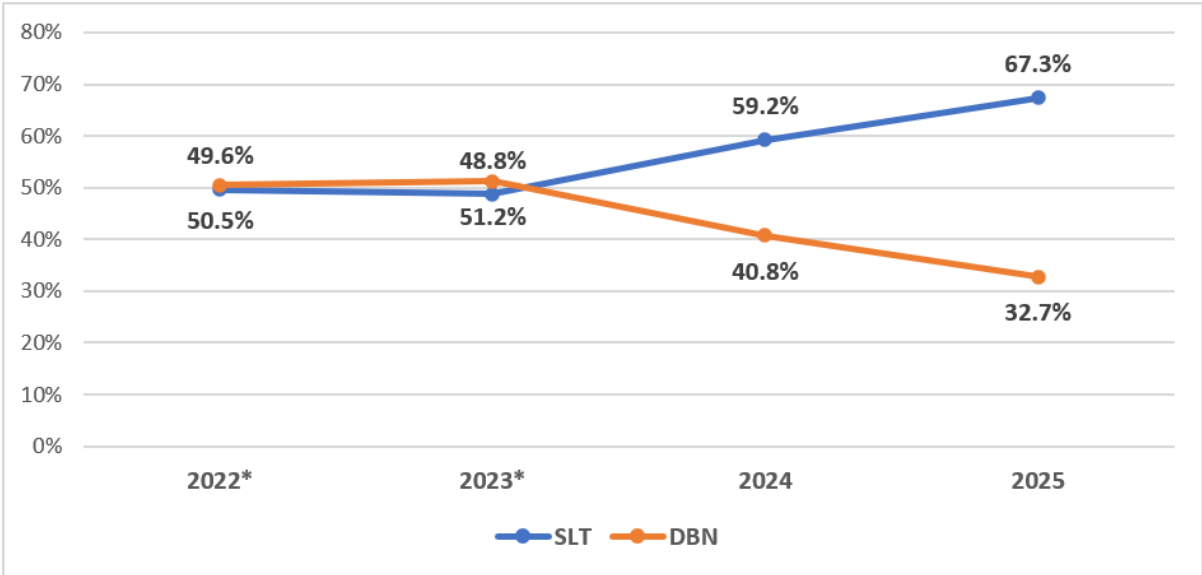


**Lanka Bell revenues are not included in the evaluation as revenue data were not available in a directly comparable breakdown. However, Lanka Bell's revenues were relatively small and are therefore unlikely to materially affect the overall market trends.*

Total revenue provides a broader, though less precise, cross-check of operators' overall commercial scale beyond the data-specific measure. As it also includes voice, interconnection, leased-line, infrastructure-

sharing and other revenues, it should be treated as a supplementary rather than standalone indicator of wholesale local-access market position. Nevertheless, the trend is consistent with a strengthening of SLT’s overall commercial position: SLT’s revenue share increased from 49.6% in 2022 to 67.3% in 2025, while DBN’s share declined from 50.5% to 32.7%. Total revenue therefore reinforces the evidence of SLT’s strengthening commercial position in the fixed telecommunications segment.

Figure 6. Fixed operators’ market shares by total revenue, 2022-2025



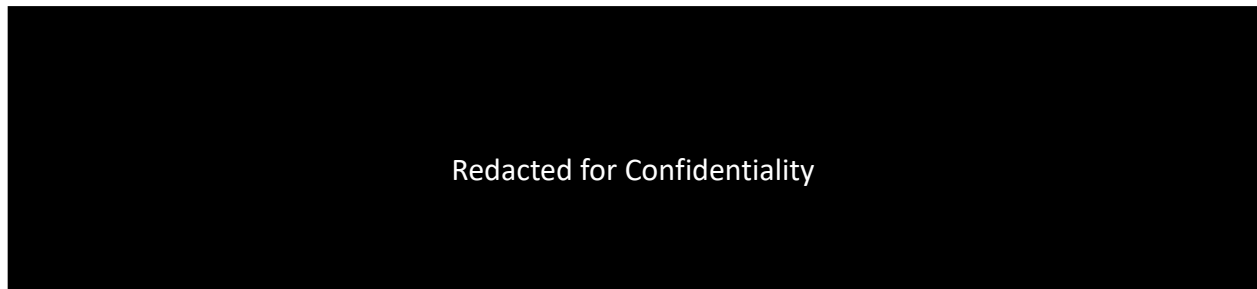
*Lanka Bell revenues are not included in the evaluation. However, Lanka Bell’s revenues were relatively small and are therefore unlikely to materially affect the overall market trends.

The divergence between subscriber and revenue shares is explained, to a significant extent, by the different technology mix of the two operators. As shown in Table 2, more than 97% of DBN’s subscriber base remained on FWA throughout the review period. SLT’s position is materially different. Its FWA subscriber base declined from XX in 2022 to XX in 2025, while its fibre subscriber base increased from XX to XX over the same period. Fibre therefore increased from 25.1% to 41.6% of SLT’s own subscriber base, while FWA declined from 23.0% to 11.5%.

Table 2. Technology mix as a share of each operator's own connection base, 2022-2025

Redacted for Confidentiality

Figure 7. SLT technology mix, 2022-2025



The market has therefore not shifted uniformly from SLT to DBN. Rather, the evidence points to an increasing differentiation in the scale, technology and economic value of the operators' access positions. DBN has accumulated the larger number of fixed access subscriptions, but these remain concentrated overwhelmingly in FWA. SLT, by contrast, has strengthened its position in fibre, retains the predominant wireline access infrastructure, and has simultaneously increased its share of market revenues.

This distinction is particularly important in a wholesale local access assessment. Subscriber numbers provide an indication of the volume of self-supplied access, but do not, by themselves, capture the economic value, capacity, geographic reach or replicability of the underlying infrastructure. Revenue shares provide an additional indicator of the commercial significance of that access base, while the technology mix helps identify the nature of the infrastructure over which wholesale access could potentially be supplied.

Accordingly, by end-2025 DBN accounted for **54.7% of fixed access subscriptions**, while SLT accounted for **71% of relevant revenues** and held the substantially stronger position in fibre and wireline access. These divergent indicators mean that market share alone is not determinative of SMP. TRCSL therefore considers market share together with infrastructure control, network scale and the other SMP criteria assessed below.

8.3. Infrastructure control

A key indicator of significant market power in the wholesale local access market is the extent to which an operator controls infrastructure that cannot readily or economically be replicated by competitors. This criterion is particularly important for wholesale local access because the ability to supply wholesale access depends directly on control of the underlying access network. Copper and fibre networks require substantial sunk civil-engineering and network investment, while FWA additionally depends on access to suitable spectrum. TRCSL therefore considers the scale and geographic reach of access infrastructure, access to spectrum relevant to FWA, the extent of sunk investment, and the ability of competing operators to replicate comparable coverage and capacity within a reasonable period and at economically viable cost. TRCSL therefore assesses:

- the scale and geographic reach of access infrastructure, by technology;

- access to spectrum relevant to FWA;
- the extent of sunk and irreversible investment; and
- the ability of competing operators to replicate comparable coverage and capacity within a reasonable period and at economically viable cost.

TRCSL considers both directly owned infrastructure and effective infrastructure control arising through intra-group arrangements, shared facilities and access to affiliated network assets.

Fixed access network infrastructure. The available operator data reveal a pronounced asymmetry in wireline infrastructure and a different, more balanced structure in FWA.

