MALTA COMMUNICATIONS AUTHORITY

CONSULTATION DOCUMENT

The wholesale provision of voice call termination services in Malta

Market definition, assessment of SMP and regulation of relevant markets

MCA Reference: MCA/C/26-6083

Publication Date: 15th September 2026

(+356) 2133 6840 info@mca.org.mt www.mca.org.mt/

Valletta Waterfront, Pinto Wharf, Floriana FRN1913, Malta

Contents

List of Abbreviations

3CT	Three Criteria Test
CPP	Calling Party Pays
DNA	Digital Networks Act
EC	European Commission
ECNSR	Electronic Communications Networks and Services (General) Regulations
EECC	European Electronic Communications Code
FNO	Fixed Network Operator
FTR	Fixed Termination Rate
FVCT	Fixed Voice Call Termination
HMT	Hypothetical Monopolist Test
MNO	Mobile Network Operator
MTR	Mobile Termination Rate
MVCT	Mobile Voice Call Termination
OTT	Over-the-top
PSTN	Public Switched Telephone Network
RRM	Recommendation on Relevant Markets
SMP	Significant Market Power
SSNIP	Small but Significant and Non-transitory Increase in Price
VCT	Voice Call Termination
VoIP	Voice over Internet Protocol
VoLTE	Voice over LTE
VoWiFi	Voice over Wi-Fi

1. Executive Summary

The Malta Communications Authority (hereafter "the MCA") is the National Regulatory Authority (hereafter "the NRA") responsible for the regulation of electronic communications networks and services, as defined in the Electronic Communications (Regulation) Act, Cap 399.

The MCA's regulatory function concerning electronic communications is underpinned by *ex ante* powers set out in the European Electronic Communications Code (hereafter referred to as "the EECC"). The MCA regularly reviews electronic communications markets and assesses whether they are, or are likely to become, effectively competitive, in accordance with the European Commission's (hereafter referred to as "EC") Guidelines on market analysis and the assessment of Significant Market Power (hereafter referred to as "SMP").

This consultation document informs the public about the MCA review on the mobile voice call and fixed voice call termination markets at both the wholesale and the retail level.

1.1. Proposed Relevant Markets

The MCA has undertaken a review of the markets for wholesale voice call termination (hereafter referred to as "wholesale VCT") in Malta in accordance with the regulatory framework applicable to electronic communications networks and services. The review considers developments in technology, market structure and competition since the MCA's previous decisions in 2018, as well as the regulatory framework now applicable to VCT.

Historically, the MCA presented distinct analyses related to wholesale VCT, specifically the analysis concerning the wholesale markets for mobile voice call termination (hereafter referred to as "MVCT") and the wholesale markets for fixed voice call termination (hereafter referred to as "FVCT").

To date, all relevant MVCT and FVCT markets continue to be regulated pursuant to the obligations imposed under the MCA's 2018 Decisions. Following the removal of these two markets from the European Commission's 2020 Recommendation on relevant product and service markets within the electronic communications sector (hereafter referred to as the "2020 EC RRM"), the MCA is hereby consulting on the main conclusions emanating from a fresh assessment of VCT markets taking into account national circumstances.

Wholesale VCT differs fundamentally from other wholesale inputs required for the provision of voice call services, in that the termination of a call to a particular subscriber can only be provided by, or through access to, the network to which that subscriber is connected. This gives the terminating operator exclusive control over the termination of calls to its own subscribers. In the absence of a technically and commercially viable alternative, an originating operator seeking to complete a voice call to a subscriber on another network therefore needs to interconnect with, and obtain termination from, the operator serving that subscriber.

Accordingly, the MCA considers that the relevant product market continues to comprise the wholesale VCT on each individual operator's network. Each operator-specific termination market therefore constitutes a separate relevant market. On this basis, the MCA identifies the following seven relevant markets in Malta:

- Wholesale voice call termination on GO's mobile network;
- Wholesale voice call termination on Epic's mobile network;

- Wholesale voice call termination on Melita's mobile network;
- Wholesale voice call termination on GO's fixed network;
- Wholesale voice call termination on Epic's fixed network;
- Wholesale voice call termination on Melita's fixed network; and
- Wholesale voice call termination on Vanilla Telecoms' fixed network.

From a geographic perspective, the MCA considers that each of these relevant markets is national in scope. This is the case notwithstanding the more limited physical footprint of Vanilla Telecom's fixed network. In particular, the ability of subscribers to receive calls from other subscribers, even from those hosted on networks different to theirs, together with the competitive and regulatory conditions applicable to the provision of VCT services, supports the conclusion that each of the relevant geographic markets is national in scope.

1.2. Assessment of competition

The MCA has applied the Three Criteria Test (hereafter referred to as "the 3CT") to each of the relevant wholesale VCT markets. The assessment recognises that the provision of wholesale VCT is characterised by significant structural features, most notably the fact that each terminating operator controls access to its own subscribers and that an originating operator cannot readily substitute termination on another network.

These characteristics give rise to high and non-transitory barriers to entry and confer a degree of market power on each terminating operator. The MCA has nevertheless considered whether, in light of developments since the 2018 market analyses, these characteristics continue to justify the imposition of national, market-specific *ex ante* regulation.

In applying the 3CT, the MCA has considered the nature and persistence of barriers to entry, the prospect of the markets tending towards effective competition over the relevant time horizon, and whether competition law alone would be sufficient to address any potential market failures. The assessment also takes account of the significant changes in the technological, commercial and regulatory environment for VCT.

In particular, the continued evolution towards IP-based voice services and the introduction of a harmonised EU-wide regime governing maximum voice termination rates have materially changed the circumstances in which the markets operate.

Against this background, the MCA considers that the existing market conditions, together with the safeguards available under the wider regulatory framework, materially constrain the ability and incentive of terminating operators to exercise market power in a manner that would warrant market-specific regulatory intervention. Accordingly, the MCA concludes that the cumulative conditions of the 3CT are no longer satisfied and that the continued imposition of market-specific *ex ante* obligations is no longer justified.

1.3. Proposed regulatory approach

In light of these findings, **the MCA proposes to withdraw the existing *ex ante* obligations imposed pursuant to the 2018 MCA Decisions, subject to a ninety (90)-day sunset period to allow operators to transition to the revised regulatory framework in an orderly and proportionate manner.**

The proposed withdrawal of the existing obligations does not mean that wholesale VCT will cease to be subject to regulatory oversight. Rather, it is without prejudice to the continued application of the wider regulatory framework applicable to the provision of electronic communications services.

In particular, price-related matters will continue to be governed by the applicable provisions of the EECC and the Commission's Delegated Regulation on Union-wide voice termination rates, while non-price-related matters, including issues concerning interconnection, denial of access and transparency, remain subject to any applicable obligations and requirements under both the EECC and other relevant provisions of the national regulatory framework.

The MCA will continue to monitor developments in the wholesale VCT markets, including during and following the proposed sunset period. Should market conditions or other relevant developments indicate that further regulatory intervention may be warranted, the MCA will consider the appropriate regulatory response in accordance with the applicable legal and regulatory framework.

Overall, the MCA considers that the proposed approach to withdraw the existing *ex ante* obligations on wholesale VCT markets provides a proportionate and forward-looking regulatory framework which reflects the significant technological, commercial and regulatory developments that have occurred since the 2018 MCA market reviews. This while retaining appropriate safeguards available under the wider regulatory framework to address potential competition, access or interconnection concerns that may arise.

1.4. Consultation Period

Submissions to this consultation document may be forwarded to MCA within the period ending on the **16th October 2026**.

The MCA invites interested parties to provide their views on the findings and proposals set out in this consultation document, including the proposed definition of the relevant markets, the assessment of competitive conditions, the proposed withdrawal of existing *ex ante* obligations and the proposed ninety-day sunset period.

As required by regulation 7 of the Electronic Communications Networks and Services (General) Regulations, Subsidiary Legislation 399.28, the MCA's proposals will be notified to the EC and to other NRAs after the end of this national consultation.

For more details on confidentiality considerations and submission, refer to **Section 7** of the document.

2. Market and Regulatory Context

This section sets out the market and regulatory context for the current review of the provision of wholesale VCT services in Malta.

The following aspects are addressed:

- the nature and scope of wholesale VCT services within the wholesale supply chain for the provision of fixed and mobile voice services;

- the European and national regulatory framework governing market reviews and the application of *ex ante* regulation, including the EECC and its transposition into Maltese legislation;

- the 2020 EC RRM and its relevance to the markets under review, including the evolution from the framework applicable at the time of the MCA's 2018 market review decisions, when wholesale FVCT and MVCT were included in the relevant EC Recommendation, to the current framework under which these markets are no longer identified at Union level as susceptible to ex ante regulation;

- the principles set out in the EC Guidelines on market analysis and the assessment of SMP, including those relating to market definition, geographic scope, the assessment of susceptibility to *ex ante* regulation and SMP, and the determination of an appropriate regulatory approach. These principles provide the analytical framework applied by the MCA in the present review;

- the MCA's previous regulatory decisions concerning wholesale FVCT and wholesale MVCT, including the regulatory obligations currently applicable to the operators providing these services. These obligations originate from two MCA Decisions published in 2018, namely: (i) The provision of call termination on individual public telephone networks at a fixed location in Malta[1]; and (ii) Wholesale voice call termination on individual mobile networks in Malta (together, the "MCA 2018 Decisions")[2]; and

- the applicable national consultation and EU-level notification procedures through which the MCA will progress the present market review towards a final decision.

2.1. Characteristics of VCT services

Wholesale VCT services are supplied by network operators to enable the completion of calls to subscribers connected to their networks. They constitute a wholesale input to the provision of retail voice call services over fixed telephony networks and mobile telephony networks and are required where a call needs to be terminated on the network hosting the called party.

[1] Link to MCA Decision on FVCT: https://www.mca.org.mt/consultations-decisions/provision-call-termination-individual-public-telephone-networks-fixed-2

[2] Link to MCA Decision on MVCT: https://www.mca.org.mt/consultations-decisions/wholesale-voice-call-termination-individual-mobile-networks-malta-0

For the purposes of the present review, wholesale VCT comprises two distinct service categories:

- wholesale FVCT, namely the wholesale service through which a fixed network operator ("FNO") terminates an incoming voice call to a fixed subscriber connected to its network; and

- wholesale MVCT, namely the wholesale service through which a mobile network operator ("MNO") terminates an incoming voice call to a mobile subscriber connected to its network.

Wholesale VCT charges, or wholesale VCT rates, are payable by the originating operator to the terminating operator for completing a call. Under the Calling Party Pays principle (hereafter referred to as "CPP principle"), the originating operator bears the termination charge and subsequently recovers this, together with the other costs of originating and delivering the call, through the retail charges applied to the calling party.

Where a call is made between subscribers of different service providers, the respective networks need to be interconnected to enable the call to be conveyed to, and terminated on, the network hosting the called party. In Malta, all operators providing fixed voice call and mobile voice call services also provide wholesale services on their respective networks. For this reason, the terms 'service provider' and 'network operator' are used interchangeably in the current analysis.

2.1.1. Wholesale elements for voice calling

The wholesale supply chain for voice calling comprises three principal functions: origination, transit and termination. As already highlighted, VCT is the wholesale service through which an incoming call is completed on the network to which the called party is connected. Calls may be originated and terminated on the same network operator (hence the term "on-net") or originated on one network and terminated on another (hence the term "off-net").

All FNOs and MNOs active in Malta are interconnected, enabling subscribers on one network to make and receive calls to and from subscribers on other networks. Interconnection arrangements have operated effectively over the period under review, with no material or persistent issues concerning the ability of operators to interconnect and exchange voice traffic. The practical operation of interconnection between Maltese operators has therefore not, to date, given rise to material disruption or significant impediments to the completion of calls between networks.

Of note is that the Maltese market is characterised by three operators - GO, Melita and Epic -- that are active in the provision of both fixed and mobile voice calling services. In addition, Vanilla Telecoms provides fixed voice services, with its network presence being geographically limited to a select areas in Malta.

There are currently no mobile virtual network operators (hereafter referred to as "MVNOs") active in Malta. MVNOs that previously operated in the Maltese market ceased their operations several years ago. Based on the information available to the MCA, their exit was attributable to commercial considerations rather than to difficulties or restrictions relating to network interconnection.

2.1.2. Termination charges and the Calling Party Pays principle

The provision of wholesale VCT services generally gives rise to a wholesale VCT charge payable by the originating operator to the operator providing the termination service. The VCT charge is implemented by the terminating operator for the wholesale service of completing the call on its network.

The CPP principle is relevant to the economic characteristics of termination markets as the originating operator paying the terminating operator a termination charge for completing the call on the terminating network. The calling party has no direct choice over the network to which the called party is connected.

The implications of this structural characteristic must, however, be considered in the context of the EU regulatory framework governing wholesale VCT charges. In particular, the EC Delegated Regulation (EU) 2021/654, adopted pursuant to Article 75 of the EECC, established a single maximum Union-wide mobile VCT rate and a single maximum Union-wide fixed VCT rate. The Regulation thereby introduced a harmonised ceiling on the VCT charges that providers of wholesale VCT services may levy.

The existence of this Union-wide maximum does not alter the underlying characteristics of VCT services or, in itself, determine the extent of competitive constraints faced by terminating operators. Rather, it constitutes an important regulatory constraint on the pricing of termination services which must be taken into account when assessing the current regulatory conditions and the extent to which the potential market power arising from the structural characteristics of termination can be exercised. The implications of these characteristics, together with the constraints arising from the EU-wide termination-rate regime, are considered in the subsequent assessment of the relevant markets, susceptibility to *ex ante* regulation and SMP.

2.2. The European Electronic Communications Code

The EECC underpins the regulation of the electronic communications sector in Malta. The Directive 2018/1972 of 11 December 2018 establishing the EECC entered into force on 20 December 2018.[3] Malta transposed the EECC into national legislation in October 2021.

