

**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.

Dear Mr. Parker

We refer to your submission of 9 February 2021 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 GIPHY carrying out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(c) of the Initial Order

The Hold-Separate Manager ('**HSM**') has informed the CMA that Giphy intends to make a change to its internal reporting structure. Specifically, the CMA understands that the Giphy department heads for [X] ([X]), respectively) will:

- (a) no longer report to [X] ([X]);
- (b) [X] will instead report to [X] ([X]); and
- (c) [X] and [X] will instead report to [X] ([X]).

Giphy has explained that this change is temporary to deal with short-term resource constraints within the Giphy business.

The CMA consents to a derogation from paragraph 5(c) of the Initial Order for Giphy to implement a temporary change in reporting lines, strictly on the basis that:

- (i) [X] and [X] will continue to report to [X] ([X]) and to [X] ([X]). For the avoidance of doubt, no Giphy employees will report to any individuals within the Facebook business;

- (ii) the change in reporting lines will not result in any disruption to the Giphy business; and
- (iii) this derogation will not lead to any integration of the Facebook and Giphy businesses.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

11 February 2021