Table 3. Fixed access network infrastructure by operator and technology, 2022-2025

Indicator	31.12.2022	31.12.2023	31.12.2024	31.05.2025
SLT				
Copper access lines	782,603	616,896	518,519	485,872
Fibre access lines	Redacted for Confidentiality			
Fibre route length (km) ¹⁵	53,414	63,531	66,392	67,672
LTE base stations	1,641	1,641	1,641	1,795
DBN				
Fibre route length	215.57 km	215.57 km	224.13 km	224.13 km
Active fibre lines/subscribers	Redacted for Confidentiality			
TD-LTE (FWA) base stations	2,523	2,551	2,566	2,574

Source: operator infrastructure questionnaire responses.

By December 2025, SLT reported approximately 557,058 active copper access lines (incl ADSL) and 494,879 active fibre connections. These active-line figures do not, however, fully capture the scale of SLT's underlying fibre infrastructure. By 2025, SLT had deployed approximately 1.3 million fibre ports across the country, indicating substantial network capacity beyond the number of active fibre connections. The scale of this infrastructure reflects a significant sunk investment and would be difficult for a new entrant to replicate within the review period.

DBN's wireline position remains materially smaller. It had approximately XX active fibre connections at end-2025, while the overwhelming majority of its fixed access base continued to rely on FWA. The evidence therefore continues to indicate a substantial asymmetry between SLT and DBN in fibre and legacy wireline infrastructure.

The position is different in FWA. At end-2025, DBN operated approximately 2,567 base stations, compared with approximately 1,750 for SLT, and served approximately 1.40 million active LTE/FWA connections,

¹⁵ TRCSL data

compared with approximately 137,000 for SLT. DBN therefore has the larger FWA position by both base-station count and active subscribers. SLT nevertheless remains a significant FWA operator alongside its much stronger wireline and fibre infrastructure position. SLT reports that its FWA network passes approximately 60% of Sri Lankan households, compared with approximately 20.7% for fibre and 25% for copper. FWA is therefore itself a substantial component of SLT's overall fixed-access capability.

The infrastructure assessment therefore points to an **asymmetric multi-technology market rather than one in which a single operator leads across every access technology**. SLT has a substantial structural advantage in fibre and wireline access, while DBN has the larger FWA base-station footprint.

Table 4. SLT household coverage or premises passed, by technology

Technology	31.12.2022	31.12.2023	31.12.2024	31.05.2025
Fibre	18.7%	19.8%	20.5%	20.7%
Copper	25.0%	25.0%	25.0%	25.0%
FWA LTE	—	—	—	60%

Source: SLT infrastructure questionnaire response; total households base of 6.23 million.

Passive infrastructure and active sharing. Tower data illustrate the extent to which both operators rely on shared and leased passive infrastructure. SLT owns 275 towers directly and leases or shares approximately 1,762 towers from other parties, whereas DBN owns 217 towers and leases or shares 2486. Passive sharing reduces the need to duplicate certain physical assets, but it does not replicate SLT's extensive fibre, copper, transmission and local access infrastructure.

Table 5. Tower ownership, SLT and DBN

Operator	Own towers	Own towers shared with others	Towers shared/leased from others	% of own towers shared	Leased/shared as % of own towers
SLT	275	173	1,762	62.9%	641%
DBN	217	161	2486	74.2%	1,146 %

Source: joint operator tower-ownership data collected for the wholesale mobile access review.

Active RAN-sharing arrangements are also relevant. A distinctive feature of Sri Lanka's fixed-access landscape is the presence of intra-group active-sharing arrangements between fixed-network operators and affiliated mobile-network operators.

Two such MOCN arrangements are operational:

- Dialog Axiata PLC operates a MOCN arrangement with Dialog Broadband Networks (DBN), covering 334 shared 4G/LTE sites at the 2300 MHz band with 20 MHz of bandwidth, on an all-island basis from 1 July 2024.

- Mobitel operates a MOCN arrangement with Sri Lanka Telecom PLC (SLT), covering 830 shared 4G/LTE sites at the 2600 MHz band with 40 MHz of bandwidth, on an all-island basis from 1 October 2023.

Table 6. Active RAN-sharing agreements

	DBN	SLT
Number of operated base stations	2567	1750
Shared 4G/LTE sites (MOCN) with affiliate for mobile service provision	334 (shared with Dialog)	830 (shared with Mobitel)
Frequency band, bandwidth shared (MHz)	2300/20	2600/40
Geographic scope	All island	All island
Active from	01.07.2024	01.10.2023

DBN shares its 334 4G/LTE sites with Dialog under MOCN, while SLT shares its 830 sites with Mobitel, equivalent to approximately 13% and 47.4% of their respective reported base-station footprints.

The underlying TDD spectrum is licensed to SLT and DBN. The number of shared sites does not, however, quantify the radio capacity allocated to mobile affiliates or the capacity remaining for fixed services. That effect depends on the technical configuration, traffic load and terms of each MOCN arrangement and should not be inferred from site counts alone.

The arrangements nevertheless demonstrate another important structural characteristic: both fixed operators belong to vertically and horizontally integrated communications groups capable of coordinating infrastructure and spectrum use across fixed and mobile operations. No equivalent active-sharing arrangement currently provides an unaffiliated fixed access seeker with comparable capacity.

The existing MOCN arrangements do not constitute independent wholesale local-access supply because capacity is shared within affiliated fixed-mobile groups. They may nevertheless affect the resources available for FWA and the competitive advantages of integrated groups.

Spectrum. FWA supply is also dependent on suitable spectrum. Following Lanka Bell's exit, SLT and DBN together account for the fixed-licensed FWA spectrum base considered in this market, with SLT holding the relevant 2600 MHz TDD capacity and DBN the relevant 2300 MHz TDD capacity. A potential new FWA supplier would therefore require not only radio infrastructure but also the necessary licensing and spectrum rights.

Replicability and sunk investment. Construction of wireline access networks entails substantial sunk expenditure in civil works, ducts, poles, fibre or copper cabling, rights of way, access equipment and transmission infrastructure. FWA reduces some civil-engineering requirements but remains dependent on base-station deployment, backhaul, spectrum and licensing.

Available evidence provides a particularly useful revealed-market indicator of replicability. Despite operating throughout the review period and possessing substantial FWA scale, DBN has developed only a very limited independent fibre footprint. This suggests that duplication of SLT's fibre network is not commercially straightforward even for an established operator with an existing customer base and significant telecommunications-group resources.

At the same time, DBN's successful expansion through FWA shows that fixed access at the retail level can be expanded without duplicating SLT's wireline network. This constrains the extent to which SLT's wireline advantage can be treated as equivalent to control of the entire fixed access market.

The relevant distinction is therefore between retail access competition and wholesale infrastructure replicability. DBN can compete for end users through FWA without replicating SLT's fibre network. It does not follow that DBN can provide a wholesale fibre input equivalent to access to SLT's network, or that an access seeker could use DBN's FWA infrastructure as a technically and economically equivalent substitute in every case.

Conclusion on infrastructure control. TRCSL concludes that SLT possesses a substantial and difficult-to-replicate infrastructure advantage in wireline local access, particularly fibre. DBN does not presently operate a fibre footprint capable of materially constraining that position. FWA presents a more balanced structure: DBN operates more base stations, while SLT reports extensive household coverage and both operators control the spectrum resources supporting fixed-licensed FWA. Taken together, the evidence does not show that SLT controls every access technology; it does show that SLT controls the only wireline network of material national scale while also maintaining a significant FWA position. This multi-technology infrastructure position, combined with its strengthening fibre footprint, constitutes a substantial structural advantage relevant to the SMP assessment.

