

**DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 9 June 2020

Completed acquisition by Facebook, Inc. of Giphy, Inc.

We refer to your submissions of 15 June, 17 June, and 26 June 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 9 June 2020 (the '**Initial Order**'). Unless otherwise stated, 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, Facebook Inc. (**Facebook**), Tabby Acquisition Sub, Inc. (**Tabby Acquisition**), Facebook UK Limited (**Facebook UK**) and their subsidiaries are required to hold separate the Facebook business from the business of Giphy Inc. (**Giphy**) 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 a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to Facebook, Tabby Acquisition, Facebook UK and Giphy carrying out the following actions, in respect of the specific paragraph:

Paragraph 5(a) of the Initial Order

Facebook submits that, since the day after completion of its acquisition of Giphy, it has provided Giphy's United States offices in New York and Los Angeles with physical security services through a third-party contractor. Facebook further submits that continued provision of these services is essential to protect employees and property at Giphy's offices. Giphy did not have physical security in place at its offices pre-merger.

1. Facebook therefore requests a derogation from paragraph 5(a) of the Initial Order to continue providing physical security services to protect employees and property at Giphy offices in the United States.

2. The CMA consents to a derogation from paragraph 5(a) of the Initial Order to permit Facebook to carry out the actions described in paragraph 1 above, strictly on the basis that:
- a) The provision by Facebook of physical security services is strictly necessary to protect employees and property at Giphy's offices in the United States;
 - b) The Facebook security personnel will not have access to areas of Giphy's offices which contain confidential or commercially-sensitive information of Giphy;
 - c) The provision of the physical security services will not cause disruption to the ongoing operation of the Giphy business;
 - d) This derogation will not lead to any integration of the Facebook and Giphy businesses; and
 - e) This derogation will not prejudice a reference and will not prevent any remedial action that the CMA may need to take regarding this merger.

Yours sincerely,

Alex Knight

Assistant Director, Remedies Business and Financial Analysis

26 June 2020