The overarching objective of the EECC is to promote investment through sustainable competition, encourage efficient and effective use of radio spectrum, maintain the security of networks and services, and provide a higher level of end-user protection.

The EECC effectively sets the regulatory framework for market reviews, such as the obligation to carry out periodic reviews of certain electronic communications markets. In this context, the MCA seeks to satisfy various economic and legal tests throughout the execution of its market analysis function and adopts a standard three-stage approach for its market analyses. Specifically, the MCA first defines the relevant market, then carries out an assessment of competition and finally outlines its regulatory approach, such as by imposing remedies where SMP is determined.

[3] Link to EU Directive 2018/1972: http://data.consilium.europa.eu/doc/document/PE-52-2018-INIT/en/pdf

2.2.1. Transposition of the EECC into national legislation

The EECC was transposed into national legislation in October 2021, with Malta adopting the provisions of the EECC through various laws and regulations:[4]

- The Malta Communications Authority Act (Chapter 418).
- The Electronic Communications (Regulation) Act (Chapter 399).
- The Utilities and Services (Regulation of Certain Works) Act (Chapter 81).
- The Electronic Communications Networks and Services (General) Regulations (hereafter "ECNSR") as per subsidiary legislation (hereafter "S.L.") 399.48.
- European Communications, the Single European Emergency Call Service ('112' number) and The European Harmonised Services of Social Value ('116' numbering range) Regulations (S.L. 399.47).

2.2.2. The EECC and market review process

The EECC is transposed in Maltese legislation and requires the MCA to carry out periodic reviews of electronic communications markets, in accordance with Article 9 of the Electronic Communications (Regulation) Act, Cap. 399, and the applicable provisions of the ECNSR. The procedural aspects relating to market analysis and SMP are also reflected in the ECNSR.

- Regulation 54 of the ECNSR stipulates that the MCA tailors its market definition (Stage 1 for the purposes of the current analysis) on national circumstances, taking utmost account of all applicable guidelines and in accordance with the procedure referred to in article 4A of the Malta Communications Authority Act and Regulation 21 of the ECNSR.

- Regulation 51(2) of the ECNSR focuses on the SMP assessment (Stage 2 for the purposes of the current analysis) and states that:

  'An undertaking shall be deemed to have SMP if, either individually or jointly with others, it enjoys a position equivalent to dominance, namely a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately end-users'.

- Regulation 51(3) of the ECNSR states that National Regulatory Authorities (hereafter referred to as "NRAs"):

  'shall take into the utmost account the guidelines on market analysis and the assessment of SMP published by the EC pursuant to Regulation 52.'.

- Regulation 51(4) of the ECNSR states that:

  '*where an undertaking has SMP on a specific market, the Authority may also designate that undertaking as having SMP on a closely related market, where the links between the two markets allow the market power held on the specific market to be leveraged into the closely related market, there by strengthening the market power of the*

[4] Link to all relevant legislation: https://www.mca.org.mt/regulatory/legislation

undertaking. In such instances the Authority may consider remedies aiming to prevent the application of such leverage in the closely related market pursuant to regulations 56, 57, 58 and 61'.

- Regulation 54(8) of the ECNSR focuses on the implementation of *ex ante* remedies (Stage 3 for the purposes of the current analysis) and underlines that:

  'Where the Authority determines that, in a relevant market the imposition of regulatory obligations in accordance with sub-regulations (1) to (5) is justified, it shall identify any undertakings which individually or jointly have SMP power on that relevant market in accordance with Regulation 51. In doing so the Authority shall impose on such undertakings appropriate specific regulatory obligations in accordance with Regulation 55 or maintain or amend such obligations where they already exist if it considers that the outcome for end-users would not be effectively competitive in the absence of those obligations.'

  Where regulatory obligations already exist in the market(s) under investigation, a new finding of SMP would lead the MCA to maintain or amend the existing regulatory conditions accordingly. If, on the other hand, the finding of SMP cannot be ascertained, the MCA would have to withdraw such regulation, in accordance with Regulation 54(6) of the ECNSR, subject to an appropriate period of notice given to all parties affected by such withdrawal.

- Regulation 54(7) also foresees the possibility of regulatory obligations being withdrawn from an already regulated market and states that:

  'The Authority shall ensure that parties affected by a withdrawal of obligations done in accordance with this regulation, receive an appropriate notice period, defined by balancing the need to ensure a sustainable transition for the beneficiaries of those obligations and end-users, end-user choice, and that regulation does not continue for longer than necessary:

- *Provided that when setting such a notice period, the Authority may determine specific conditions and notice periods in relation to existing access agreements.'*

- Regulation 54(1) of the ECNSR also states that the MCA shall determine whether a relevant market defined in accordance with Regulation 52 is such as to justify the imposition of the regulatory obligations. In doing so, the MCA may seek the advice of the competent authority responsible for competition ('National Competition Authority' or 'the NCA').

2.2.3. The Proposed DNA Regulation

The regulatory context is also evolving at Union level. On 21 January 2026, the EC published a proposal for a Digital Networks Act (hereafter referred to as the "DNA"), which is intended to replace the EECC and establish, according to the EC, a more modern, simplified and harmonised framework for electronic communications networks and services.[5] The DNA

[5] Link: https://digital-strategy.ec.europa.eu/en/policies/digital-networks-act

proposal forms part of the broader evolution of the Union regulatory framework in response to technological and market developments, including the transition towards fibre, 5G and future digital networks.

Of relevance to wholesale VCT markets, Article 82 of the proposed DNA provides for the EC to establish, by delegated act, a single maximum Union-wide mobile voice termination rate and a single maximum Union-wide fixed VCT rate. The proposed framework further provides that the EC shall review the delegated act every five years from the date of entry into force of the Regulation and, on each occasion, assess whether the setting of Union-wide voice termination rates remains necessary, applying the criteria set out in Article 73(1). Where the EC decides not to impose a maximum mobile and/or fixed voice termination rate, NRAs may conduct a market analysis of the relevant voice termination markets in accordance with Article 73 to assess whether the imposition of regulatory obligations is necessary.

At the time of publication of this consultation, the DNA is still in its drafting stages and therefore does not form part of the regulatory framework applicable to the present market review. The current assessment is therefore conducted under the EECC and the applicable Maltese legislation transposing it. The DNA is nevertheless relevant as an indication of the prospective direction of the European regulatory framework.

2.2.4. The 2020 Recommendation on relevant markets

The European Commission Recommendation (hereafter referred to as the “EC RRM”) identifies markets which, at Union level, are considered susceptible to *ex ante* regulation under the European regulatory framework. The EC RRM therefore provides an important reference point for NRAs when determining the markets to be subject to market analysis and, where appropriate, *ex ante* regulation.

The 2020 EC RRM, adopted in December 2020, replaced the previous 2014 EC RRM and no longer includes wholesale FVCT markets and wholesale MVCT markets among the markets identified as susceptible to *ex ante* regulation. This represents a change from the regulatory framework applicable at the time of the MCA's 2018 market reviews, under which wholesale FVCT and wholesale MVCT were included among the relevant markets identified in the 2014 EC RRM.

The removal of wholesale FVCT and wholesale MVCT from the 2020 EC RRM does not, in itself, preclude NRAs from defining and analysing those markets or from maintaining or imposing *ex ante* regulation where the applicable regulatory conditions are satisfied. In Malta, wholesale FVCT and wholesale MVCT have remained subject to *ex ante* regulation pursuant to the MCA's 2018 Decisions. The present review therefore considers whether the conditions supporting the continuation of such regulation remain satisfied under the regulatory framework currently applicable.

Where a market is not included in the applicable EC RRM, the MCA must assess whether the market is susceptible to *ex ante* regulation in accordance with the applicable 3CT before proceeding, where appropriate, to an assessment of SMP.

The removal of wholesale FVCT and wholesale MVCT markets from the 2020 EC RRM raises the need to consider whether these markets continue to satisfy the conditions for *ex ante* regulation, notwithstanding their existing regulatory status under the MCA's 2018 decisions.

2.3. The SMP Guidelines

The EC has issued guidelines on market definition and the assessment of significant market power (hereafter referred to as "the SMP Guidelines") to guide NRAs in carrying out market analyses under the EU regulatory framework for electronic communications. The first SMP Guidelines were adopted in 2002. Following the adoption of the EECC, the EC reviewed the Guidelines and adopted the current SMP Guidelines in April 2018.[6]

The SMP Guidelines provide the analytical framework to be taken into account by NRAs when defining relevant markets and assessing whether one or more undertakings have SMP. In Malta, the MCA carries out these assessments pursuant to the ECNSR, which provides the legal basis and procedure for the MCA's market analysis and SMP assessment. In particular, Regulation 51(3) of the ECNSR requires the MCA to take the Commission's SMP Guidelines into utmost account when assessing SMP, while the market-analysis provisions of the ECNSR establish the applicable procedural framework.

Accordingly, in relation to wholesale FVCT and MVCT, the present analysis applies the relevant provisions of the ECNSR together with the analytical principles set out in the SMP Guidelines. The analysis distinguishes between the definition of the relevant market, the assessment of whether a market is susceptible to *ex ante* regulation, where required, and the assessment of SMP. The application of these stages depends on the regulatory framework applicable to the markets under review and the circumstances of the present analysis. This also aligns with the procedure referred to in regulation 54(2) of the ECNSR, and pursuant to regulation 52 of the ECNSR.

The MCA's 2018 Decisions identified the wholesale FVCT and the wholesale MVCT markets by reference to the relevant markets listed in the Commission's 2014 Recommendation. Accordingly, the question of whether these markets were included among the markets susceptible to *ex ante* regulation was addressed within that applicable regulatory framework and did not require the MCA, in the 2018 review, to independently establish susceptibility through a separate 3CT test.

2.3.1. Definition of relevant market(s)

The purpose of market definition is to identify the boundaries of the relevant product and geographic market within which competitive conditions in the national circumstances are assessed. The exercise is undertaken by reference to the characteristics and intended use of the services concerned and the competitive constraints faced by suppliers.

In particular, the MCA considers the extent to which demand-side substitution and, where appropriate, supply-side substitution constrain the ability of a supplier to increase prices or

[6] Communication from the Commission - Guidelines on market analysis and the assessment of SMP under the EU regulatory framework for electronic communications networks and services: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XC0507(01)&from=EN

Alongside the SMP Guidelines, the EC published a Staff Working Document titles 'Guidelines on market analysis and the assessment of SMP under the EU regulatory framework for electronic communications networks and services'. This is available on the following link: https://digital-strategy.ec.europa.eu/en/library/staff-working-document-guidelines-market-analysis-and-assessment-smp-under-eu-regulatory-framework otherwise exercise market power. The MCA conducts this assessment taking utmost account of the principles set out in the SMP Guidelines.

The MCA uses the so-called 'hypothetical monopolist test' (hereafter referred to as "HMT") as an analytical framework for assessing products or services that are sufficiently substitutable from the perspective of users to exert a competitive constraint on one another. The test considers whether a hypothetical monopolist of the focal product or service could profitably sustain a small but significant and non-transitory increase in price (hereafter referred to as "SSNIP") above the competitive level, typically in the range of 5-10%.

If such a price increase would not be profitable because customers would switch to alternative products or services to a sufficient extent, those alternatives may constitute sufficiently close substitutes to be included in the same relevant market. Conversely, where alternative products or services would not impose a sufficient competitive constraint, they would generally fall outside the relevant market. In applying this framework, the MCA takes account of the specific characteristics of the services under consideration and of the evidence available on actual and potential substitution.

Depending on the characteristics of the market and the availability of relevant evidence, the assessment may also have regard to other indicators of substitutability, including the functionality and technical characteristics of the services, their intended use, switching possibilities, customer preferences and behaviour, and the nature of any actual or potential competitive constraints.

In applying the market-definition framework to wholesale FVCT and wholesale MVCT, the MCA has particular regard to the technical and economic characteristics of wholesale VCT. In particular, the assessment considers whether an originating operator can substitute the termination service provided by the terminating operator with an alternative service while continuing to terminate calls to the relevant numbers. The analysis therefore does not rely solely on a mechanical application of the SSNIP framework but considers the actual competitive constraints arising from the structure and operation of the termination market.

2.3.2. The relevant geographic market

The relevant geographic market comprises the area in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas in which prevailing conditions of competition are appreciably different. In defining the geographic market, the MCA therefore considers the geographic scope of the competitive constraints identified in the product and service market analysis.

This assessment encompasses a consideration of whether suppliers face broadly similar competitive conditions across the area under consideration and whether a common set of competitive constraints applies throughout that area. Relevant factors may include the geographic availability of the services, the location and coverage of relevant networks and infrastructure, regulatory conditions, barriers to entry or expansion, and the extent to which pricing and other competitive conditions are homogeneous across the area.

On this basis, the MCA determines the appropriate geographic scope of the relevant market, including whether the evidence supports the definition of a national market or whether competitive conditions justify a narrower geographic market.

2.3.3. Assessment of susceptibility to ex ante regulation and SMP

Once the relevant market has been defined, the MCA assesses whether one or more undertakings possess SMP in that market. The assessment is undertaken in accordance with the ECNSR, taking utmost account of the principles set out in the SMP Guidelines.

The assessment of SMP considers the overall competitive conditions prevailing in the relevant market and takes account of a range of structural and other factors that may indicate the existence, persistence or absence of market power. These may include, among others, market shares, barriers to entry and expansion, control of infrastructure that is not easily duplicated, economies of scale and scope, vertical integration, countervailing buyer power and the extent of actual and potential competition. The relevance and weight of individual factors depend on the characteristics of the market under consideration. No single factor is, in itself, determinative of SMP; rather, the MCA reaches its conclusion on the basis of an overall assessment of the competitive conditions and the ability of one or more undertakings to act, to an appreciable extent, independently of competitors, customers and ultimately consumers.