8.4. Customer influence

An absence of countervailing buyer power suggests that purchasers lack sufficient strength to influence the terms, pricing or availability of wholesale access. In accordance with the Competition Rules, 2024, TRCSL therefore considers whether actual or potential buyers of wholesale local access have sufficient commercial leverage, alternative supply options or credible switching possibilities to constrain the behaviour of access providers.

The evidence indicates that countervailing buyer power is currently weak or absent.

First, there is no developed third-party wholesale local access market in which independent access seekers purchase unbundled fibre, VULA or equivalent wholesale fixed-access products at scale. There are therefore no established purchasers with sufficient volumes to exercise meaningful bargaining power over access providers.

Second, the range of credible alternative suppliers is limited by the different characteristics of the existing access networks. DBN's access base is predominantly FWA, while SLT controls the principal copper and fibre access infrastructure. An access seeker requiring fibre-based wholesale access could therefore not necessarily credibly threaten to switch to DBN's FWA network in order to negotiate better terms.

Third, any prospective wholesale customer would initially be likely to represent only a limited share of an established operator's overall traffic and revenues. Such an undertaking would therefore be unlikely, at least initially, to possess sufficient commercial importance to secure favourable access terms through bargaining alone.

The presence of two substantial FWA operators provides some potential alternative supply and distinguishes the market from a pure single-network monopoly. However, this does not translate into effective countervailing buyer power, particularly for access seekers requiring wireline or fibre-based wholesale access.

TRCSL therefore concludes that countervailing buyer power is absent or, at most, limited and is insufficient to offset SLT's structural advantages, particularly in fibre and wireline access. TRCSL also notes that this weak buyer power is partly a structural consequence of the absence of an operational wholesale local access regime. The introduction of ex ante wholesale access remedies may, over time, give rise to larger and more commercially significant access seekers with greater bargaining leverage. This should be reassessed in future market reviews.

8.5. Financial access

Financial strength is relevant to the SMP assessment where differences in access to internal cash generation, debt or equity finance materially affect operators' ability to undertake the substantial and continuing investment required for network deployment, expansion and upgrade.

Both principal fixed operators belong to integrated telecommunications groups: SLT is affiliated with Mobitel, while DBN forms part of the Dialog group. The market therefore does not present a simple contrast between a uniquely well-financed incumbent and a financially weak rival.

SLT nevertheless benefits from the scale of an established national telecommunications operator and from an extensive installed infrastructure base. This reduces the effective financing burden associated with further fibre expansion, since network extensions and upgrades can build on existing backbone, transmission, ducts, sites, operational systems and customer relationships. A new entrant or substantially smaller wireline competitor would need to finance a much larger share of these costs from the outset.

DBN also benefits from substantial group resources through the wider Dialog group, which has demonstrated continued capacity to invest in network expansion and technology upgrades. Financial access therefore does not, by itself, establish a decisive advantage for SLT over DBN.

For SMP purposes, the more relevant effect is that access to financial resources reinforces the persistence of the existing two-group market structure while doing relatively little to facilitate independent entry. Both established groups are capable of sustaining continued network investment, whereas a potential independent entrant would need to finance significant sunk infrastructure investment without a comparable installed network, subscriber base or revenue stream.

TRCSL therefore treats financial access as a supporting rather than determinative SMP criterion. It reinforces the durability of the structural advantages enjoyed by the established operators, but does not independently distinguish SLT from DBN to an extent sufficient to determine the SMP finding.

8.6. Product diversity

Product diversity is relevant to the SMP assessment where an operator can spread common network and commercial costs across multiple services, diversify revenue risk and leverage infrastructure, systems and customer relationships across adjacent markets.

SLT operates across fixed voice, fixed broadband and other communications services and is affiliated with Mobitel. DBN is similarly part of the Dialog group. Both therefore benefit from economies of scope associated with multi-product group structures.

The principal distinction lies in the underlying fixed-access asset base. SLT can use common fibre, copper, transmission, core-network, IT and commercial systems to support multiple downstream fixed services. Its expanding fibre network can support broadband, voice and business connectivity over largely common access infrastructure. This increases utilisation of SLT's wireline assets and reduces the incremental cost of maintaining or expanding particular services or wholesale products. It also provides greater flexibility to recover network costs across multiple downstream services than would be available to a stand-alone wholesale entrant.

At the same time, DBN's integration within the broader Dialog group means that product diversity is not an advantage unique to SLT.

TRCSL therefore considers product diversity to be a supporting indicator of market strength. It reinforces the economic value and utilisation of SLT's wireline infrastructure position, but its weight in the overall SMP assessment is moderated by the substantial multi-service capabilities of the Dialog/DBN group.

8.7. Economies of scale and scope

Economies of scale are particularly important in fixed access networks because a substantial proportion of network costs are fixed or sunk. Once ducts, fibre routes, access nodes, transmission facilities and operational systems are deployed, average costs per connection generally decline as those assets are shared across a larger subscriber and traffic base.

SLT benefits from significant economies of scale in wireline access. Its copper and fibre footprint is substantially larger than DBN's wireline network, allowing it to spread fixed network costs across a much larger base of active and potential fibre and wireline connections.

This advantage is reinforced by the ongoing migration of SLT's customer base towards fibre. As take-up increases on an already-deployed network, utilisation improves and average network costs may fall further, while additional expansion can build on existing backbone, aggregation, ducts, sites and operational systems. A competing operator seeking to replicate this position would face the opposite cost structure: high upfront deployment costs combined with a smaller initial customer base and lower network utilisation.

Economies of scope are also significant. SLT can use common infrastructure and operational resources to provide fixed broadband, voice, enterprise connectivity and other communications services, while also benefiting from group-level integration with Mobitel. These shared assets reduce incremental costs across services and strengthen the economic utilisation of the access network.

DBN likewise benefits from important economies of scope through the wider Dialog group, particularly in relation to sites, transmission and integrated fixed–mobile operations. Its substantial FWA scale demonstrates that these group-level efficiencies provide a meaningful competitive constraint.

The two operators are therefore not symmetric. DBN has achieved significant scale in FWA, while SLT retains materially greater scale in wireline access and a strengthening fibre position.

TRCSL therefore concludes that economies of scale and scope materially reinforce SLT’s position in fibre and wireline local access. Because these advantages are rooted in an established network and customer base that would be costly and time-consuming to reproduce, they are unlikely to dissipate within the forward-looking review period.

8.8. Vertical integration

Vertical integration is particularly relevant in wholesale local access because the same operator that controls the upstream access network may also compete in downstream retail fixed broadband and other communications markets.

SLT is vertically integrated across local access infrastructure, transmission and network operation, through to downstream fixed broadband and fixed voice services. Its group relationship with Mobitel extends this integration across fixed and mobile communications. DBN is similarly vertically integrated within the Dialog group, combining a substantial FWA network with a broader downstream telecommunications business. Vertical integration therefore characterises both principal market participants. Its competitive significance, however, is greater where the underlying access infrastructure is difficult to replicate or where equivalent wholesale alternatives are limited.

For SLT’s fibre network, vertical integration produces two relevant effects.

