

**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 (the Merger)

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 dated 6 and 9 April 2021 requesting that the CMA consents to derogations 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).

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 derogations 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(d) of the Initial Order

Facebook explained that it intends to develop and implement a new product feature for its service, Facebook Messenger. The feature enables Facebook Messenger users to [X]. As such, the [X] feature relates to the development of GIF-related Content. Facebook submitted that it intends to carry out a public test which would launch in the UK by [X] 2021.

Facebook further submitted that the implementation of [X] in the UK is an ordinary course development in line with Facebook's obligation to make funds available for the development of its business activities, under paragraph 5(b) of the Initial Order, and that it is entirely unrelated to the Merger. Facebook further submitted that the nature,

quality, range and description of Facebook's goods and services will be maintained and preserved in the UK, in fact these will be enhanced.

Facebook also confirmed that the development and implementation of [X] will not result in any connection or integration between the [X] functionality and the supply of GIFs/stickers by any third parties, and will not result in any pre-emptive action.

After due consideration of Facebook's request for derogation and in the light of the information submitted by it, the CMA consents to a derogation from paragraph 5(d) of the Initial Order permitting the implementation of [X] in the UK, strictly on the basis that Facebook has represented that the development and implementation of [X] will not result in any connection to or integration with GIFs/stickers supplied by any third parties and procured by Facebook. 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.

Yours Sincerely

Richard Romney

Director, Mergers

21 April 2021