Where the relevant market is not included in the EC RRM, the assessment of SMP is preceded by an assessment of whether the market is susceptible to *ex ante* regulation through the application of the 3CT, in accordance with the applicable EU and Maltese regulatory framework. The 3CT is applied at market level and considers cumulatively:

- whether there are high and non-transitory structural, legal or regulatory barriers to entry;
- whether the market structure does not tend towards effective competition within the relevant time horizon, having regard in particular to the development of competition beyond the identified barriers to entry or expansion; and
- whether competition law alone is insufficient to adequately address the identified market failure.

All three criteria must be satisfied cumulatively for a market to be considered susceptible to *ex ante* regulation on the basis of the 3CT. Where all three criteria are satisfied, the analysis may proceed to assess whether one or more undertakings possess SMP in the relevant market. Where any one of the criteria is not satisfied, the market is not considered susceptible to *ex ante* regulation and the imposition or continuation of SMP-based *ex ante* obligations would not be warranted on that basis.

Where a market that was previously subject to *ex ante* regulation is subsequently found not to satisfy the applicable conditions for such regulation, the MCA considers the appropriate regulatory consequences in accordance with the ECNSR, including the withdrawal of existing SMP designations and associated obligations where required, and any necessary transitional arrangements.

While there is significant analytical overlap between the 3CT and the SMP assessment, particularly in relation to barriers to entry, potential competition and competitive constraints, the two assessments serve different purposes. The 3CT determines whether the market is susceptible to *ex ante* regulation, whereas the SMP assessment determines whether one or more undertakings possess SMP within a market that has been found to warrant such regulation.

In the present review, the above framework is applied separately to the wholesale FVCT markets and wholesale MVCT markets. As noted above, these markets are no longer included in the 2020 EC RRM, although they remain subject to *ex ante* regulation in Malta pursuant to the MCA's 2018 decisions. The present analysis therefore considers whether the conditions supporting the continuation of *ex ante* regulation remain satisfied under the regulatory framework currently applicable.

Accordingly, the MCA first considers, for each market, whether the three criteria for susceptibility to *ex ante* regulation are satisfied. Where the three criteria are cumulatively satisfied, the MCA then proceeds to assess whether one or more undertakings possess SMP in the relevant market. Where the conditions for *ex ante* regulation are not satisfied, there is no basis for proceeding to an SMP-based regulatory intervention.

Particular regard is given to the characteristics of call termination markets, including the position of terminating operators in relation to calls to numbers on their respective networks, barriers to entry and expansion, the availability of effective alternatives, countervailing buyer power (hereafter referred to as “CBP”) and the potential for competitive constraints to develop over the relevant period. The assessment is forward-looking and takes account of expected market developments over the period covered by the review.

The conclusions reached for wholesale FVCT markets and wholesale MVCT markets are therefore based on the totality of the evidence and the specific characteristics and expected evolution of each market, rather than on any individual indicator of market power.

2.3.4. Setting the regulatory approach

The final stage of the market review is to determine the appropriate regulatory approach having regard to the findings of the preceding market definition, susceptibility to *ex ante* regulation and SMP assessments. The regulatory outcome is therefore dependent on the conclusions reached in respect of the relevant market and the existence and extent of market power identified in that market.

Where a market is found to be susceptible to *ex ante* regulation and one or more undertakings are found to possess SMP, the MCA considers whether *ex ante* regulatory obligations are necessary and, where appropriate, which obligations should be imposed or maintained. Any such obligations should be appropriate and proportionate to the competition problems identified and should address the specific market failures arising from the exercise or potential exercise of SMP.

Where a market is not found to be susceptible to *ex ante* regulation, an SMP-based *ex ante* regulatory intervention is not warranted. Similarly, where a market is susceptible to *ex ante* regulation but no undertaking is found to possess SMP, the imposition of SMP-based obligations would not be justified. In such circumstances, the MCA considers the appropriate regulatory consequences under the applicable regulatory framework, including the withdrawal of existing SMP designations and associated obligations where applicable and any necessary transitional arrangements.

In the context of the present review, this assessment is particularly relevant to the wholesale FVCT and MVCT markets, which remain subject to *ex ante* regulation pursuant to the MCA's 2018 decisions but are no longer included in the 2020 EC RRM. The MCA therefore considers whether the existing regulatory framework remains justified in light of the current and expected competitive conditions in each market and, where continued *ex ante* regulation is warranted, whether the existing obligations remain appropriate and proportionate to the identified competition problems.

The regulatory approach adopted for each relevant market is consequently based on the specific findings of the present review and the applicable regulatory framework, with the objective of ensuring that any *ex ante* obligations imposed or maintained are justified by the identified competition problems, proportionate to those problems and appropriate to the circumstances of the relevant market.

2.4. The MCA 2018 regulatory decisions

In 2018, the MCA assessed wholesale FVCT markets and wholesale MVCT markets within the framework of the European Commission's 2014 Recommendation on relevant markets ("2014 RRM"). The MCA's market reviews focused on defining the relevant markets in the Maltese context, assessing SMP, and determining the appropriate regulatory remedies.

- For the mobile segment, the MCA defined a separate wholesale MVCT market for each mobile network operator (hereafter referred to as "MNO") – Vodafone Malta (rebranded to "Epic" in November 2020), GO and Melita - and concluded that each operator had SMP in the provision of voice call termination over own network. The principal considerations were that each MNO had a 100% share of termination traffic on its own network, that there were no effective demand- or supply-side substitutes, that countervailing buyer power was insufficient to constrain termination charges, and that, absent regulation, operators would have an incentive to set termination charges above competitive levels. The MCA consequently maintained *ex ante* regulation through obligations relating to access, transparency, non-discrimination, price control and cost accounting, while withdrawing the accounting-separation obligation applicable specifically to this market.

- For the fixed segment, the MCA had reached a substantively similar conclusion in its 2018 review of wholesale FVCT markets. It identified a separate termination market for each fixed network operator (hereafter referred to as "FNO") - GO, Melita, Vodafone Malta (now Epic), SIS, Ozone Malta and Vanilla Telecoms -[7] and found that each FNO held SMP in its respective market for the provision of voice call termination services. The MCA conclusions relied on the same basic structural characteristics of termination, that each FNO had a 100% share of traffic terminating on its own network. The terminating operator could act independently in setting wholesale VCT charges because the called party's network could not be substituted. The CPP mechanism meant that retail customers did not provide an effective constraint. The MCA therefore imposed *ex ante* remedies, including access, non-discrimination, transparency and price control on all FNOs, together with cost accounting obligations for GO and Melita.

The 2018 market reviews therefore confirmed that the structural characteristics of fixed and mobile VCT markets at the time continued to justify SMP designations, and the application of *ex ante* regulatory obligations. Accordingly, the MCA maintained its regulatory approach in the identified VCT markets by imposing a suite of remedies on SMP market players, i.e. each FNO and each MNO, in line to the approach it adopted in preceding analyses.

[7] SIS and Ozone Malta have since ceased operations.

2.5. National consultation and notification

The MCA invites all interested parties to submit comments on the proposals and findings set out in this consultation document by **Friday 16 October 2026**. Further information on the consultation process, including the manner and deadline for submitting comments, is provided in **Section 7**.

Following the national consultation, the MCA will consult the National Competition Authority (also referred to as “NCA”), namely the Office for Competition within the Malta Competition and Consumer Affairs Authority (also referred to as “MCCAA”), on the main findings of the market review. Any comments or views provided by the Office for Competition will be considered by the MCA and, where appropriate, reflected in the final outcome of the market review. The MCA will publish the comments forwarded by the Office for Competition as part of its response to this consultation document, subject to any applicable confidentiality requirements.

Following the closure of the national consultation phase and having taken account of the comments received, the MCA will finalise its findings and, where required under the ECNSR, notify the resulting draft measure to the EC and to the national regulatory authorities of the other EU Member States in accordance with Regulation 7 of the ECNSR.

The notified draft measure will be subject to the applicable EU-level consultation and notification procedures. The EC may issue an opinion in accordance with the applicable regulatory framework, including in relation to the compatibility of the proposed measure with Community law.

Following completion of the applicable national and EU-level procedures, the MCA will publish its final decision on the market review, together with the relevant supporting documentation and, where appropriate, its response to the comments received during the consultation process.

3. Retail market developments since 2018

The wholesale FVCT markets and the wholesale MVCT markets have been subject to *ex ante* regulation in Malta pursuant to the MCA's 2018 market review decisions. Since those decisions were adopted, the regulatory, technological and competitive characteristics relevant to VCT services have seen developments.

3.1. EC rates harmonisation

Since the MCA's 2018 decisions, the regulatory treatment of termination charges has moved towards greater harmonisation through the introduction of EU-wide maximum termination rates. This development is relevant to the present review because it has reduced the extent to which NRAs determine termination charges independently and has established a common regulatory benchmark across Member States.

The introduction of EU-wide maximum termination rates has reduced the differences that previously existed between national approaches to the regulation of wholesale fixed and mobile voice call termination. This development has contributed to a more consistent regulatory treatment of termination services across Member States and has reduced the scope for materially different national approaches to termination-rate regulation.

More specifically, Article 75 of the EECC required the EC to establish single EU-wide fixed VCT charges and mobile VCT charges. The Delegated Regulation adopted in December 2020 applies to all providers, irrespective of SMP, and binds all providers to ensure that termination charges comply with the Regulation. Under this delegated regulation on voice termination charges, maximum rates are set at a common EU level for both wholesale MVCT and wholesale FVCT.

The Eurorates were set at the cost of an efficient operator and replace the previous nationally set maximum rates. As from 1 July 2021, the mobile VCT charge was set at €0.002/min and the fixed VCT charge was set at €0.0007/min.

This allowed for greater predictability for wholesale buyers and sellers operating across borders. On a general EU level, the regulatory direction has been toward cost-efficient, low termination rates, reflecting the decline in incremental costs of terminating voice traffic and the increasing commoditisation of voice.

EU regulation also seeks to ensure that operators charge comparable regulated rates for terminating equivalent traffic. This limits the scope for operators with strong bargaining positions to impose materially higher VCT charges. The development of MTRs and FTRs is illustrated below.

Table 1: Development of mobile termination rates (Euro cent/minute)

2005	2007	2009	2011	2013	2015	2017	2019	2021	2023	2025
9.60	9.60	8.70	4.20	0.40	0.40	0.40	0.405	0.405	0.40	0.20

Table 2: Development of fixed termination rates (Euro cent/minute)

2005	2007	2009	2011	2013	2015	2017	2019	2021	2023	2025
1.20	0.80	0.73	0.72	0.04	0.04	€0.04	0.04	0.07	0.07	0.07

3.2. Market structure and retail trends

Retail voice call services in Malta are provided through both fixed and mobile networks.

The principal operators providing retail fixed voice call services and mobile voice call services are GO, Melita and Epic, while Vanilla Telecoms also provides fixed voice call services. The respective positions of these operators and the evolution of their subscriber bases provide the starting point for considering developments in retail voice usage and the potential for substitution between fixed and mobile services.

3.2.1. The mobile segment

Since the MCA's 2018 review of the mobile voice call termination markets, the Maltese retail mobile market has undergone a number of significant developments. The period 2018–2025 has been characterised by continued growth in the overall mobile customer base, a substantial shift from prepaid to postpaid subscriptions, a rapid increase in mobile data consumption, and changes in the pattern of traditional voice and SMS usage.

Developments in market structure

The Maltese mobile market has continued to expand since 2018. Total mobile subscriptions increased from 615,843 in 2018 to 803,118 in 2025, representing an increase of approximately 30%. The mobile penetration rate increased from 125% to 137% over the same period.

The three-MNO structure has remained broadly stable, although the relative positions of the operators have evolved. In 2018, Epic accounted for approximately 41.5% of subscriptions, followed by GO with 36.1% and Melita with 21.1%. By 2025, Epic's share had increased marginally to 42.1%, GO's share stood at 35.6%, while Melita's increased to 22.3%. Thus, notwithstanding some changes in the relative positions of the operators, the overall distribution of subscriptions has remained relatively stable, with Epic continuing to hold the largest share of the market.

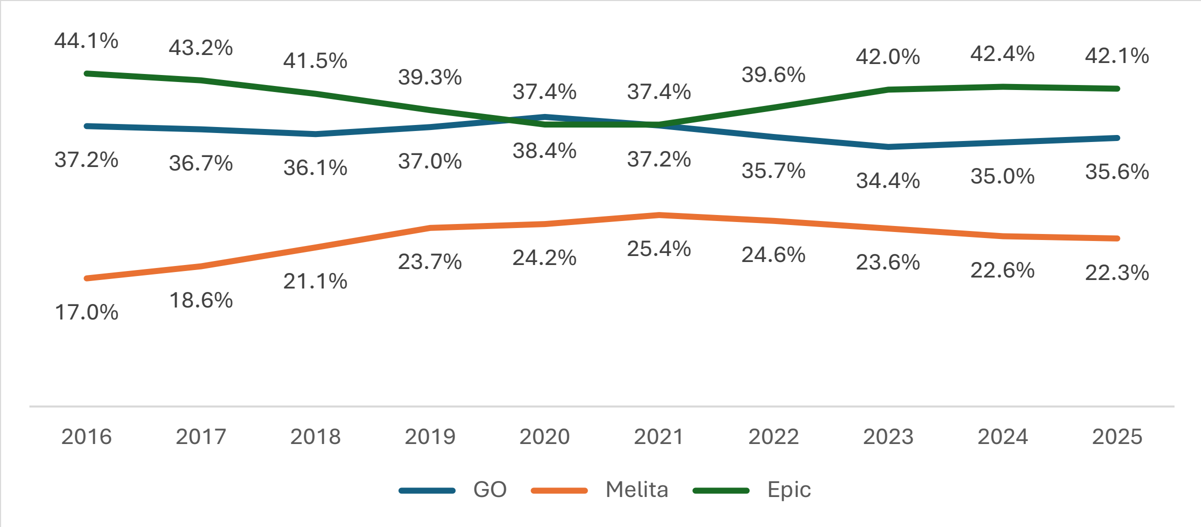

Figure 1: Market share of mobile telephony subscriptions – by operator

The retail mobile market has also historically accommodated service-based entry through MVNOs. In the 2018 review, the MCA noted that four MVNOs had entered the Maltese market, namely Bay Mobile, Ping, RedTouch and VFC Mobile. By the time of the 2018 review, however, Bay Mobile and Ping had ceased operations, leaving only RedTouch and VFC Mobile active. The remaining MVNOs subsequently also ceased operations, such that there were no active MVNOs in the Maltese mobile market from 2021 onwards.