The first is an **ability effect**. SLT can self-supply the local access input needed by its own downstream operations. An independent retail service provider lacking an access network cannot reproduce that position without either constructing its own infrastructure or obtaining wholesale access.

The second is an **incentive effect**. In the absence of effective wholesale access obligations, a vertically integrated operator may have an incentive to protect its downstream retail position by refusing access, delaying negotiations, supplying access on discriminatory terms, imposing excessive prices, degrading quality or creating a margin squeeze between wholesale and retail prices.

These risks are particularly material where alternative infrastructure is not equivalent. Although DBN provides significant retail competition through FWA, its extremely limited fibre network means that an access seeker seeking fibre-based wholesale access does not have a broadly equivalent alternative supplier.

The intra-group MOCN arrangements further demonstrate the ability of both groups to allocate infrastructure and spectrum internally. SLT shares capacity with Mobitel and DBN with Dialog, whereas no comparable active-access arrangement currently serves an independent third party.

TRCSL therefore concludes that vertical integration strengthens the ability and incentive of SLT to leverage its wireline infrastructure position into downstream markets. DBN's own vertical integration provides a degree of competitive constraint, particularly in FWA, but does not remove the access bottleneck associated with SLT's fibre network.

8.9. Potential competition

In assessing potential competition, TRCSL considers whether undertakings not currently supplying the relevant wholesale market could credibly enter during the review period and exert a material competitive constraint on existing operators.

The prospects for new wireline entry are limited. Replication of SLT's fibre access infrastructure would require substantial investment in civil works, ducts or poles, fibre, active equipment, transmission facilities, rights of way and operational systems. Deployment would also require sufficient customer density and take-up to recover those sunk costs.

Observed market developments support this conclusion. DBN is an established telecommunications operator backed by a substantial communications group, yet its fibre infrastructure remains extremely limited relative to SLT despite several years of market activity. This provides direct evidence that large-scale parallel fibre deployment is not a rapid or straightforward competitive response.

Entry through FWA presents lower infrastructure barriers because it avoids much of the civil-engineering investment required for fibre. However, FWA entry remains dependent on appropriate licences, spectrum, base stations, sites and backhaul. Following Lanka Bell's exit, only SLT and DBN hold the relevant fixed-licensed spectrum resources currently supporting these services.

Cable television networks currently play only a limited role as an alternative fixed access platform. Although some localised retail entry by small cable-based operators has been observed, this activity remains confined to specific geographic areas and has not developed at a scale comparable to the networks of SLT or DBN. Nor is such supply reflected at a material level in the wholesale or retail fixed access data reviewed by TRCSL. In the absence of evidence of significant investment in broader coverage or capacity expansion, cable-based entry is not expected, within the review period, to exert a material competitive constraint on the wholesale fixed access market.

Potential entry through service-based competition is also limited in the absence of effective wholesale local-access products. An undertaking that cannot obtain fibre unbundling, VULA or another suitable wholesale input must either construct access infrastructure itself or rely on an alternative technology.

Accordingly, TRCSL considers that potential competition is unlikely to materially erode SLT's structural advantage in wireline access over the forward-looking review period.

8.10. Expansion barriers

Even where new entry is unlikely, effective competition may still develop if an existing operator can expand sufficiently to constrain the leading operator.

DBN represents the principal potential source of such expansion. Its subscriber share increased to 54.7% by 2025, demonstrating that it can compete effectively for retail fixed-access customers. This is an

important competitive development and means that SLT's infrastructure position should not be assessed mechanically or in isolation.

However, DBN's expansion has taken place overwhelmingly through FWA. More than 97% of its subscriber base remains FWA-based, while its independent fibre footprint remains very limited. SLT, by contrast, has been progressively reducing its reliance on FWA while expanding fibre.

This distinction is important. DBN can exert a substantial constraint on SLT in the downstream fixed broadband market without necessarily being able to replicate or constrain SLT's upstream fibre-access position. Expansion into fibre would require DBN to overcome the same civil-engineering, investment and utilisation barriers faced by any infrastructure entrant. The limited growth of DBN's fibre footprint during 2022–2025 indicates that such expansion has not occurred at a scale sufficient to reproduce SLT's network position.

Lanka Bell's exit further reduces the prospect that another existing fixed operator will emerge as a significant infrastructure-based constraint within the review period.

The position is different for FWA. DBN already operates more base stations than SLT and holds its own TDD spectrum. TRCSL therefore does not find that SLT enjoys an equivalent uncontested structural advantage in FWA.

TRCSL accordingly concludes that expansion barriers are technology-specific. DBN provides a substantial and credible competitive constraint in FWA and in the downstream fixed broadband market more generally, but there is no evidence that DBN or another operator is likely to expand independent fibre infrastructure sufficiently within the review period to eliminate SLT's structural advantage in wholesale wireline access.

8.11. Assessment of joint SMP

TRCSL has also considered whether SLT and DBN hold joint SMP. The available evidence does not support that conclusion. Their market positions are asymmetric across technologies and revenue, subscriber shares changed materially during the review period, DBN expanded at SLT's expense by connection volume, and the evidence does not establish the transparency, sustainable common policy, credible retaliation mechanism and absence of external constraints required by Rule 10 of the Competition Rules. The assessment therefore proceeds on the basis of individual rather than joint SMP.

8.12. Conclusions

The assessment of the wholesale local access market presents a differentiated competitive picture. Market-share indicators do not identify a single leader across all measures. At end-2025, DBN accounted for approximately **54.7% of relevant subscriptions**, while SLT accounted for approximately **71% of relevant revenues**. This divergence is explained principally by differences in technology mix: DBN's subscriber base is overwhelmingly FWA-based, whereas SLT combines copper, fibre and FWA and has progressively strengthened its fibre position.

TRCSL therefore does not rely on subscriber share alone. The wider structural assessment indicates that SLT possesses advantages that are qualitatively different from DBN's scale in FWA. SLT controls the only copper and fibre local-access network of material national scale and combines this position with

substantial FWA coverage, the highest revenue share, increasing fibre scale, economies of scale and scope, and vertical integration into downstream retail markets.

DBN nevertheless constitutes a significant competitive constraint and this should not be understated. It has the larger overall subscriber base, operates more FWA base stations and holds its own fixed-licensed TDD spectrum. The evidence therefore does not support a finding that SLT can behave independently of DBN across every technology or every dimension of fixed retail competition.

The relevant question, however, is whether DBN's competitive constraint is sufficient to remove SLT's ability to exercise market power over the wholesale local-access inputs covered by the relevant market. TRCSL considers that it is not.

DBN's success in attracting retail subscribers through FWA does not replicate SLT's fibre local-access infrastructure, nor does it provide an access seeker requiring high-capacity wireline wholesale access with a broadly equivalent alternative network. The absence of significant fibre duplication despite DBN's established market presence and financial resources further indicates that SLT's infrastructure advantage is unlikely to be materially eroded within the review period.

Potential entry remains limited, countervailing buyer power is weak, and barriers to large-scale fibre replication remain substantial. Vertical integration further gives SLT both the ability to self-supply essential wholesale inputs and the incentive to protect its downstream position where wholesale access is not effectively regulated.

In accordance with Section 9 of the Competition Rules, 2024, significant market power exists where an operator enjoys a position of economic strength that enables it to behave, to an appreciable extent, independently of competitors, customers and ultimately consumers.

