

**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 submissions of 26 February and 5 March 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 Facebook, Tabby Acquisition and Facebook UK carrying out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 4(b), 5(c), 5(d), 5(e), 5(i), 5(k) and 8 of the Initial Order**

Further to the derogation granted by the CMA on 22 December 2020 (the **22 December Derogation**), Facebook has sought CMA consent to exclude further subsidiaries from the scope of the above-mentioned provisions of the Initial Order on the basis that they are dormant or inactive entities, holding companies and/or entities which have no connection to any GIF-related Activities, as defined in the 22 December Derogation (together, **the Carve-out Subsidiaries**). The Carve-out Subsidiaries are identified in Annex 1.

Facebook submits that the Carve-out Subsidiaries are not newly incorporated entities but were inadvertently omitted from the list of subsidiaries provided to the CMA when the 22 December Derogation was granted.

The CMA consents to a derogation to exclude Carve-out Subsidiaries from paragraphs 4(b), 5(c), 5(d), 5(e), 5(i), 5(k) and 8 of the Initial Order strictly on the basis that:

- (i) Facebook has represented that the Carve-out Subsidiaries do not have any connection to GIF-related Activities. As a result, this derogation will

not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference;

- (ii) This derogation applies only to the Carve-out Subsidiaries as identified in Annex 1. In the event that there are further Facebook incorporated entities which have been inadvertently omitted from the scope of this derogation and the 22 December Derogation, Facebook may seek the prior written consent of the CMA (which can be provided by email) to include any such further subsidiaries within the Carve-out Subsidiaries list at Annex 1 of this derogation. For the avoidance of doubt, any such entities will only be covered by this derogation as of the date when the CMA provides its written consent;
- (iii) Facebook will not take steps to transfer any of its GIF-related Activities to the Carve-out Subsidiaries. For the avoidance of doubt any such transfer would not be covered by this derogation; and
- (iv) Going forward, Facebook will not take steps to restart any GIF-related Activities in the dormant subsidiaries which are included in the list of Carve-out Subsidiaries. For the avoidance of doubt any such action would not be covered by this derogation.

Yours sincerely,

**Alex Knight**

**Assistant Director, Remedies, Business and Financial Analysis**

**16 March 2021**

**Annex 1**

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