

**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 dated 11 and 17 May 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 [X]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. Paragraphs 4(a) and 5(d) of the Initial Order

Facebook submitted that it intends to launch globally an experimental standalone app designed to [X]. As part of the proposed implementation of [X], and in order to provide users with GIF-related Content to share, Facebook intends to connect the [X] app to Giphy's public application programming interface (**API**), and would enter a "click-to-agree" agreement with Giphy in order to allow Facebook to use GIPHY's Software Developer Kit. Facebook confirmed that any third party would be able to connect to Giphy in the same way. In addition, Facebook submitted that implementing [X] will require no action from Giphy and will not result in any changes to the contractual relationship between Giphy and Facebook.

Facebook submitted that the implementation of [X] is a development within the ordinary course of business necessary to maintain the quality of the goods and services provided by Facebook. Facebook further submitted that the proposed implementation of [X] is entirely unrelated to the Merger.

After due consideration of Facebook's request and in the light of the information submitted by it, the CMA consents to a derogation from paragraphs 4(a) and 5(d) of the Initial Order permitting Facebook to launch [X] in the UK, and further permitting connection of the [X] app to Giphy's public API, strictly on the basis that this derogation will not result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference.

Yours sincerely

Richard Romney

Director, Mergers

20 May 2021