On the cumulative evidence, TRCSL therefore concludes that SLT holds SMP in the relevant wholesale local access market.

This conclusion does not imply that SLT is dominant in every individual access technology. In particular, DBN constitutes a substantial competitive constraint in FWA. Rather, the SMP finding reflects the cumulative importance of SLT's revenue position, control of difficult-to-replicate wireline and fibre access infrastructure, economies of scale and scope, vertical integration and the absence of sufficiently effective alternative wholesale supply capable of constraining that position during the forward-looking review period.

IX. Identification of competition problems and assessment of current regulation

Based on the market analysis above, TRCSL identifies the following principal competition concerns in the wholesale local access market.

- **Absence of an effective wholesale local-access market.** There is currently no established third-party wholesale local-access market in Sri Lanka. No standardised LLU, fibre unbundling, VULA or equivalent wholesale local-access products are available at scale, and no reference wholesale offer has been established for mass-market fixed access. The absence of such products limits service-based entry into downstream fixed broadband and voice markets. This creates a structural gap

between infrastructure-based and service-based competition. An operator without its own local access infrastructure must either deploy a competing network, rely on a technologically different access platform, or negotiate access bilaterally with an existing infrastructure owner. This materially raises barriers to entry and limits the ability of infrastructure-light providers to compete.

The absence of wholesale access is particularly significant in fibre, where SLT controls the only wireline access network of material national scale. Without an operational wholesale access framework, the transition from copper to fibre risks reproducing the existing access bottleneck in the next-generation network environment rather than removing it. Technology-based retail competition does not necessarily resolve the wholesale bottleneck. FWA may constrain retail fixed broadband prices and subscriber acquisition, but may not provide an equivalent input for access seekers requiring fibre capacity, quality, service characteristics or control over the downstream product.

- **Infrastructure concentration and vertical leveraging.** The market is characterised by a substantial asymmetry in fixed access infrastructure. Although DBN has the larger overall subscriber base and a strong FWA position, SLT controls the principal copper network and by far the most extensive fibre access infrastructure, while also remaining vertically integrated into downstream retail fixed services. This creates both the ability and the incentive to leverage upstream infrastructure control into downstream markets. A vertically integrated operator self-supplies access to its own retail operations without being subject to the commercial negotiation, ordering, provisioning and fault-resolution processes faced by external access seekers. In the absence of effective ex ante obligations, foreclosure could therefore arise through outright or constructive denial of access, excessive or discriminatory wholesale pricing, prolonged negotiations, inferior service quality, delayed provisioning or fault repair, withholding of technical information, restrictive contractual conditions, discriminatory migration arrangements or restrictions on service differentiation. Vertical integration also creates a risk of margin squeeze. Even where a wholesale price appears reasonable or cost-oriented in isolation, an equally efficient access seeker may be unable to compete if the margin between SLT's wholesale and retail prices is insufficient to recover efficiently incurred downstream costs. These risks are particularly relevant for fibre-based access because DBN does not currently operate an equivalent fibre network that an access seeker could use as a broadly substitutable alternative.
- **Risk of foreclosure through denial or discriminatory access.** The substantial difference between SLT's wireline infrastructure and the networks available to competing operators creates a risk that access seekers may be unable to obtain the inputs required to compete effectively downstream. An independent operator cannot economically replicate SLT's fibre and legacy wireline footprint within the review period. Where access is unavailable, delayed or supplied on discriminatory terms, this infrastructure asymmetry may translate directly into foreclosure of service-based competition. The concern extends beyond outright refusal of access and includes differences in provisioning times, fault repair, service levels, technical interfaces, migration processes and access to network information that could place external access seekers at a disadvantage relative to SLT's own downstream operations.

The ongoing migration from copper to fibre creates an additional foreclosure risk. SLT's technology mix shows a clear migration towards fibre, with fibre increasing from approximately 25.1% of its access base in 2022 to 41.6% in 2025, while ADSL and FWA shares declined. Where legacy access is withdrawn or redesigned before an appropriate fibre-based successor product is available, access seekers may lose effective access precisely as customers migrate to the new network. Migration arrangements should therefore be transparent, sufficiently notified in advance and designed to preserve continuity of wholesale access.

- **Limited third-party access to FWA infrastructure and active RAN sharing.** FWA provides an important competitive constraint in the fixed broadband market. However, active RAN-sharing arrangements currently operate within affiliated fixed-mobile groups: SLT-Mobitel and DBN-Dialog. These arrangements demonstrate that active radio infrastructure and spectrum-related capacity are shared across affiliated entities, but equivalent access is not currently available to independent third parties. This creates an asymmetry between integrated groups and unaffiliated operators seeking to expand through FWA.

The concern is that access to active FWA infrastructure and capacity is currently confined to the two integrated groups. SLT shares approximately 47.4% of its reported base-station footprint with Mobitel, compared with approximately 13% of DBN's footprint shared with Dialog. Where sharing remains confined to affiliated entities, independent operators may face higher entry and expansion costs and reduced access to radio capacity. Without effective access or infrastructure-sharing arrangements, an unaffiliated operator cannot reproduce the benefits available internally to Dialog/DBN and SLT/Mobitel. Where technically feasible, requests for active infrastructure sharing should therefore be capable of being assessed transparently, objectively and on fair and reasonable terms, while recognising the spectrum, capacity and technical constraints specific to FWA.

Need for differentiated remedies. A technology-neutral market definition does not require identical remedies across technologies. Each obligation must address the identified bottleneck, be technically feasible, and reflect the strength of alternative infrastructure constraints.

For wireline access, the principal competition concern arises from SLT's control of difficult-to-replicate local access infrastructure, particularly fibre. Remedies should therefore focus on ensuring effective access to those assets through appropriate physical or virtual wholesale products, supported by transparency, non-discrimination, service-level, pricing and margin-squeeze safeguards.

Recognizing that copper is a legacy technology and SLT's strategic focus on fibre¹⁶, TRCSL proposes to focus the wholesale access obligation on fibre infrastructure, reflecting its forward-looking importance and SLT's control of the principal difficult-to-replicate fibre access network. Across the market as a whole, fixed fibre connections grew by 21% between 2022 and 2025, while active copper-based connections (copper lines and ADSL) fell by 35% to around 557,000. In 2025, SLT accounted for all copper-based connections (copper

¹⁶ SLT's 2025 Annual Report highlights the company's accelerated fibre expansion strategy, noting that it supported growth in the Fibre-to-the-Home (FTTH) customer base through both new connections and the migration of existing copper-based customers to fibre. In 2025 alone, SLT delivered more than 94,000 new FTTH connections, representing over 70% of its total new service implementations. See: [SLT-AR25.pdf](#)

lines and ADSL) and around 98% of all fixed fibre connections in the market. Given the declining role of copper and the ongoing migration towards fibre, extending the remedy to copper could impose additional implementation costs without materially strengthening sustainable retail competition. A fibre-focused obligation would therefore target the enduring access bottleneck. However, copper still supported around 557,000 SLT connections in 2025, and transitional safeguards should be retained for users or access seekers that remain dependent on legacy copper infrastructure (consistent with the approach proposed in the retail fixed market analysis).

This approach is consistent with the direction of regulatory practice in a number of jurisdictions, including Australia, the UK and several EU Member States, where regulators are progressively shifting the focus of wholesale access regulation from legacy copper towards fibre, while retaining transitional safeguards during migration and copper retirement.