The subsequent cessation of MVNO operations reflected primarily the commercial difficulty of competing against the established MNOs, which benefited from greater scale and stronger pricing and marketing capabilities, rather than difficulties relating to interconnection or access to the networks required to provide mobile services.

Evolution in subscription profile

The more significant structural change concerns the composition of the customer base. Postpaid subscriptions increased from 224,347 in 2018 to 461,066 in 2025, representing an increase of approximately 106%. Over the same period, prepaid subscriptions declined from 391,496 to 342,052, a decrease of approximately 13%. Consequently, the balance between the two subscription types has effectively reversed: postpaid subscriptions increased from approximately 36% of total subscriptions in 2018 to 57% in 2025, while prepaid subscriptions declined from approximately 64% to 43%.

This shift towards postpaid services is evident across all three MNOs and represents a material change in the composition of the mobile retail market. It is also relevant to the evolution of voice usage, particularly where postpaid plans incorporate generous or unlimited voice allowances, potentially reducing the marginal price associated with individual calls.

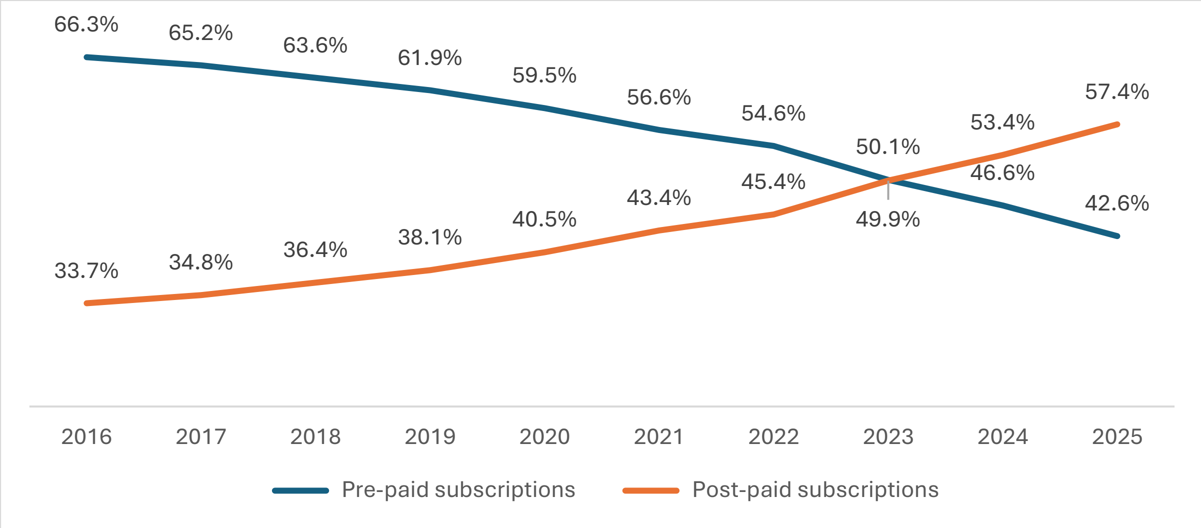

Figure 2: Mobile subscriptions: Post-paid vs pre-paid

Usage patterns for voice calling

The pattern of mobile usage has also evolved significantly. Outgoing mobile voice traffic increased from approximately 932 million minutes in 2018 to a peak of approximately 1,196 million minutes in 2021, which coincides with the COVID-related mobility restrictions, before declining to approximately 1,107 million minutes in 2025. Despite the decline from its 2021 peak, 2025 voice traffic remained approximately 19% above the 2018 level.

The number of outgoing voice calls, however, declined from approximately 470.3 million in 2018 to 457.9 million in 2025. At the same time, the average duration of an outgoing call increased from approximately 1.98 minutes in 2018 to 2.42 minutes in 2025, including an increase from approximately 2.36 minutes in 2024 to 2.42 minutes in 2025.

This provides a useful nuance to the overall voice trend. While the number of calls has declined modestly, the calls being made have, on average, become longer. The increasing prevalence of postpaid subscriptions, including plans offering generous or unlimited voice allowances, may have contributed to a less time-sensitive pattern of voice usage and longer average call durations. This should, however, be regarded as a possible contributing factor rather than a conclusion directly established by the available statistics.

The continuing scale of voice traffic nevertheless demonstrates that mobile voice remains a material component of mobile communications in Malta, notwithstanding the more recent decline in overall voice traffic.

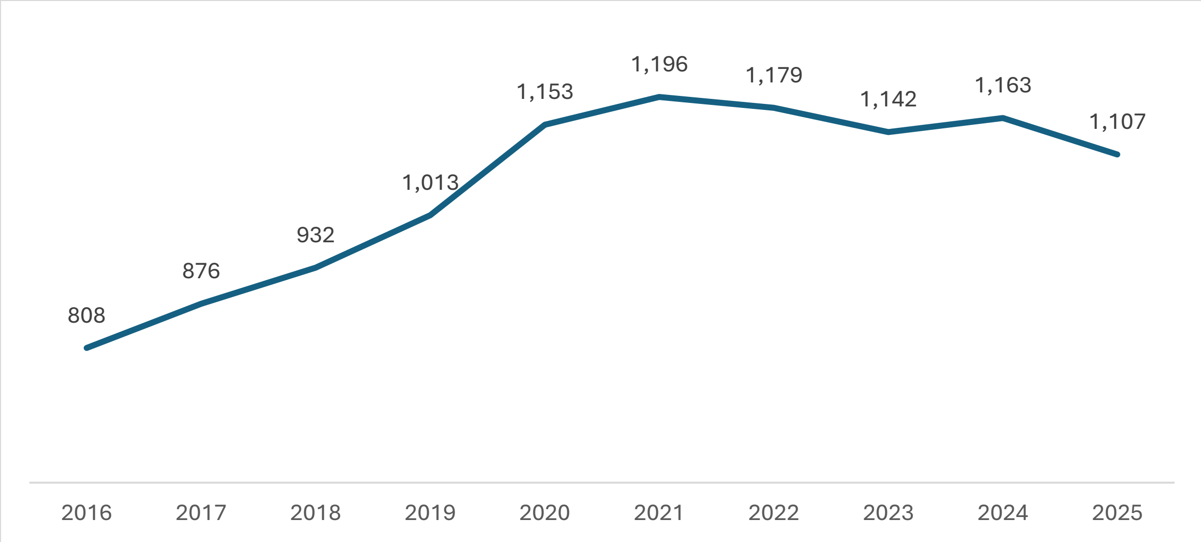

Figure 3: Total mobile-originated minutes (in millions)

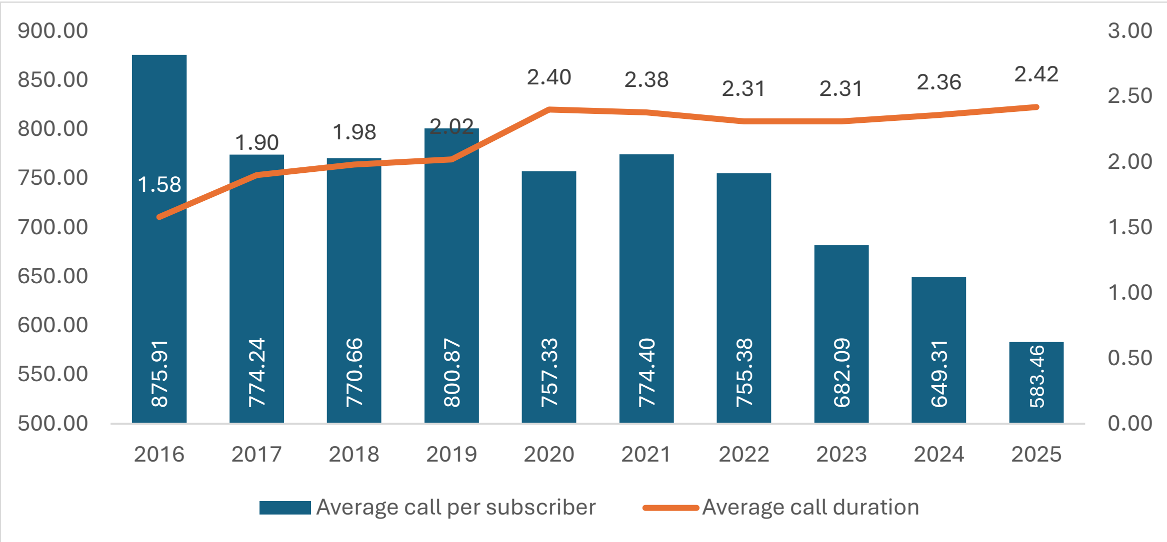

Figure 4: Traffic activity per active mobile subscriber

The composition of voice traffic being terminated on local mobile networks is another relevant consideration. During MCA's 2018 Decisions, approximately 60% of all voice call minutes terminated on mobile networks were on-net calls. This share has now dropped to 50% in 2025, suggesting that off-net calls have become relatively more important within the overall volumes of voice traffic terminated on mobile networks.

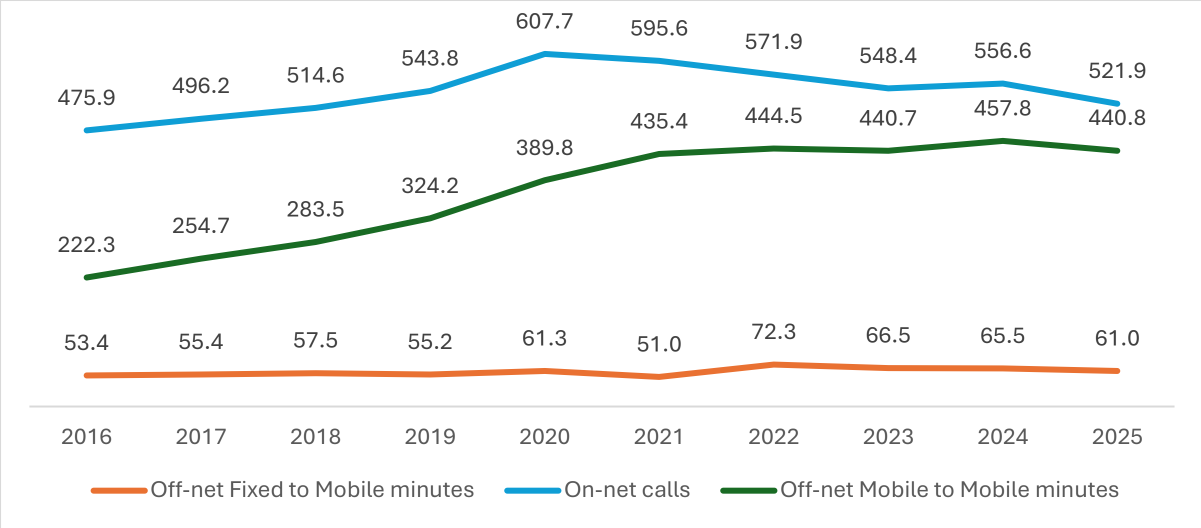

Figure 5: Call minutes (millions) terminated on mobile networks

Other observed usage patterns

The evolution towards a more data-centric mobile market is particularly pronounced. Domestic mobile data volumes increased from approximately 6.2 billion MB in 2018 to 154.5 billion MB in 2025, representing an increase of approximately 2,389%. Mobile data consumption in 2025 was therefore almost 25 times the level recorded in 2018.

By contrast, outgoing SMS traffic declined from approximately 272.5 million messages in 2018 to 101.8 million in 2025, representing a reduction of approximately 63%. Taken together, the rapid growth in mobile data consumption and the substantial decline in SMS usage indicate a pronounced shift in consumer communications behaviour towards data-based services.

The evolution in usage has been accompanied by a decline in average revenue per user. ARPU decreased from €182.45 in 2018 to €144.51 in 2025, representing a reduction of approximately 21%. This occurred against a backdrop of substantial growth in both the number of mobile subscriptions and mobile data consumption.

Technological and quality developments

In parallel with the changes in the composition and usage of the mobile market, there have also been notable developments in the quality and technological characteristics of mobile voice services.

In 2024 and 2025, the MCA conducted two independent mobile Quality of Service (hereafter referred to as ‘QoS’) benchmarking campaigns covering the three mobile service providers in Malta and Gozo. The assessments covered both voice and data services.

While the first campaign assessed traditional voice calls, the subsequent campaign also incorporated voice calls delivered using Voice over LTE (hereafter referred to as “VoLTE”), while allowing calls to fall back to traditional mobile networks where necessary. GO launched VoLTE in 2024 and made the functionality available across its mobile customer base, subject to device compatibility and activation. VoLTE is also offered by Melita and Epic to their respective mobile customers. Of note is that the availability of VoLTE across the three MNOs indicates that enhanced mobile voice functionality can be replicated across competing networks without requiring the deployment of a fundamentally different network infrastructure, although implementation continues to depend on appropriate network configuration, testing and handset compatibility.

The results of the 2025 QoS campaign indicated an improvement in voice-related performance compared with the previous benchmark, including improved voice performance across the regions of Malta and Gozo, reduced call set-up times and improved voice quality.

