

**Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 6 January 2017 (as varied on 23 January 2017)**

**Completed acquisition by Cardtronics Holdings Limited of the entire issued share capital of DirectCash Payments Inc.**

We refer to your emails and accompanying information dated 24 January 2017, 1 February 2017 and 7 February 2017 requesting that the CMA consent to derogations to the Initial Enforcement Order of 6 January 2017 (as varied on 23 January 2017) (the **Initial Order**). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Cardtronics Plc and Cardtronics Holdings Limited (together **Cardtronics**) are required to hold separate the DirectCash Payments Inc. (**DCP**) business from the Cardtronics Plc business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Cardtronics may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 4, 5 and 8 of the Initial Order**

Given that Cardtronics Plc and DCP only operate in the UK through their respective UK business entities, in order to allow Cardtronics Plc's integration of Cardtronics Plc's and DCP's non-UK business, the CMA limits the application of the above paragraphs to:

- a) Cardtronics UK Limited (Cardtronics Plc's primary operating company in the UK) and its subsidiaries;
- b) DirectCash Management UK Limited and its subsidiaries, which include DCP's primary operating company in the UK (DC Payments UK Limited); and
- c) Services provided by Cardtronics Plc or DCP to their respective UK businesses.

The CMA grants this derogation on the basis of Cardtronics' representations that Cardtronics Plc's and DCP's activities outside the UK are entirely unrelated to the UK aspects of the transaction, that this derogation will not lead to integration of Cardtronics Plc's and DCP's UK businesses. This derogation shall not prevent any remedial action that the CMA may need to take regarding this merger.

This derogation does not permit indirect sharing of information between Cardtronics' UK business and DCP's UK business via Cardtronics' and DCP's non-UK businesses, which remains prohibited.

## **2. Paragraph 5(c) of the Initial Order**

In order to avoid material adverse impact on the Parties' non-UK business activities, Cardtronics is permitted to move DCP's UK subsidiaries out from under DCP so that they are held by CATM Europe Holdings Limited.

The CMA grants this derogation on the basis of Cardtronics representations that this derogation request does not affect the operations of DCP's UK business and will not lead to integration between Cardtronics and DCP. The entire DCP UK chain of companies will remain intact and will be held directly by CATM Europe Holdings Limited (which is a UK registered company), ie they will all be held in one area of the overall Cardtronics Plc structure.

## **3. Paragraph 5(l) of the Initial Order**

In order to allow Cardtronics Plc to meet its external regulatory obligations (such as enabling consolidated financial reports to be compiled for Cardtronics' SEC and/or Companies House filings; producing financial data for relevant tax filings) with regard to information security, Cardtronics is permitted to receive the following information relating to DCP's processing platform and IT systems:

- a) audit or assessment reports on DCP's information security programme concerning the Payment Card Industry Data Security Standard (**PCI DSS**), Statement on Standards for Attestation Engagements No 16 (**SSAE16**) and LINK; and
- b) details of any data breaches affecting cardholders or personal information.

This derogation is conditional on the information being distributed, on a need-to-know basis, to Cardtronics Plc's [X] only, and being limited to what is strictly necessary for the purposes of meeting Cardtronics' regulatory obligations and managed in a way that allows any records of relevant information to be returned to DCP and any copies destroyed should this be necessary. This derogation is also

conditional on Cardtronics Plc's [X] signing a copy of a non-disclosure agreement (**NDA**) in a form agreed to in advance by the CMA.

#### **4. Paragraph 5(I) of the Initial Order**

In order to allow Cardtronics Plc to meet its external regulatory and/or accounting obligations (which consist of filings to various regulatory and taxing bodies, such as the Nasdaq Stock Market, US Securities and Exchange Commission, US Internal Revenue Service, UK Companies House and HM Revenues & Customs), Cardtronics is permitted to receive financial information from DCP.

This derogation is conditional on:

- a) the scope of the financial information being limited to such information as is necessary for the purposes of meeting Cardtronics Plc's external regulatory and/or accounting obligations;
- b) financial information being managed in a way that allows any records or relevant information to be returned to DCP and any copies destroyed should this be necessary; and
- c) financial information being distributed, on a need-to-know basis, to certain Cardtronics Plc employees only (the **Compliance Team**, as specified in Annex 1), and each member of the Compliance Team signing a copy of an NDA in a form agreed to in advance by the CMA.