Table 7. Fixed access connections by technology, market and SLT, 2022–2025

Technology	2022	2023	2024	2025	Change 2022–25
Market (all operators)					
Copper line	558,352	469,434	410,539	386,204	–31%
ADSL	293,414	244,332	208,091	170,854	–42%
Copper-based subtotal	851,766	713,766	618,630	557,058	–35%
Fibre	418,487	439,076	464,960	505,534	+21%
SLT					
Copper line	Redacted for Confidentiality				–31%
ADSL					–42%
Copper-based subtotal					–35%
Fibre					+20%

The situation is different for FWA. Physical unbundling is not technically applicable in the same way as for copper or fibre, and the competitive constraint depends on access to radio infrastructure, spectrum-related resources and network capacity. Moreover, the FWA segment is more balanced, with DBN holding a substantial independent infrastructure position. Where intervention is justified, the regulatory response should therefore focus on access to active infrastructure and on ensuring that technically feasible sharing arrangements are not withheld, delayed or provided on discriminatory terms.

This differentiated approach reflects a central finding of the market analysis: the relevant market encompasses multiple fixed-access technologies, but the sources and degree of market power are not identical across them. TRCSL therefore considers technology-specific remedies with deeper local-access obligations for wireline infrastructure and targeted active-sharing obligations for FWA. This approach is intended to address the specific competition problems identified while ensuring that remedies remain technically appropriate and proportionate.

X. Regulatory remedies to address competition issues

10.1. Legal basis and principles

The provisional market analysis finds that the wholesale local access market is not effectively competitive and that Sri Lanka Telecom PLC (SLT) holds SMP. Subject to public consultation and a final determination under Rules 11.3 and 11.4 of the Competition Rules, 2024, TRCSL proposes to designate SLT as an operator with SMP in this market.

Specific obligations imposed on operators with significant market power must be suited to remedy the actual and potential competition problems identified in the relevant market. The imposition of specific obligations is not conditional on an abuse of market power having already occurred. It is sufficient that, given the structure and characteristics of the market, the identified competition problem may arise in the absence of ex ante intervention.

TRCSL proposes the following obligations under Rules 11.5, 11.6, 13 and 14 of the Competition Rules, 2024. Each obligation is directed to the designated SMP entity, addresses an identified competition problem, and must be objectively justified, proportionate and technically feasible. The final determination must specify implementation requirements and compliance deadlines.

The remedies take account of the fact that competitive conditions are not identical across all technologies included in the relevant market. SLT's strongest and least replicable infrastructure position lies in wireline access, particularly fibre, while DBN constitutes a significant infrastructure-based constraint in FWA. Accordingly, the remedies are designed to address the specific source of market power identified in the market analysis, rather than to impose identical obligations across technologies, thereby ensuring that the regulatory response remains proportionate, targeted and objectively justified.

Where a competition problem arises from, or is materially reinforced by, intra-group arrangements or resources held or used by an SLT affiliate, TRCSL will, in accordance with Sections 11.5 and 11.6 of the Competition Rules, 2024 and in order to secure the effectiveness and proportionality of the remedy, extend the scope of specific obligations to apply to the SMP operator acting together with its relevant affiliates. In such cases, the SMP operator remains the primary addressee of the obligation and is accountable to the Commission for compliance with its affiliates.

Competition Problem 1 — Absence of effective wholesale local access and risk of foreclosure of access-based entry

10.2. Wholesale local access obligation

SLT must meet reasonable requests for wholesale local access over its fibre access networks, including associated facilities necessary for an access seeker to provide downstream fixed-broadband and related services. Access must be provided on transparent, cost-oriented and non-discriminatory terms, using the technical form appropriate to the network architecture. Eligible access seekers are operators or providers duly licensed under the Act for the relevant downstream service; access may not be activated until the necessary authorisation is in force.

10.2.1. Component 1: Transparency and Reference Wholesale Offer

SLT must prepare and publish a Reference Wholesale Offer (RWO) for regulated wholesale local access within three months of the date of this determination.

The RWO must be submitted to TRCSL for approval before entering into force. Following approval, it must be published on SLT's website and made readily available to prospective seekers. Any material amendment to the RWO is subject to prior TRCSL approval.

Scope of products. The RWO(s) must cover, as a minimum, the following access products:

- physical fibre access where the architecture permits individual unbundling, and VULA or a functionally equivalent local virtual-access product where physical unbundling is not feasible;
- access to associated facilities and services necessary to make wholesale access operational, including relevant co-location, backhaul, interconnection, network information and ordering interfaces;
- migration arrangements for SLT's transition from copper to fibre, including affected geographic areas and network elements, notice periods, the timetable for decommissioning, successor wholesale products, continuity measures and the allocation of efficiently incurred migration costs.

TRCSL may require SLT to introduce additional access configurations where an access seeker demonstrates that the requested form of access is technically feasible and reasonably necessary to support effective downstream competition.

Wholesale products shall not be designed in a manner that unduly restricts an access seeker's ability to differentiate its downstream retail services. In particular, VULA should, to the extent technically feasible, provide sufficient control over relevant service characteristics, including bandwidth profiles, quality parameters and service-management capabilities.

Content requirements. For each regulated access product, the RWO shall specify the technical description, network architecture and access points, eligibility requirements, ordering and provisioning procedures, prices and charging structures, service-level agreements, provisioning and fault-repair timelines, co-location arrangements, standard contractual terms, product modification or withdrawal procedures, and dispute-resolution arrangements. It shall also establish a maximum timeframe for negotiating and concluding individual access agreements. SLT must maintain up-to-date information necessary for access seekers to assess the availability and technical feasibility of wholesale access, including appropriate non-confidential information regarding fibre coverage, network access points and planned network changes.

Justification. Transparency is an essential enabling condition for all other wholesale remedies. A general legal obligation to provide access would not by itself create a commercially usable wholesale market if prospective access seekers cannot determine what products are available, where access can be obtained, what technical conditions apply or what prices will be charged.

The RWO therefore converts the general access obligation into a defined operational framework and reduces the ability of the SMP operator to frustrate access through informational asymmetry, prolonged bilateral negotiation or individually differentiated conditions.

10.2.2. Component 2: Obligation to negotiate and conclude access agreements

SLT must negotiate in good faith with any undertaking that submits a written request for wholesale local access and must conclude an access agreement within [90] days of receipt of such request, on terms consistent with the published RWO. Individual agreements must be submitted to TRCSL without undue delay and no later than two weeks after the signature date.

SLT may refuse an access request only on objective, proportionate and evidenced grounds, including technical infeasibility, network integrity or security, or insufficient capacity that cannot reasonably be expanded. A refusal must be notified in writing to the access seeker and TRCSL, explain the evidence relied upon, identify any feasible alternative, and state the conditions under which the constraint could be resolved. TRCSL may review and overturn an unjustified refusal.

SLT must not impose conditions on an access seeker that are less favourable than those applied to its own downstream operations in equivalent circumstance (Equivalence of treatment). Any terms offered to an access seeker that differ from the published RWO must be notified to TRCSL and made available to all access seekers on equivalent terms, unless an objective difference justifies the treatment.

Rationale. The negotiation obligation complements the RWO and transparency by ensuring that the published offer translates into concluded agreements. An explicit good faith obligation, with a defined timeline and a TRCSL backstop, is necessary to prevent SLT from stopping access requests through procedural obstruction or unreasonable commercial terms.