Another development in view of the deployment of IP-based and enhanced voice technologies concerns Wi-Fi Calling (hereafter referred to as “VoWiFi”). This represents a further development in the delivery of voice services. GO and Melita launched VoWiFi in 2025, providing customers with the ability to make and receive voice calls over a Wi-Fi connection where the service is supported. While VoWiFi extends the range of circumstances in which customers can access voice services, its underlying connectivity differs from VoLTE in that part of the communication path relies on a Wi-Fi connection that is not managed end-to-end by the authorized mobile operator. Accordingly, VoWiFi should not be regarded as technically equivalent to operator-managed VoLTE, although both developments demonstrate the increasing flexibility of the technologies through which retail voice services can be delivered.

Overall considerations for MVCT

Taken together, these developments indicate that the Maltese retail mobile market has changed materially since the MCA's 2018 review, particularly in terms of the composition of the customer base, the intensity and nature of mobile usage, and, to a lesser extent, the relative position of the three MNOs.

The market has expanded significantly in terms of subscriptions and penetration, while the customer base has shifted substantially from prepaid towards postpaid services. At the same time, mobile communications have become increasingly data-oriented, with mobile data volumes increasing very substantially since 2018, accompanied by a marked decline in SMS usage. Traditional mobile voice remains significant, although overall voice traffic has declined from its 2021 peak. Interestingly, the decline in the number of outgoing calls has been accompanied by an increase in average call duration, indicating that the evolution of voice usage is more nuanced than a simple reduction in voice consumption.

Nevertheless, these developments should be distinguished from the structural characteristics of wholesale mobile voice call termination. Of relevance to the current analysis of wholesale MVCT, the following considerations arise:

- While outgoing mobile voice traffic has declined from its 2021 peak, it remained substantial in 2025 and above its 2018 level. Moreover, the increase in average call duration in 2025 suggests that the decline in the number of calls has not translated into a proportionate reduction in the duration of voice usage. The continued shift towards postpaid subscriptions, including plans offering generous or unlimited voice allowances, may contribute to less price-sensitive calling behaviour and longer average call durations. Accordingly, while traditional voice usage may face longer-term downward pressure, mobile voice - and hence the underlying demand for mobile voice termination - remains material.

- The very substantial growth in mobile data consumption, together with the pronounced decline in SMS usage and the decline in mobile voice traffic from its 2021 peak, is consistent with an increasingly data-centric communications environment. This may, over time, contribute to substitution away from traditional voice services, including through data-based communications services, and consequently reduce the volume of traditional voice calls requiring MVCT. However, this consideration primarily concerns the volume and future trajectory of termination traffic and does not, in itself, establish the existence of an alternative wholesale provider capable of terminating a call to a number hosted on a particular MNO's network.

- While the relative market positions of the operators have evolved, the retail market shares remain broadly distributed among the three MNOs. Similarly, the substantial migration towards postpaid services, the growth in mobile data consumption and the decline in ARPU demonstrate significant changes in retail market conditions, but do not in themselves demonstrate that an originating operator can substitute away from the MNO responsible for terminating a call to a number hosted on its network.

Importantly, the retail market structure and developments in retail mobile usage must be distinguished from the competitive conditions prevailing at the wholesale termination level. In particular, the fact that voice services can increasingly be delivered through different technologies and that consumers may increasingly substitute data-based communications for traditional voice does not necessarily provide an originating operator with an alternative to the network on which a particular mobile number is hosted.

3.2.2. The fixed segment

The fixed telephony market has followed a different trajectory from the mobile market since the MCA's 2018 review. While the overall number of fixed-line subscriptions has remained broadly stable, the market has experienced a significant decline in traditional voice usage, a redistribution of subscriptions between the principal operators and a continued increase in the proportion of fixed-line services provided as part of bundled offers.

Developments in market structure

Total fixed-line subscriptions increased only marginally from 254,349 in 2018 to 256,372 in 2025. Over the same period, however, the distribution of subscriptions between operators changed. GO's fixed-line subscriptions declined from 145,795 to 126,087, while Melita's increased from 99,282 to 117,891. Epic also increased its subscriber base, although from a substantially smaller starting position. The overall market has therefore remained broadly stable in size while experiencing a degree of redistribution between operators.

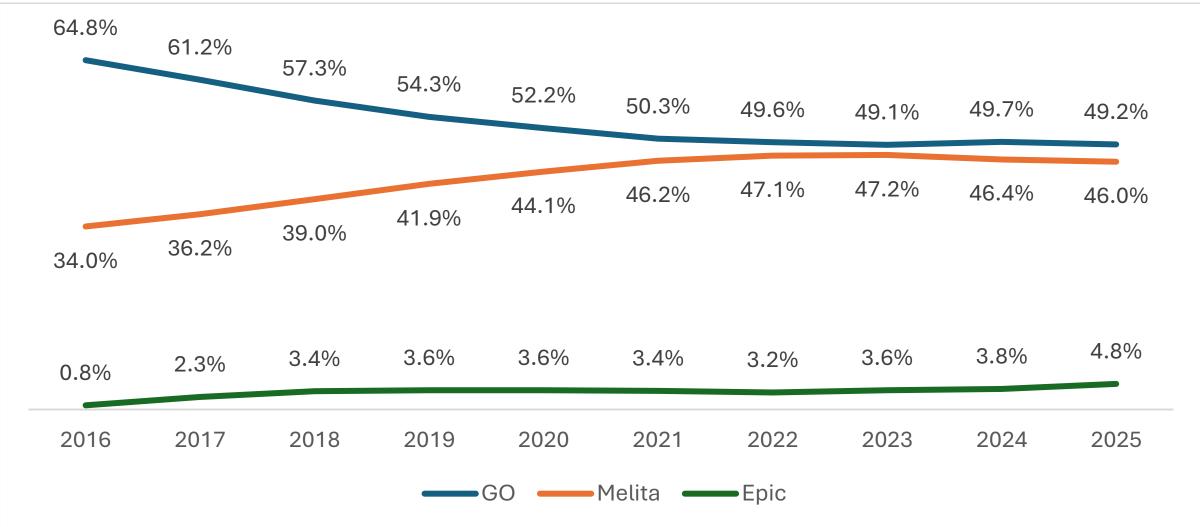

Figure 6: Market share of fixed line telephony subscriptions – by operator

Evolution in subscription profile

The composition of the fixed customer base has also changed significantly. Postpaid subscriptions increased from 240,892 in 2018 to 250,902 in 2025, while prepaid subscriptions declined from 10,604 to only 16, as the three largest operators stopped offering prepaid plans. In parallel, the proportion of fixed-line subscriptions associated with a postpaid bundle offer increased from 71% in 2018 to 89% in 2025. Fixed voice services are therefore increasingly provided within bundled communications offers rather than as standalone services.

Usage patterns for voice calling

Traditional fixed voice usage has declined substantially. Outgoing voice calls decreased from approximately 120 million in 2018 to approximately 54 million in 2025, while outgoing voice traffic declined from approximately 435 million minutes to approximately 197 million minutes over the same period. This represents a reduction of approximately 55% in both calls and minutes. The average duration of an outgoing fixed voice call, however, remained broadly stable at around 3.6 minutes over the period.

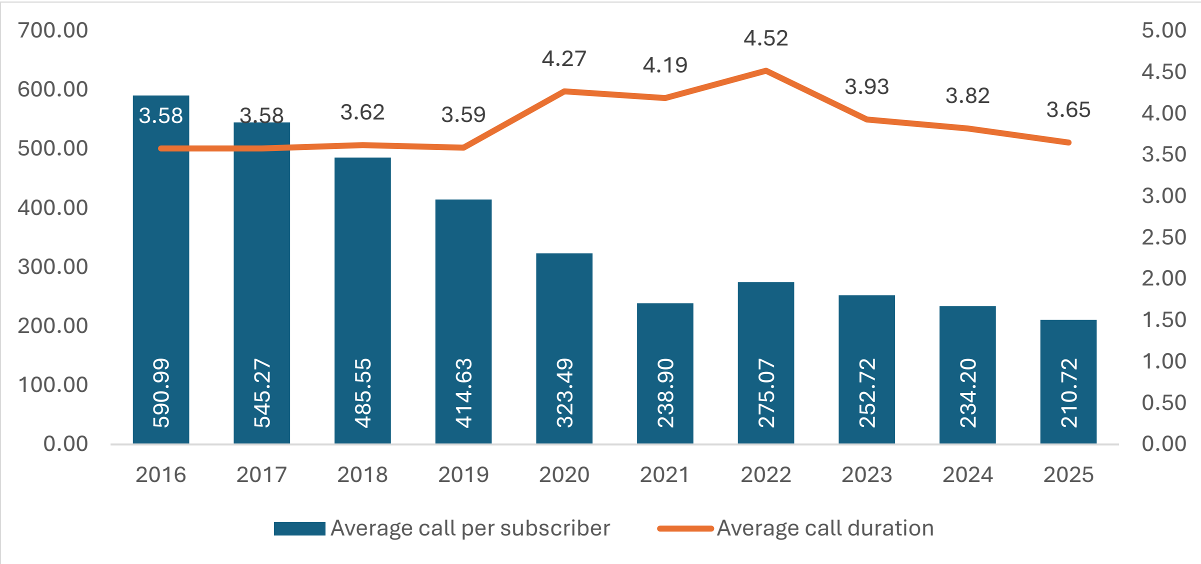

Figure 7: Traffic activity per active fixed subscriber

The decline in fixed voice usage is evident across the principal traffic categories. Between 2018 and 2025, on-net and off-net fixed-to-fixed traffic declined by approximately 67% and 62%, respectively. Meanwhile mobile-to-fixed traffic increased by 21.1%, likely driven by the increase in mobile users, as seen in Section 3.2.1. This indicates that, to date, mobile-to-fixed communications accounts for the majority of traffic terminating on fixed networks (representing 49.3% of all traffic terminated on fixed networks), followed by on-net traffic at approximately 33.4%.

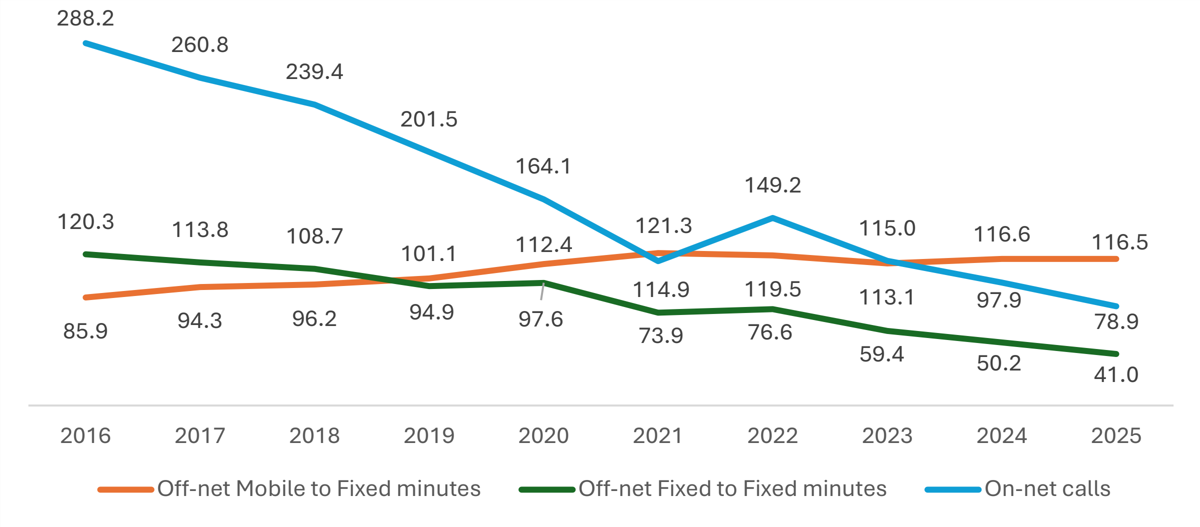

Figure 8: Call minutes (millions) terminated on fixed networks

Also of note is that the decline in voice usage has been accompanied by a reduction in average revenue per user, from €132.87 in 2018 to €92.85 in 2025. Fixed-line inward portings have also declined over the period, from 2,205 in 2018 to 1,039 in 2025, although porting activity has fluctuated from year to year.

Technological developments

The provision of fixed voice services in Malta has progressively evolved from the traditional circuit-switched architecture historically associated with the Public Switched Telephone Network (also referred to as "PSTN") towards IP-based network technologies. This transition reflects the broader convergence of voice and data communications and the increasing use of broadband networks as the underlying infrastructure for the delivery of voice services. VoIP technology allows voice traffic to be carried over IP-based networks rather than dedicated circuit-switched infrastructure, thereby enabling voice services to be integrated more closely with the operators' wider data-network infrastructure.

The transition towards IP-based architectures also affected the technical arrangements underpinning interconnection. In a more consolidated IP environment, voice traffic got aggregated and exchanged through fewer and more centralised interconnection points, with common IP protocols facilitating the exchange of traffic between networks. IP-based interconnection provides greater operational visibility and flexibility in the management and routing of voice traffic and may reduce some of the technical complexity associated with interconnecting legacy circuit-switched networks. These developments also facilitated the exchange of voice traffic between operators and reduced technical barriers associated with interconnection.

The transition towards IP-based voice is also evident at the retail level. All three main fixed voice providers in Malta - GO, Melita and Epic - offer VoIP-based fixed telephony services. GO and Epic provide fixed voice services over their respective data networks, primarily fibre-based networks, while Melita delivers voice services over its HFC and fibre networks. Consequently, fixed voice services can now be delivered over broadband access networks irrespective of whether the underlying access technology is fibre or HFC.

The technological evolution is therefore significant from the perspective of the means by which fixed voice services are provided, with all principal fixed operators now capable of carrying voice over broadband/IP infrastructure. This represents a material change from the legacy

PSTN environment and is consistent with the wider migration towards converged voice and data networks.

