

**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.

Please note that [X] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

Dear [X]

We refer to your submissions of 24 March and 6 April 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. Further, in this letter:

GIF-related Content means non-text content created or shared by users via a social media, social network or messaging platform (including GIFs, stickers (including GIF stickers), emojis, video clips, images and other micro-expression assets).

GIF-related Activities means any activities relating to the procurement, supply or development of GIF-related Content whether by or to Facebook, Giphy or any third party, including (without limitation) any operational, relationship management, strategic, development, technical or back-office activities or services.

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. Paragraph 5(i) of the Initial Order

Facebook has informed the CMA that [X] (Data Scientist at WhatsApp) has applied for an internal position within Facebook as a Data Scientist with Facebook's Novi team (part of its financial products). Facebook submits that an offer has been extended to [X] with a start date of 12 April 2021.

Facebook has informed the CMA that [X] currently works with data regarding stickers and engages in GIF-related Activities. As such, [X] is considered to be key staff.

Facebook has proposed that [X] manager, [X] (also key staff), will take on [X] responsibilities in relation to GIF-related Activities following his transfer to the Facebook Novi team.

Facebook submits that [X] departure from his role and subsequent handover of his responsibilities to [X] will not result in a risk of pre-emptive action.

The CMA consents to a derogation from paragraph 5(i) of the Initial Order to permit the key staff change described above, strictly on the basis that:

- (i) Facebook represents that [X] has the necessary capacity and experience to effectively take on [X] responsibilities and that it will organise a smooth handover of responsibilities, with a view to ensuring that the departure of [X] will not have any adverse impact on Facebook's activities and will not result in any disruption to the Facebook business, in particular to its GIF-related Activities;
- (ii) No other organisational or key staff changes will be made to the Facebook business as a result of the proposed departure of [X]; and
- (iii) This derogation will not lead to any integration of the Facebook business and the Giphy business.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

9 April 2021