

**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 18, 24, 25 and 26 August 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 paragraphs:

**1. Paragraphs 5(c), 5(i), and 5(k) of the Initial Order – Key Staff**

Giphy submits that on 14 May 2020, prior to completion of the acquisition by Giphy of Facebook (**Completion**), [X] ([X]) ceased to be employed by Giphy as its [X]. Following Completion, [X] continued to provide services to Giphy pursuant to a temporary contract due to expire on 31 August 2020, with the date of his services commencing on 1 June 2020 with the aim of enabling the handover of his previous responsibilities to other Giphy personnel (the **Temporary Contract**).

Giphy submits that it no longer requires services from [X], which included [X] activities, as well as overseeing the [X] aspects of the [X] business (which has now been wound-down).

Giphy is therefore seeking CMA consent to not extend the Temporary Contract of [X] on the basis that: (i) the handover of his responsibilities has now been completed, (ii) he is no longer performing a [X] role and as such, (iii) Giphy will not require the services of [X] in future.

The CMA consents to a derogation from paragraphs 5(c), 5(i), and 5(k) of the Initial Order, strictly on the basis that:

- (i) [X] previous responsibilities as [X] have been handed over to [X] (Senior [X], Giphy) and [X] ([X], Giphy) who maintain the necessary capacity, expertise and experience to absorb the residual [X] responsibilities of [X]. As such, the departure of [X] will not impact the viability and ongoing operation of the Giphy business;
- (ii) For the avoidance of doubt, none of [X] responsibilities will be redistributed to any Facebook personnel;
- (iii) No co-ordination of departure of key staff between Facebook and Giphy is permitted;
- (iv) [X] and [X] will continue run the Giphy business independently of Facebook, subject to any derogations granted by the CMA;
- (v) This derogation will not lead to any integration of the Facebook or Giphy businesses; and
- (vi) This derogation should 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  
27 August 2020