The fact that FVCT can technically be delivered over IP rather than circuit-switched infrastructure does not, in itself, establish that termination on one fixed network can be substituted by termination on another network. The implications of this technological transition for the relevant wholesale FVCT markets are therefore considered separately in the assessment of substitutability.

Overall considerations for FVCT

Taken together, these developments indicate that the Maltese fixed telephony market has changed materially since the MCA's 2018 review, although the nature of this change differs from that observed within the mobile segment. The overall fixed subscriber base has remained broadly stable, while the distribution of subscriptions between the main operators has evolved and fixed voice services have become increasingly embedded within bundled postpaid offers. At the same time, traditional fixed voice usage has declined substantially, with both the number of outgoing calls and associated voice traffic falling by around 55% between 2018 and 2025. The decline in fixed voice usage has taken place against the backdrop of an already established transition from legacy circuit-switched infrastructure towards IP-based voice delivery. This transition, which began well before the period under review, has continued to develop, with all three principal fixed voice providers now offering VoIP-based telephony over their respective broadband networks.

Of relevance to the current analysis of wholesale FVCT, the following considerations arise:

- The substantial decline in traditional fixed voice usage indicates that fixed voice termination is likely to face continued pressure in terms of traffic volumes. Outgoing fixed voice traffic nevertheless remained material in 2025, at approximately 197 million minutes, and therefore, the decline in usage should be understood as a significant reduction in the intensity of fixed voice communications rather than the complete erosion of demand for FVCT.

- The increasing prevalence of bundled fixed-line services has changed the manner in which fixed voice is offered and consumed at the retail level. With the large majority of fixed subscriptions now associated with postpaid bundle offers, fixed voice is increasingly provided as part of a wider connectivity proposition rather than as a standalone service. This may reduce the relevance of the standalone retail price of fixed voice when considering consumer behaviour and substitution. It does not, however, establish that an originating operator has an alternative wholesale provider for terminating a call to a number hosted on a particular fixed network.

- The migration from circuit-switched to IP-based voice represents a material technological development, but its implications for wholesale termination require separate consideration. The fact that all fixed providers now offer VoIP-based voice services over their broadband networks demonstrates that the technical means of providing fixed voice has evolved significantly since the legacy PSTN environment. IP-based architectures may also facilitate the aggregation and exchange of voice traffic between operators and reduce certain technical barriers associated with legacy interconnection arrangements. However, the migration to IP does not, by itself, demonstrate that termination on one network can be substituted by termination on another network, particularly where the called number remains associated with a particular network.

Overall, while fixed voice usage and the technology underpinning its delivery have evolved since the MCA's 2018 review, these developments do not in themselves demonstrate a change in the competitive conditions of wholesale FVCT. Their relevance to termination substitutability and the assessment of the relevant wholesale market is considered below.

3.2.3. Mobile and fixed termination charges

The developments outlined in the previous sections describe the evolution of retail voice services and the technologies through which they are delivered. To assess their significance for the wholesale VCT markets, it is also necessary to consider the evolution of VCT charges and the regulatory framework governing their determination.

All MNOs and FNOs in Malta are interconnected, enabling customers on different networks to communicate through end-to-end voice connectivity. Wholesale VCT forms an essential component of this connectivity, providing the service required to complete a call on the network to which the called number is connected. For example, in the case of mobile voice call termination, this involves the wholesale service provided by the terminating MNO to an originating operator for completing a call to a subscriber on its network.

The evolution of wholesale VCT charges provides an important additional context to the developments observed since the MCA's 2018 review. Under the prevailing interconnection arrangements, the originating operator pays a termination charge to the operator on whose network the call terminates. Historically, the MCA regulated these charges through cost-oriented measures. More recently, termination rates have been subject to the maximum rates established under the European Commission's Delegated Regulation on Union-wide VCT charges, which applies directly across Member States. Malta's rates progressively converged with these EU-wide maximum rates, with FTRs becoming compliant from 1 July 2021 and MTRs from 1 January 2024.

The introduction of harmonised EU-wide maximum VCT charges has materially constrained the ability of operators to set termination charges above the applicable regulated ceiling. This is particularly relevant to the assessment of termination markets because, notwithstanding each terminating operator's control over termination to numbers hosted on its network, the regulated maximum limits the extent to which this control can translate into excessive wholesale VCT charges.

The significance of termination charges for retail pricing has also evolved. While the precise contribution of wholesale termination revenues to the overall revenues of Maltese mobile and fixed network operators is not readily identifiable from the available data, termination charges are unlikely to be a significant determinant of retail voice pricing under current tariff structures. The widespread adoption of postpaid plans incorporating bundled voice allowances, which generally apply irrespective of whether calls terminate on-net or off-net, meaning that the retail price paid by consumers is typically not directly linked to the termination charge applicable to an individual call. Retail pricing is therefore likely to be driven predominantly by broader competitive and commercial considerations rather than by the level of wholesale termination charges.

The regulatory framework governing VCT charges is subject to periodic review at EU level. The EC commissioned an external study examining the costs of providing mobile wholesale roaming and wholesale VCT services (CNECT/2022/OP/0065)[8], as part of the review of the

[8] Link: https://digital-strategy.ec.europa.eu/en/library/finalisation-mobile-cost-model-roaming-and-delegated-act-single-eu-wide-mobile-voice-call-0

maximum wholesale roaming charges and the Delegated Regulation establishing the EU-wide maximum VCT rates. The MCA coordinated the collection of relevant data from Maltese mobile network operators and contributed to the Commission's cost-modelling exercise. The Commission's review of the maximum wholesale roaming charges was completed in June 2025, while the work on voice termination rates contributes to the review of the Delegated Regulation establishing the EU-wide maximum MVCT rates and FVCT rates.

Overall, since the MCA's 2018 review, both the retail and wholesale environments for voice services have evolved, including through changes in usage patterns, the continued migration towards IP-based technologies and the introduction of harmonised EU-wide maximum termination rates. The relevance of these developments to market definition and the assessment of competitive constraints is therefore considered in the subsequent analysis.

4. Market Definition

The definition of relevant markets constitutes the next step in the assessment of wholesale VCT. Having considered the evolution of the Maltese voice communications sector, it is necessary to identify, in a systematic manner, the products and services, and the geographic areas, that are subject to sufficiently similar competitive conditions. This is a necessary step prior to the subsequent assessment of market power and the framework within which the MCA will assess whether *ex ante* regulation remains justified.

The market definition is carried out by reference to both the product dimension and the geographic dimension:

- the product dimension identifies the range of services that are sufficiently substitutable from the perspective of users or suppliers;

- the geographic dimension identifies the area in which competitive conditions are sufficiently homogeneous.

In defining the relevant markets, the MCA takes account of the principles of competition law and the European regulatory framework for electronic communications, including the EC's approach to define relevant markets. The analysis also takes into account the specific characteristics of wholesale VCT, including the technical and economic characteristics of termination, the CPP principle, the network-specific nature of termination, and developments in the technologies and services used to terminate voice communications.

Market definition should furthermore reflect current and forward-looking market conditions. Accordingly, the analysis does not simply reproduce the market definitions adopted in previous regulatory reviews but considers whether developments in the Maltese market and at EU level have altered the boundaries of the relevant markets or the conditions underlying the previous conclusions.

The assessment of substitutability is central to the market definition, considering whether a hypothetical monopolist supplying the candidate product could profitably impose a SSNIP. If customers could readily switch to sufficiently close substitutes, or if alternative suppliers could rapidly switch production to provide the service, such a price increase would likely not be profitable, and the relevant market would need to be widened. Both demand-side and supply-side substitution are therefore considered in defining the relevant wholesale markets.

4.1. Wholesale VCT as the starting point

Wholesale VCT is an input required to complete a voice call to a customer connected to the terminating network. Where a customer of one network calls a customer connected to another network, the originating operator requires access to the terminating network in order for the call to be completed.

The characteristics of termination are important for the purpose of market definition. In particular, an operator hosting the called party controls the termination service to a voice call originated either on-net or off-net. From the perspective of an originating operator seeking to complete an off-net call to a particular customer, termination services provided by different networks are therefore not ordinarily interchangeable.

This characteristic distinguishes termination from many other wholesale communications services. The demand for termination is derived from the demand for retail voice communications, but the wholesale service required to complete a call is determined by the network to which the called party is connected.

The analysis therefore needs to consider, in particular:

- whether termination on different networks constitutes a substitute;
- whether mobile and fixed termination belong to the same relevant product market;
- whether termination of voice calls using different technologies should be considered within the same market;
- whether different types of calls or originating networks give rise to separate markets; and
- whether developments in alternative communications services have created effective substitutes for conventional wholesale VCT.

Demand-side substitution therefore considers whether the purchaser of VCT at retail level can switch to an alternative supplier, whereas supply-side substitution considers whether an operator that does not currently provide the relevant VCT service could switch its production or otherwise begin supplying that service in response to a SSNIP. The two forms of substitution are therefore assessed separately below.

4.2. Demand-side substitution

Demand-side substitution examines whether customers of the service would respond to a SSNIP by switching to another service that they consider sufficiently substitutable.

In the context of the current assessment, it is important to distinguish between the demand for voice communications at the retail level and the demand for VCT at the wholesale level.

- Retail demand concerns the communication service ultimately consumed by end-users, namely the ability to make and receive voice calls. Developments in retail markets may be relevant to the definition of the wholesale market in the context of the volume of calls requiring termination and the extent to which alternative communications services constrain demand for conventional voice calls or provide an alternative means of completing the communication without the wholesale termination service. Retail substitutability is therefore considered as part of the broader assessment.

- Wholesale demand for termination is derived from retail demand for voice calls and essentially arises from the requirement of an originating network operator to obtain termination from the network operator to which the called party is connected. The principal question is whether an originating network operator could avoid an increase in the termination charge by switching to another termination service. This requires consideration of whether termination on another network is a sufficiently close substitute for termination on the network of the operator imposing the price increase.

4.2.1. Retail demand and the CPP principle

At the retail level, demand for voice services depends on end-users' willingness to pay and on the extent to which they can switch to alternative means of communication. Two categories of retail users are relevant to wholesale VCT, namely the calling subscriber and the called subscriber.

The position of the called subscriber is particularly relevant in the context of the CPP principle. Under CPP, the calling party generally bears the cost of making the call, including the costs associated with wholesale termination, while the called party does not pay the terminating operator for receiving the call. Consequently, a SSNIP in the wholesale termination charge would not ordinarily be expected to cause the called subscriber to alter its behaviour, since the called subscriber does not directly bear that charge. The called subscriber therefore exerts little direct competitive constraint on the wholesale termination price.

The calling subscriber, by contrast, bears the retail cost of making the call and may therefore respond to changes in the overall price of voice communications. The calling subscriber may, for example, reduce the number or duration of calls or use an alternative communication service where such an alternative is available. However, such retail responses do not necessarily constitute substitution at the wholesale termination level.

In particular, the calling subscriber generally chooses the person or number to be called, rather than the network on which the call is terminated. Where the intended recipient is connected to a particular network, the call must ordinarily be terminated on that network. A calling subscriber therefore cannot normally respond to an increase in the wholesale termination charge imposed by that network by directing the same call to another network.

4.2.2. Wholesale demand-side substitution

The relevant demand-side question at the wholesale level is therefore whether the originating service provider could respond to a SSNIP imposed by a terminating operator by purchasing termination from an alternative supplier.

This possibility is constrained by the fact that termination is destination-specific. If a call is intended for a subscriber connected to Network A, the originating operator requires termination on Network A. Termination on Network B does not constitute a substitute for termination on Network A because it would not complete the call to the intended recipient.

The fact that the originating operator may have contractual or commercial relationships with several interconnected operators does not alter this conclusion. Interconnection provides how calls can be delivered between networks. Interconnection with multiple operators does not allow the originating operator to select an alternative network on which to terminate a call where the called subscriber remains connected to the original network.

Accordingly, an originating operator faced with a SSNIP in the termination charge of Network A cannot ordinarily switch demand to Network B while continuing to provide the same end-to-end call to the same subscriber. The wholesale demand-side constraint imposed by other terminating networks is therefore very limited.

Therefore, while there may be some degree of substitutability between different retail voice services, and potentially between voice and other forms of electronic communication, this does not imply substitutability between wholesale termination services provided on different networks. Retail substitution can constrain the overall demand for calls, but it does not ordinarily enable an originating operator to substitute one network's termination service for another's for a call to a particular destination.

4.3. Supply-side substitution

Supply-side substitution considers whether an operator that does not currently provide the relevant termination service could, in response to a SSNIP, switch its production or otherwise begin supplying that service within a sufficiently short period and without significant additional costs or risks.

In the case of wholesale VCT, such supply-side substitution is not feasible. Termination is inherently linked to the network to which the called party is connected. An operator wishing to terminate a call to a subscriber of another network cannot simply choose to supply termination to that subscriber in response to an increase in the termination charge. The alternative supplier would need to have control over, or access to, the network serving the called subscriber.

In practical terms, each service provider has control over termination to the customers connected to its own network. An originating operator therefore cannot respond to an increase in the termination charge by switching to another terminating supplier while still completing the call to the same destination subscriber. Similarly, another network operator cannot readily switch its existing production to provide termination for that subscriber because it does not control the terminating network.

The terminating operator therefore cannot be bypassed for the purpose of completing a conventional voice call to a subscriber connected to its network. This is a fundamental characteristic of wholesale VCT and means that there is no effective supply-side substitution between the networks.

4.4. Preliminary conclusion on the substitutability assessment

The preceding analysis has established that wholesale VCT has specific characteristics that significantly constrain both demand-side and supply-side substitution. In particular, the originating operator cannot ordinarily substitute termination on another network for termination on the network to which the called party is connected, while an alternative operator cannot readily supply termination to a subscriber connected to another network. These characteristics support the network-specific nature of wholesale VCT markets.