#### **5. Paragraph 5(I) of the Initial Order**

Given that DCP's UK business has no internal legal function, and in order to allow Cardtronics Plc to monitor and preserve its investment in DCP given the significant risk to that investment that could arise from litigation and disputes, Cardtronics is permitted to:

- a) provide legal support to DCP's UK business by DCP's Canadian and Australian legal teams and/or Cardtronics Plc's US legal team; and
- b) receive information concerning any litigation or dispute involving DCP that is either in progress or where there is a reasonable prospect of such litigation or dispute commencing.

This derogation is conditional on any information shared being managed in a way that allows any records of relevant information to be returned to the respective UK business to which they relate and any copies destroyed should this be necessary. This derogation is also conditional on the above information being distributed, on a need-to-know basis, only to certain Cardtronics Plc and DCP employees based

outside the UK (the **Legal Team**, as specified in Annex 2), and each member of the Legal Team signing a copy of an NDA in a form agreed to in advance by the CMA.

## 6. Paragraphs 4(a) and 5(g) of the Initial Order

Given that DCP is now owned by Cardtronics Plc and its activities are covered by Cardtronics Plc's insurance policies, Cardtronics is permitted to cancel DCP's insurance policies in order to realise this cost saving. The CMA grants this derogation on the basis of Cardtronics representations that the granting of this derogation will not prejudice the CMA's remedial options should any competition concerns be identified following its investigation and that DCP will be able to re-procure independent insurance should this become necessary.

## 7. Paragraph 5(l) of the Initial Order

Without prejudice to the CMA's ongoing investigation, in order to enable Cardtronics Plc to plan the integration of DCP's UK business, Cardtronics is permitted to share specific information (as outlined in the spreadsheet submitted to the CMA on 1 February 2017 (the **Spreadsheet**)) relating to DCP's UK business and falling into the following categories:

- a) Human Resources;
- b) UK Technology;
- c) UK Finance; and
- d) UK Operations.

For the avoidance of doubt, Cardtronics is not permitted to take any steps to integrate the DCP UK business while the CMA's investigation is ongoing.

This derogation is granted subject to the following conditions:

- a) Only the information specified in column E of the Spreadsheet is shared.
- b) The information specified in column E of the Spreadsheet is distributed, on a need-to-know basis, to certain Cardtronics Plc and DCP employees only who are essential to the integration planning (the **Integration Team**, as specified in Annex 3) and to Grant Thornton LLP, which has been appointed as global integration advisor to Cardtronics Plc.
- c) Each member of the Integration Team signs a copy of an NDA in a form agreed to in advance by the CMA.

- d) Information specified in column F of the Spreadsheet as *'Highly sensitive/to Grant Thornton only'* is only shared with Grant Thornton LLP. Such information is reviewed, redacted and aggregated as appropriate by Grant Thornton LLP before reporting to the relevant Party.
- e) No business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to DCP is shared with Cardtronics.

## Annex 1 Compliance Team

Name of Individual	Job Title	Employer	Location of Employee
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics UK Limited	UK
[✂]	[✂]	DirectCash Payments ULC	Canada
[✂]	[✂]	DirectCash Payments ULC	Canada and Australia

## Annex 2 Legal Team

### Cardtronics Plc members of the Legal Team

Name of Individual	Job Title	Employer	Location of Employee
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA
[✂]	[✂]	Cardtronics USA, Inc.	USA

### DCP members of the Legal Team

Name of Individual	Job Title	Employer	Location of Employee
[✂]	[✂]	DirectCash Payments ULC	Canada and Australia
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DC Payments Australasia Pty Ltd	Australia
[✂]	[✂]	DC Payments Australasia Pty Ltd	Australia
[✂]	[✂]	DC Payments Australasia Pty Ltd	Australia

## Annex 3 Integration Team

### CATM members of the Integration Team

Name of Individual	Job Title	Employer	Location of Employee
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics USA, Inc.	USA
[X]	[X]	Cardtronics UK Limited	UK
[X]	[X]	Cardtronics UK Limited	UK

### DCP members of the Integration Team

Name of Individual	Job Title	Employer	Location of Employee
[X]	[X]	DirectCash Payments ULC	Canada and Australia



[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DirectCash Management Inc.	Canada
[✂]	[✂]	DC Payments Australasia Pty Ltd	Australia