10.2.3. Component 3: Price control and cost orientation

Charges for regulated wholesale local access and associated facilities must be cost-oriented throughout the review period. Prices must be determined under a methodology prescribed or approved by TRCSL and must receive prior approval before taking effect. The methodology should specify the cost base and standard, asset valuation and depreciation, cost allocation, efficiency adjustments, the allowed return on capital, demand assumptions and the treatment of shared and common costs. Wholesale prices must also satisfy the applicable economic-replicability or margin-squeeze test.

SLT must submit its proposed RWO prices to TRCSL for approval prior to publication, accompanied by supporting documentation demonstrating compliance with the prescribed methodology. Any proposed price change must receive prior TRCSL approval before taking effect.

Rationale. Cost orientation addresses the risk that access is formally available but priced at a level that makes effective access-based competition commercially unviable. Ex ante review is particularly important during the initial development of wholesale fibre access because there is no established competitive wholesale price in Sri Lanka that could reliably discipline SLT's charges.

Excessive initial wholesale prices could deter entry before a wholesale market has an opportunity to develop.

10.2.4. Component 4: Non-discrimination

SLT must provide regulated wholesale local access to access seekers on terms, conditions and quality that are no less favourable than those applied to its own downstream operations or, where relevant, to affiliated undertakings in equivalent circumstances. Non-discrimination applies across all dimensions of the access relationship, including:

- technical quality and network performance;
- access to network upgrades and new capabilities;
- access to network information and migration arrangements;
- provisioning timelines and fault resolution procedures; and
- commercial terms including pricing, volume discounts, and bundling arrangements.

SLT must not provide its own retail business with advance access to a new fibre capability, higher service profile or material network upgrade without making the corresponding wholesale capability available to external access seekers within a timeframe sufficient to allow those access seekers to compete effectively.

At a minimum, SLT must demonstrate equivalence of inputs through comparable service levels, KPIs, provisioning and repair performance, information and commercial outcomes for internal and external users. Following a separate proportionality assessment, TRCSL may require equivalence of inputs for specified products or processes where output monitoring is insufficient. Any difference in treatment must be objectively justified and documented.

Rationale. SLT's vertical integration creates a structural incentive to favour its own downstream business even where wholesale access is formally provided. Foreclosure could occur through slower provisioning, inferior fault repair, delayed access to new fibre capabilities or other forms of non-price discrimination. The non-discrimination obligation therefore ensures that regulation addresses the practical quality of wholesale access and not merely its legal availability.

Expected market effect. The wholesale local access obligation is expected to create a workable framework for access-based competition over SLT's fixed network and reduce the need for potential competitors to replicate the entire local access infrastructure before entering downstream markets. The remedy is particularly important for fibre, where parallel deployment at a scale comparable with SLT's network would require substantial sunk investment and lengthy deployment. The obligation does not guarantee wholesale entry or any specific market outcome. Rather, it removes structural and regulatory barriers that presently limit the ability of independent operators to enter or expand on the basis of wholesale fixed access.

Competition Problem 2 & Competition Problem 3 — Vertical leveraging, discriminatory internal treatment and risk of cross-subsidisation

10.3. Accounting separation and internal transfer pricing

SLT must implement accounting separation between its regulated wholesale local access activities and its downstream retail fixed broadband and related activities in accordance with a regulatory accounting framework prescribed by TRCSL. The accounting separation must enable TRCSL to identify and verify: the costs attributable to the provision of wholesale fixed access; revenues associated with wholesale access products; capital employed in the regulated access network; the transfer prices applied to internal transactions between SLT's wholesale and retail operations; and the prices and terms applied to intra-group transactions with any affiliated entity.

SLT must submit separated regulatory accounts to TRCSL annually, audited by an independent auditor approved by TRCSL. The accounts must be prepared in accordance with the prescribed regulatory accounting framework and must include a reconciliation statement demonstrating consistency between the regulatory accounts and SLT's statutory financial statements.

For regulatory accounting and replicability purposes, SLT must impute to its downstream operations the same regulated wholesale charges that apply to external access seekers, subject only to objectively justified differences approved by TRCSL. Intra-group transactions involving regulated assets or services must be recorded transparently and consistently with the approved methodology. TRCSL may direct corrective entries and resubmission where the accounts do not comply.

Rationale. Accounting separation provides TRCSL with the information necessary to monitor cost orientation, non-discrimination and margin squeeze. Without separated accounts and transparent internal transfer charges, a vertically integrated operator could provide economic advantages to its own downstream business that would not be visible from externally published wholesale prices alone.

10.4. Margin squeeze monitoring and prohibition

SLT must not set the relationship between regulated wholesale local access charges and its corresponding downstream retail prices at a level that would prevent an equally efficient operator relying on SLT's wholesale access from competing profitably in the downstream market. The obligation applies to relevant stand-alone and bundled retail broadband offers where regulated wholesale local access constitutes a material upstream input.

SLT shall conduct margin squeeze assessments using a methodology prescribed or approved by TRCSL, both periodically and before introducing or modifying any relevant retail tariff or wholesale access charge. SLT shall submit the assessment results, supporting data and calculations to TRCSL for review, and shall not implement such tariffs or charges without TRCSL approval.

If TRCSL determines that SLT's retail pricing creates a margin squeeze, it may direct SLT to adjust its retail prices, its wholesale prices, or both, within [30] days of the direction.

Pending implementation of a formal costing methodology and model, TRCSL may use an interim retail-minus approach, international benchmarking or another reasonable proxy. The interim approach, assumptions and transition to the final methodology must be transparent, proportionate and non-discriminatory.

Rationale. The margin squeeze prohibition complements the cost-orientation obligation. Cost orientation addresses the risk of excessive wholesale pricing by requiring that access charges remain aligned with the relevant cost standard. The margin squeeze prohibition addresses the distinct but related risk that the relationship between wholesale and retail prices may leave an insufficient margin for an equally efficient access seeker to compete profitably in the downstream retail market. Taken together, these obligations reduce the scope for pricing conduct capable of foreclosing access-based competition.

Expected market effect. Accounting separation and margin squeeze regulation should improve regulatory visibility over SLT's wholesale and retail relationship and reduce the risk that wholesale access is undermined through discriminatory internal pricing, cross-subsidisation or non-replicable downstream tariffs. Together with the access and non-discrimination obligations, these measures should allow access seekers to compete on the basis of their own downstream efficiency and commercial strategy rather than being foreclosed by the structure of SLT's internal pricing.

10.5. Implementation, monitoring and review

Within [30] days of the final determination, SLT shall submit an implementation plan covering product design, systems changes, RWO preparation, costing, testing, staffing, access-seeker engagement and milestone dates. TRCSL shall approve or amend the plan and publish the non-confidential milestones.

SLT shall report at least quarterly on requests received, feasibility decisions, reasons for refusal, negotiation and provisioning times, faults and repair, service-level performance, migrations, prices, volumes and complaints. Reports must distinguish internal and external performance and use templates approved by TRCSL.

TRCSL shall review implementation against the approved milestones, may direct corrective action, and shall reassess the effectiveness and proportionality of the remedies during the next market review or earlier if market conditions materially change. The final determination should identify the review horizon and any transitional or sunset provisions.

Competition Problem 4 — Restricted access to fixed-wireless infrastructure and asymmetric treatment of affiliated mobile operations

10.6. Active RAN sharing access obligation

This obligation is imposed on SLT with its affiliates, as justified below. It constitutes an additional component of the wholesale fixed network access obligation and is to be read together with remedies described above.