4.5. Relevant wholesale termination products

The MCA considers whether wholesale VCT services provided over mobile and fixed networks should be included within the same relevant product market. This requires consideration of whether MVCT and FVCT are sufficiently substitutable from the perspective of wholesale purchasers, taking account of their respective technical, functional and commercial characteristics.

The analysis at this stage is therefore distinct from the preceding assessment of substitution between individual networks. The question is not whether a call can be terminated on one operator's network instead of another operator's network, but whether termination to a mobile subscriber and termination to a fixed subscriber constitute sufficiently close alternatives to be regarded as part of the same relevant wholesale market.

4.5.1. Distinct functionality and service characteristics

Although the underlying function for wholesale MVCT and wholesale FVCT is similar, in terms of voice call completion to the called party, the conditions under which the services are provided differ materially. Mobile and fixed networks serve different categories of end-users and provide connectivity with different technical and functional characteristics. In addition, the wholesale demand for VCT is ultimately determined by whether the called party is connected to a mobile or fixed network.

From the perspective of an originating operator, FVCT is not generally a substitute for MVCT where the called party is a mobile subscriber, and vice versa. The originating operator cannot ordinarily respond to an increase in the price of termination on one network by purchasing termination on another type of network while still completing the call to the intended recipient.

The MCA therefore considers that MVCT and FVCT should be treated as separate relevant wholesale product markets. This preliminary conclusion is also supported by the demand-side considerations outlined in the previous sections. Although the retail characteristics of mobile and fixed voice services may give rise to some degree of substitutability from the perspective of end-users, such substitutability does not translate into effective substitution at the wholesale termination level. The originating operator still requires termination on the network to which the called subscriber is connected.

This distinction is also consistent with the need to recognise the different technological and commercial characteristics of mobile and fixed access networks and the different competitive conditions prevailing in their respective termination services.

4.5.2. VCT on different network operators

Wholesale termination is intrinsically linked to the network on which the called party is located. An originating operator wishing to complete a call to a particular subscriber cannot normally choose between the networks of different operators for the purpose of terminating that call. The operator must obtain termination from the network serving the called party.

This remains the case notwithstanding the existence of interconnection between networks. Interconnection enables calls to be exchanged between networks; it does not make termination on one network a substitute for termination on another network.

Consequently, the relevant wholesale market is defined by reference to termination on a particular network. In Malta, where each MNO and FNO controls access to the customers connected to its respective network, this characteristic is particularly relevant. The fact that all operators are interconnected and that customers can communicate across networks does not eliminate the network-specific nature of termination.

Accordingly, the MCA considers that, subject to the assessment of the remaining market-definition aspects, VCT on each individual MNO constitutes a distinct relevant market, while the corresponding principle applies to VCT termination on each individual FNO.

4.5.3. Technological neutrality and different forms of VCT

The evolution of telecommunications networks has resulted in voice call services increasingly being provided over IP-based and other packet-switched technologies. In particular, traditional circuit-switched networks have progressively been complemented or replaced by IP-based network architectures, including 4G and 5G mobile technologies and next-generation fixed networks.

The migration from one underlying technology to another does not necessarily imply the existence of separate wholesale markets where the service provided to the originating operator performs the same essential economic function, namely the completion of a voice call to a customer connected to the terminating network.

The relevant distinction is therefore not necessarily between circuit-switched and packet-switched termination, but between termination services that are sufficiently substitutable in terms of their functionality and the competitive constraints they impose.

The MCA considers that the market definition should therefore be technologically neutral, insofar as different technologies are used to provide functionally equivalent wholesale voice termination services. The assessment should focus on the service supplied and the competitive conditions under which it is provided rather than on the particular technical platform used to deliver it.

This approach also avoids defining separate markets merely as a consequence of technological migration where such migration does not alter the underlying competitive relationship.

4.5.4. VCT and alternative communications services

The development of internet-based communications services, including messaging applications and voice communications delivered through over-the-top platforms, has significantly expanded the range of communication services available to end-users.

These developments are relevant to the overall assessment of voice communications markets. However, the existence of alternative retail communication services does not automatically establish that such services constitute substitutes for wholesale VCT.

The relevant question is whether alternative communications services impose a sufficiently effective competitive constraint on the wholesale termination service under consideration. In particular, an alternative service would need to provide an originating operator with a practical means of completing a call to the intended recipient without obtaining termination from the network to which that recipient is connected.

Where an alternative service requires both the calling and called parties to use the same application or service, it does not necessarily provide a direct substitute for conventional wholesale termination, particularly where the objective is to reach an arbitrary subscriber using a telephone number.

The increasing use of IP-based communications should nevertheless be taken into account in the forward-looking assessment, particularly insofar as developments in numbering, interoperability, network architecture and consumer behaviour may affect the competitive constraints on conventional voice services.

4.6. Relevant Geographic Market

The Recommendation states that '*a relevant geographic market comprises an area in which the undertakings concerned are involved in the supply and demand of the relevant products or services, in which area the conditions of competition are similar or sufficiently homogenous* *and which can be distinguished from neighbouring areas in which the prevailing conditions of competition are appreciably different*'.

Having established the relevant product dimension, the MCA must determine the geographic scope of the relevant wholesale VCT markets. The relevant geographic market comprises the area in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas in which the conditions of competition are appreciably different.

In the case of wholesale VCT, the geographic dimension requires consideration not only of the physical coverage of the terminating network, but also of the geographic scope over which the termination service is supplied and the conditions under which operators interconnect and exchange traffic.

In Malta, GO, Melita and Epic provide nationwide fixed and mobile voice services, while Vanilla Telecom's fixed-line service footprint is geographically limited, primarily to locations within the Grand Harbour region. This difference in network footprint does not, however, result in geographically distinct conditions for wholesale VCT. Subscribers connected to Vanilla Telecom's network can originate calls to, and receive calls from, subscribers connected to other operators' networks, in the same way as subscribers of the other operators can communicate with Vanilla Telecom subscribers. The geographic limitation of Vanilla Telecom's access network therefore does not prevent its subscribers from participating in the national interconnected voice communications environment.

Moreover, the conditions under which wholesale VCT is provided do not vary across different geographic areas of the Maltese islands. In particular, the network-specific nature of termination means that the relevant service is determined by the network to which the called subscriber is connected rather than by the geographic location from which the call originates or the particular location of the subscriber within Malta. The interconnection arrangements, numbering framework and regulatory conditions applicable to termination are likewise established within a national framework.

Accordingly, the MCA does not identify differences in competitive or regulatory conditions between different geographic areas of Malta to justify defining sub-national geographic markets. The fact that an individual operator may have a geographically more limited access footprint does not, in itself, warrant a narrower geographic market for termination, where the conditions governing the provision of the termination service remain homogeneous.

The MCA therefore considers that the relevant geographic scope of the wholesale VCT markets is national. This conclusion is expected to remain appropriate over the review period, having regard to the current structure of the Maltese electronic communications sector and the absence of identified developments that would be expected to result in materially differentiated geographic conditions for wholesale VCT.

4.7. Proposed Relevant Markets

Based on the analysis set out above, the MCA's preliminary view is that the relevant wholesale markets should be defined according to the following principles:

- wholesale MVCT and wholesale FVCT constitute separate relevant product markets;
- each network operator corresponds to a separate wholesale VCT market, as termination on one operator's network is not, in general, substitutable with termination on another operator's network;

- the markets should be defined in a technologically neutral manner and encompass functionally equivalent voice termination services irrespective of the underlying network technology used to provide them; and
- the relevant geographic scope of each market is national, reflecting the national coverage and homogeneous regulatory and competitive conditions prevailing in Malta.

The assessment of both demand-side and supply-side substitution reinforces these conclusions. In particular, the CPP principle limits the ability of the called party to exert a competitive constraint, while the calling party cannot normally select an alternative terminating network for a call to a particular destination. On the supply side, an alternative operator cannot readily reproduce or substitute the termination service because termination is intrinsically linked to the network serving the called subscriber.

In view of all the above, the more fundamental distinction for the purposes of market definition is between termination on different individual networks. Each network operator controls access to the subscribers connected to its network and is therefore the sole provider of termination to those subscribers.

Accordingly, the MCA considers that the relevant product markets should be defined as individual network termination markets, with each market comprising the wholesale provision of voice call termination on a particular operator's network.

On this basis, the relevant markets are:

- Wholesale voice call termination on GO's mobile network;
- Wholesale voice call termination on Epic's mobile network;
- Wholesale voice call termination on Melita's mobile network;
- Wholesale voice call termination on GO's fixed network;
- Wholesale voice call termination on Epic's fixed network;
- Wholesale voice call termination on Melita's fixed network; and
- Wholesale voice call termination on Vanilla Telecoms' fixed network.

These proposed market definitions provide the basis for the subsequent assessment of competitive conditions, including the extent to which each network operator is able to act independently of competitors, customers and ultimately consumers, and whether the conditions for the imposition or maintenance of *ex ante* regulatory obligations continue to be satisfied.

5. Wholesale Competition Assessment

5.1. Approach to the assessment of the 3CT

Having identified the relevant wholesale VCT markets in the preceding section, the next step is to assess whether those markets continue to satisfy the 3CT. This assessment determines whether the characteristics of each relevant market are such that it remains susceptible to *ex ante* regulation under the applicable regulatory framework.

The assessment considers, for each relevant market, the three cumulative criteria concerning whether:

1. High and non-transitory structural, legal or regulatory barriers to entry are present;
2. There is a market structure that does not tend towards effective competition within the relevant time horizon; and
3. Competition law alone is insufficient to adequately address the identified market failure(s).

Where the three criteria are not satisfied cumulatively, the relevant market should no longer be subject to *ex ante* regulation. This additional step ensures that regulation remains targeted and proportionate to the identified competition issues.

The MCA assesses the 3CT separately for wholesale MVCT markets and wholesale FVCT markets. While each network operator constitutes a separate relevant market for wholesale VCT, the characteristics of termination and the associated competitive conditions are broadly comparable across the relevant markets. This is the case irrespective of the network over which termination is provided, given that termination constitutes a wholesale input enabling calls to be completed to subscribers on the terminating network, and that each network operator has control over the termination of calls to its own subscribers. The 3CT is considered across the relevant wholesale VCT markets.

The 3CT is conducted under a Modified Greenfield scenario, which assumes the absence of existing *ex ante* regulatory obligations in the relevant wholesale markets. The assessment therefore considers whether, in the absence of such regulation, the relevant markets would satisfy the three cumulative criteria for the imposition or continuation of *ex ante* regulation.

5.2. Assessment of the first criterion

The first criterion considers whether high and non-transitory structural, legal or regulatory barriers to entry or expansion exist in the relevant markets.

In the context of wholesale VCT, consideration needs to be given to the specific characteristics of termination and, in particular, to the fact that termination is intrinsically linked to the network on which the called party is located. Each network operator controls the termination of calls to the subscribers connected to its network. Consequently, an undertaking seeking to provide termination to subscribers connected to another network would need to establish or otherwise obtain control of that network to provide the corresponding termination service.

While entry into the provision of electronic communications services is, in principle, possible, entry into an operator-specific termination market is subject to significant structural conditions. An undertaking cannot enter such a market simply by deploying an alternative network, since calls terminated on that network would be terminated to subscribers connected to the alternative network rather than to subscribers of the network corresponding to the relevant termination market. In order to provide termination to subscribers of a particular network, an undertaking would therefore need to obtain control of that network or otherwise acquire the corresponding subscriber base and associated network resources. Such circumstances would require significant investment and would not represent a readily replicable means of entry into the relevant termination market.

This structural characteristic is inherent to the nature of voice call termination and is not dependent on the existence of *ex ante* regulatory obligations. The fact that entry into the wider provision of fixed or mobile communications services may be possible does not, in itself, remove the barrier to entry into an individual operator-specific termination market. As long as subscribers remain connected to distinct networks, the respective network operator retains control over the termination of calls to its own subscribers.

The assessment of legal and regulatory barriers is undertaken in accordance with the Modified Greenfield approach. Existing *ex ante* regulatory obligations applicable to wholesale VCT are therefore not considered as barriers to entry, as these would not be present under the counterfactual scenario. This does not exclude from consideration legal or regulatory requirements that are inherent to the provision of electronic communications services and that would continue to apply in the absence of *ex ante* regulation of the relevant termination markets. Such requirements may add to the costs and complexity associated with establishing or operating a competing network, but do not alter the underlying structural characteristics of the termination markets.

The above considerations apply broadly to the relevant MVCT and FVCT markets. While the precise costs and requirements associated with establishing a fixed or mobile network may differ, the underlying structural barrier arising from the operator-specific nature of termination remains the same.

On the basis of the above, the MCA considers that high and non-transitory structural barriers to entry exist in the relevant wholesale VCT markets. Accordingly, the MCA concludes that the first criterion is satisfied.

5.3. Assessment of the second criterion

The second criterion considers whether the structure of the relevant markets is tending towards effective competition within the relevant time horizon.

As established in earlier sections, each network operator continues to exercise full control over the termination of calls to subscribers connected to its network. While this constitutes an important structural characteristic of the relevant termination markets, the MCA considers that it does not, in itself, determine whether the markets tend towards effective competition.

Accordingly, the assessment under the second criterion considers not only these structural characteristics, but also whether the incentives of terminating operators to exercise such control, together with the prevailing commercial, legal, regulatory and technological conditions, are likely to result in market outcomes that no longer justify the continued imposition of *ex ante* regulation.

5.3.1. Commercial incentives to maintain effective termination

Terminating operators have a strong commercial incentive to ensure the effective termination of calls originating from other networks. Termination provides a source of wholesale revenue to the terminating operator, whereas refusing or materially restricting termination would result in the loss of such revenues.

Moreover, persistent disruption to termination would directly affect end-users' ability to communicate with subscribers on other networks. Such conduct would therefore be expected to result in customer dissatisfaction and reputational effects and could adversely affect the terminating operator's commercial position and create a risk of subscriber migration to competing networks.

These considerations apply both to interconnection between existing service providers and to interconnection involving potential new entrants. Effective interconnection is necessary to ensure end-to-end connectivity between users of different networks and is therefore of mutual commercial importance to the operators concerned. In the case of a new entrant, the ability to establish interconnection with existing operators is particularly important to ensure that its services can be used to communicate with users of other networks.

5.3.2. Legal framework governing interconnection

The MCA also takes account of the legal framework governing interconnection. Regulation 47(1) of S.L. 399.48 requires providers of public telecommunications networks not to refuse to engage in interconnection negotiations with other providers. In addition, Regulation 48 of S.L. 399.48 provides the Authority with powers to intervene where issues relating to access, interoperability or interconnection threaten competition or end-user connectivity.

These provisions provide an additional safeguard against conduct that could prevent or materially hinder effective interconnection, including in circumstances involving a new entrant seeking to establish connectivity with existing networks.

The MCA also considers the development of established commercial and technical arrangements between network operators to be relevant to the assessment. The long-standing application of interconnection requirements has resulted in well-established practices for the exchange of traffic between networks.

In addition, the small size of the Maltese market increases the visibility of interconnection-related conduct. Material changes in the quality or availability of interconnection are likely to become apparent relatively quickly to other operators and affected users, thereby reducing the scope for potentially detrimental conduct to remain undetected.

5.3.3. Technological and commercial developments

The MCA has also taken account of technological developments in the provision of voice services. The migration towards VoLTE in mobile networks and operator-hosted VoIP services over next-generation fixed networks has simplified the technical arrangements associated with interconnection. Meanwhile, the increasing use of IP-based and standardised network architectures also reduces obstacles to the exchange of voice traffic.

These developments further support the ability of operators to maintain effective interconnection arrangements in the absence of *ex ante* regulation.

The increasing standardisation of IP-based network architectures and interconnection arrangements also provides greater visibility of the technical conditions relevant to the provision of termination. Material deviations from established arrangements, including persistent failures or degradation of interconnection, would therefore be more readily identifiable by the affected operators and, ultimately, by end-users. This reduces the scope for technical complexity or information asymmetries to hinder effective interconnection, without such conduct becoming apparent.

Importantly, retail users expect voice calls to be completed seamlessly irrespective of the network to which the called party is connected. Any persistent or material disruption to interconnection would therefore be directly observable through failed or degraded calls. Such disruption could result in customer complaints, reputational damage and even subscriber migration.

The MCA considers these potential consequences to constitute an additional commercial constraint on the ability and incentives of terminating operators to engage in conduct that would undermine effective interconnection and end-to-end connectivity. In particular, in a small market such as Malta, material disruption to interconnection is likely to become apparent relatively quickly and may have a more direct impact on the commercial position of the operator concerned.

With specific regard to FVCT, the MCA notes that fixed service providers are increasingly migrating connections from traditional PBX-based arrangements towards fibre-based infrastructure, with voice services being provided over the same next-generation infrastructure used for broadband and other electronic communications services.

Effectively, fixed voice services typically form part of a broader retail proposition rather than constituting a standalone service. This provides operators with additional commercial incentives to maintain the quality, reliability and interoperability of their underlying network infrastructure, as disruption to voice connectivity may also affect the broader range of services provided over such infrastructure.

Together with the commercial consequences associated with any material degradation of end-to-end connectivity, the afore-mentioned developments constrain both the ability and incentives of terminating operators to engage in conduct that could otherwise give rise to competition concerns historically associated with wholesale VCT markets.

5.3.4. Regulatory developments including on termination rates

The MCA has further considered the evolution of the regulatory environment since the market reviews carried out in 2018. The relevant service providers have historically been found to possess SMP in their respective termination markets, principally as a result of their control over termination to their own subscribers. This resulted in the imposition of broadly similar regulatory remedies over successive market reviews, with excessive pricing being a principal concern.

The MCA notes, however, the implementation of regulated termination rates in accordance with the applicable European framework, including the application of the Eurorates, materially constrains the ability of terminating operators to exercise market power through pricing conduct. Consequently, the principal competition concern that previously underpinned the imposition of *ex ante* regulation is now addressed through an alternative regulatory mechanism operating at Union level.

The MCA further notes that the introduction of Union-wide maximum VCT rates reflects a policy determination at Union level where excessive termination pricing is more appropriately addressed through a harmonised regulatory framework applicable across Member States, rather than through separate national SMP-based price control obligations. While this development does not alter the underlying structural characteristics of termination markets, it materially reduces the scope for the exercise of market power through excessive pricing and is therefore highly relevant to the assessment of whether continued market-specific *ex ante* regulation remains necessary.

The MCA considers that Union-wide maximum VCT rates significantly reduce the scope for terminating operators to exploit their control over termination through excessive pricing. The remaining potential forms of conduct are, in turn, subject to the commercial, legal, technological and reputational constraints identified above.

5.4. Assessment of the third criterion

Given the MCA's preliminary conclusion that Criterion 2 is not met, the 3CT is not satisfied. Since all three criteria must be fulfilled cumulatively for a market to be considered susceptible to *ex ante* regulation, the MCA considers it unnecessary to assess Criterion 3, as the outcome of such an assessment would not alter the overall conclusions of the 3CT.

5.5. Preliminary conclusions from the 3CT

The MCA has assessed the relevant wholesale VCT markets against the 3CT, taking into account the specific characteristics of wholesale VCT markets and the likely evolution of market conditions over the relevant time horizon.

The assessment indicates that high and non-transitory structural barriers to entry exist in the relevant markets, reflecting the operator-specific nature of wholesale VCT and the control exercised by each network operator over termination to subscribers connected to its network. The first criterion is therefore met.

However, notwithstanding the continued existence of structural barriers to entry and operator-specific control over termination, the MCA considers that the second criterion is not met, as, absent *ex ante* regulation, the relevant markets would tend towards effective competition within the relevant time horizon. This assessment takes into account, *inter alia*, the strong commercial incentives of terminating operators to maintain effective interconnection, the legal framework governing interconnection, technological developments and the increasing standardisation of network architectures, the greater observability of interconnection-related conduct, established commercial and technical arrangements between operators, and the potential commercial and reputational consequences arising from disruption to end-user connectivity. Furthermore, the evolution of regulated termination rates, including the application of Union-wide maximum VCT rates (or Eurorates), also materially reduces the principal pricing concern that has historically underpinned the regulation of these markets. Taken together, these factors considerably constrain the ability of terminating operators to exercise market power in a manner that would warrant the continuation of sector-specific SMP *ex ante* obligations.

As the three criteria are cumulative, failure to satisfy any one of the criteria is sufficient to conclude that a relevant market is not susceptible to ex ante regulation under the 3CT. Since the second criterion is not met, the MCA considers that the current *ex ante* regulatory remedies imposed in wholesale VCT markets in 2018 are no longer justified.

Hence, the MCA proposes to conclude that the relevant wholesale VCT markets are no longer susceptible to *ex ante* regulation under the applicable regulatory framework. The MCA will continue to monitor developments in the market and retains the authority to intervene and carry out a new market analysis should it consider it necessary, in the event of the rise of potential competition risks.

6. Regulatory Approach

The MCA has assessed the relevant wholesale FVCT markets and wholesale MVCT markets against the three criteria for the identification of markets susceptible to *ex ante* regulation. The assessment has considered the structure and development of the relevant markets, the competitive conditions prevailing in Malta, and the effectiveness of competition in the absence of regulatory intervention.

The MCA's assessment concludes that the second criterion is not satisfied, as the evidence indicates that, in the absence of *ex ante* regulation, the relevant markets tend towards effective competition. In particular, the MCA considers that the market developments and competitive dynamics identified in this market analysis do not support the conclusion that the markets are characterised by persistent market conditions which would warrant continued *ex ante* regulatory intervention.

Consequently, the 3CT is not satisfied. On this basis, the MCA considers that the imposition of *ex ante* SMP regulation in the wholesale FVCT and wholesale MVCT markets is no longer justified.

6.1. The 3CT findings and implications

The legal framework governing *ex ante* regulation provides for the imposition of regulatory obligations where an undertaking has been designated as having SMP on a relevant market. In accordance with Regulation 55(1) of the ECNSR, where an undertaking is designated as having SMP, the MCA is required to impose appropriate regulatory obligations, as provided for under the ECNSR, or to maintain or amend such obligations where they are already in place.

The ECNSR also provides for the withdrawal of such obligations where the basis for their continued imposition no longer exists. In particular, Regulation 54(6) provides that, where the MCA concludes that a finding of dominance can no longer be ascertained in a market that is already subject to regulation, and that the market no longer justifies the imposition of regulatory obligations, the MCA is to withdraw the obligations imposed on the undertakings concerned, subject to an appropriate period of notice to affected parties.

Against this legal framework, the MCA has assessed whether the existing *ex ante* regulatory intervention in the wholesale FVCT and MVCT markets remains justified. As set out in the preceding sections, the MCA's assessment under the 3CT is that the second criterion is not met, as the evidence indicates that, in the absence of *ex ante* regulation, the relevant market conditions for all identified markets tend towards effective competition.

On this basis, the MCA considers that the conditions that previously justified the imposition of *ex ante* SMP regulation are no longer present.

6.2. Existing obligations and proposed approach

The first market analyses concerning mobile voice call termination and fixed voice call termination were published in 2005 and 2006 respectively, with the latest reviews carried out in 2018 still maintaining most of the *ex ante* wholesale remedies implemented in earlier years.

Historically, every service provider providing termination services on their own fixed and mobile networks were found as holding SMP, on the basis that each operator has a 100% market share in the provision of termination services on their network. Over the years, a suite of *ex ante* obligations were imposed and thereafter maintained on operators designated with SMP.

Previous regulatory obligations included price-control, access, transparency, non-discrimination and, in some instances, accounting separation and cost accounting obligations.

For the reasons outlined in **Section 6.1**, the MCA proposes to withdraw the existing SMP designations and associated *ex ante* regulatory obligations imposed on operators in the wholesale FVCT and MVCT markets pursuant to the MCA's 2018 Decisions.

Meanwhile, the single maximum Union-wide mobile voice termination rate and the single maximum Union-wide fixed voice termination rate are expected to sustain the price at an efficient level, whereas interconnection obligations and agreements are expected to remain in place, as also stipulated by the broader regulatory framework, specifically Regulation 47(1) of S.L. 399.48.

6.3. The sunset period

In accordance with Regulation 54(6) of the ECNSR, the withdrawal of regulatory obligations imposed on undertakings is subject to an appropriate period of notice being given to all parties affected by such withdrawal.

In this regard, the MCA proposes a sunset period of ninety (90) days from the date of the final decision, during which the regulatory obligations emanating from the MCA's 2018 Decisions will remain in force.

The proposed ninety (90)-day period is intended to provide affected undertakings and other stakeholders with sufficient notice and an orderly transition following the withdrawal of *ex ante* regulation. At the expiry of this period, the SMP designations and associated regulatory obligations imposed pursuant to the MCA's 2018 Decisions will cease to have effect, in accordance with the final decision.

The proposed sunset period applies to the *ex ante* regulatory obligations arising from the 2018 Decisions without prejudice to any obligations or requirements arising independently under the applicable legal and regulatory framework.

6.4. Continued monitoring and regulatory oversight

The withdrawal of the existing *ex ante* obligations does not bring to an end the MCA's oversight of the relevant markets. The MCA will continue to monitor market conditions both during the sunset period and following its expiry. Price-related matters will continue to be addressed under the applicable framework established by the EECC and the relevant Delegated Regulation. In respect of non-price-related matters, including potential issues concerning access, interconnection, denial of access and transparency, the MCA will continue to assess any concerns brought to its attention and, where appropriate, consider whether further regulatory action is warranted.

Should the MCA observe, or receive evidence of, material changes in market conditions or emerging competition concerns that may warrant regulatory intervention, the MCA retains the power to undertake a new market analysis in accordance with the applicable regulatory framework and, where justified by the outcome of such analysis, to consider the imposition of appropriate *ex ante* regulatory obligations.

The proposed approach therefore represents the withdrawal of *ex ante* regulation on the basis of the market conditions identified in the present analysis, rather than a determination that regulatory intervention can never again be warranted.

7. Consultation Framework and Next Steps

The consultation period will run to **17:30** hrs on **Friday, October 16th, 2026**. All interested parties are encouraged to comment on the issues set out in this consultation document.

For the sake of clarity and ease of understanding, the MCA requests respondents to structure their comments in order and in line with the section and sub-section numbers used throughout this document.

The MCA appreciates that respondents may provide confidential information in their feedback to this consultation document. This information is to be included in a separate annex and should be clearly marked as confidential. Respondents are encouraged to avoid confidential markings wherever possible. Respondents are also requested to state the reasons why the information should be treated as **confidential**.

The MCA will take the necessary steps to protect the confidentiality of all such material as soon as it is received at the MCA offices in accordance with the MCA's confidentiality guidelines and procedures.

Having analysed and considered comments received, the MCA will maintain or amend its proposals, as appropriate. In doing so, the MCA will consult with the Office for Competition within the MCCAA and notify the final draft measures to the EC, other NRAs and BEREC, pursuant to Article 32 of the EECC. Taking utmost account of any comments received from the EC as well as from other aforementioned parties, the MCA will then adopt and publish the final decision.

For the sake of openness and transparency, the MCA will publish a list of respondents to this consultation.

All responses should be submitted to the Authority and addressed as per below:

Damian Gatt, Chief of Policy & Planning
Malta Communications Authority
Valletta Waterfront,
Pinto Wharf
Floriana, FRN 1913 Malta

Contact details: Tel: +356 21 336 840 Fax: +356 21 336 846
Email: damian.gatt@mca.org.mt

MALTA COMMUNICATIONS AUTHORITY

(+356) 2133 6840
info@mca.org.mt
www.mca.org.mt
Valletta Waterfront, Pinto Wharf,
Floriana FRN1913, Malta