SLT is the entity designated as holding significant market power in the relevant wholesale fixed network access market. The Commission, however, finds that the competition problem identified as Competition Problem 4, namely the structural asymmetry generated by the intra-group MOCN arrangement between SLT and Mobitel, cannot be effectively remedied by an obligation addressed exclusively to the licensed SMP operator.

In accordance with Section 11.6 of the Competition Rules, 2024, specific obligations imposed on SMP operators must be proportionate and must be suited to remedy the actual and potential competition problems identified. Where a competition problem arises from coordinated behaviour within a corporate group, in particular from intra-group arrangements that extend the effective infrastructure position of the SMP operator beyond its own directly held assets, the obligation must attach to the source of the asymmetry in order to be effective.

TRCSL therefore imposes the obligation set out in this Section 10.6 on SLT as the SMP operator, acting with its affiliated entity whose assets are engaged in the intra-group MOCN arrangement, and on the SLT with its affiliates to the extent that implementation requires coordinated action across the group. SLT remains the primary addressee of the obligation and is responsible to the Commission for ensuring compliance by its affiliates.

Scope. SLT with its affiliates is required to provide active RAN sharing access — in both MORAN and MOCN configurations — to any eligible access seeker that submits a written access request. This obligation covers all geographic areas where SLT with its affiliates has deployed active radio access network infrastructure. This obligation is imposed on SLT with its affiliates because SLT is the only operator designated as holding significant market power in the wholesale fixed network access market; the broadly comparable Dialog and DNB MOCN arrangement is not subject to this Section 10.6, but remains subject to the Infrastructure Sharing Regulations, 2024 and obligations set in wholesale mobile network access market analysis.

Access requirement. SLT with its affiliates must negotiate in good faith with any eligible access seeker that submits a written active RAN sharing request and must conclude a sharing agreement within [90] days of receipt of the request. SLT with its affiliates must not refuse an access request except on objectively justified technical grounds, which must be notified in writing to the requesting operator and to TRCSL, specifying the technical reasons and the conditions under which the constraint could be resolved. Technical grounds for refusal are subject to TRCSL review and must not be used as a mechanism for delay or obstruction.

Reference offer requirement and transparency. SLT with its affiliates must publish an active RAN sharing Reference Offer. It shall set out: the technical configurations available, including MORAN and MOCN options; the geographic scope of sharing; the process and timeline for concluding agreements; pricing; and the governance arrangements for joint network management including upgrade procedures and fault resolution.

SLT with its affiliates, shall publish periodically, and at least annually, non-confidential information on active RAN sharing arrangements concluded while these obligations remain in force. Such information shall include the material non-confidential terms of concluded MORAN and MOCN arrangements, the number of sharing requests received, the status and outcome of such requests, and performance data, including provisioning times and relevant quality metrics. SLT with its affiliates shall establish and maintain, to specifications and templates determined by the Commission a Shareable-Infrastructure Database, accessible to other operators/ providers.

Cost-orientation. Prices charged by SLT or its affiliates for active RAN sharing must be cost-oriented. The Commission will prescribe a cost methodology for active RAN sharing, to reflect the cost-sharing

economics of active RAN sharing arrangements. Active RAN sharing prices shall be subject to TRCSL prior approval before taking effect.

Non-discrimination. SLT with its affiliates must provide active RAN sharing to independent third parties on terms, conditions, and quality that are no less favourable than those it provides to its affiliates under the existing MOCN arrangement or any subsequent intra-group sharing arrangement. Non-discrimination covers: the spectrum bands and base station locations made available; the technical configurations offered; implementation timelines; network performance quality; and upgrade access. Where SLT or its affiliates upgrades shared infrastructure for its own benefit, it must make equivalent upgrade benefits available to independent sharing partners.

To ensure non-discrimination, TRCSL proposes the following options for public consultation, with the final approach to be determined after consideration of stakeholder submissions:

Option 1 — Capacity reservation rule/ 50:50 rule

Of the shareable capacity recorded in the Database at any reference date, the SMP may allocate up to 50% to its affiliates on a first-come, first-served basis at rates determined or approved by the Commission (see cost-orientation obligation), and shall make the remaining 50% available to unaffiliated operators to enter into Infrastructure sharing agreements within a six-month window from the date the capacity is posted.

Option 2 — Prior notification, open offer rule, and Equivalence of inputs

Before allocating any shareable capacity to an affiliated entity, SLT with its affiliates should be required to notify TRCSL and publish a capacity availability notice for independent access seekers. The notice should specify, at minimum the technical parameters, geographic scope, available capacity, quality parameters, implementation conditions and timelines, and proposed commercial terms. The relevant capacity should remain available to independent access seekers for a defined period, to be determined by TRCSL, from the date of publication of the notice. Requests from access seekers should be submitted through TRCSL to ensure transparency and equal treatment. If no unaffiliated operator submits a reasonable request within that period, SLT with its affiliates may proceed with the proposed affiliate allocation, subject to TRCSL approval.

SLT with its affiliates shall provide active RAN sharing and related capacity access to unaffiliated operators on an equivalence of inputs basis. Access seekers shall receive the same or equivalent wholesale inputs, technical information, operational support, ordering and provisioning processes, service levels, implementation timelines, and access to network upgrades as those provided to, or used by, affiliated entities. Any deviation from equivalence shall be objectively justified, documented, and notified to TRCSL.

Option 3 — Equivalence-based obligation

Whenever SLT with its affiliates makes shareable capacity available to an affiliated entity, it shall make equivalent capacity available to unaffiliated operators on transparent, non-discriminatory and TRCSL-approved terms. Equivalent capacity should be assessed by reference to relevant technical, geographic, quality and timing parameters, including spectrum band, capacity, coverage area, service capability and implementation conditions. SLT with its affiliates shall not offer affiliated entities more favourable terms,

faster implementation timelines, superior quality parameters or preferential access to network upgrades unless the same terms are made available to unaffiliated operators.

Option 4 – proposed by market players

/ Stakeholders are invited to submit their proposals/

Annex 1. SLT network and infrastructure

Submarine cable systems

SLT controls 5 of the 8 international submarine cable systems connecting Sri Lanka to the world: BharatLanka, Dhiraagu-SLT, SEA-ME-WE3, SEA-ME-WE4 and SEA-ME-WE5 (with capacity of 1.45Tbps to France & 2.5Tbps to Singapore and 0.15T to Italy). SLT has invested in 6.6 Tbps for each east and west sides of additional capacity on the upcoming SEA-ME-WE6 cable expected to be ready for service in Q4 2025.

National backbone network (NBN)

SLT operates the only nationwide National Backbone Network in Sri Lanka with a total fibre cable distance of nearly 65,000km across the country.

Built on 100G technology, its IP network is the largest in the country. It connects 75 SLBN nodes and 500 IP nodes across the country.

Fixed access network

SLT is deploying a FTTH network with a capacity of 1.2 million fibre ports at the end of 2022. SLT operates the only fixed copper access network (>360 towns/cities in all 25 districts) based on which it provides DSL services.

Mobile and fixed wireless networks

SLT-Mobitel 3G and 4G mobile networks provide coverage to 95% and 90% of the population respectively. SLT also launched 5G on trial basis.



Source: [Sri Lanka Telecom PLC Divestiture Teaser](#)