

**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 10 June 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).

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 paragraph 5(i):

Paragraph 5(i) of the Initial Order

Facebook has informed the CMA that Mr [X], a [X] at Facebook, intends to leave Facebook in order to [X], which he is pursuing for personal and professional reasons. Mr. [X]. Facebook has informed the CMA that Mr [X] will be leaving his position on 11 June 2021.

Facebook has informed the CMA that Mr [X] currently works on implementing the app

[X] for which the CMA granted a derogation on 20 May 2021, and is considered to be key staff for the purpose of the Initial Order. Facebook has submitted that the team implementing [X] has not yet begun any GIF integration, and as such Mr [X]'s departure would not impact on any GIF-related Activities.

Facebook submitted that Ms [X], whom Mr [X] managed on the [X], will now report directly to Mr. [X], the [X], who is already designated 'Key Staff'. Mr [X]'s responsibilities will now be taken on by Ms [X] together with Mr [X].

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 Ms [X] and Mr [X] together have the necessary capacity and experience to effectively take on Mr [X]'s responsibilities, and that it will ensure a smooth handover of responsibilities to Ms [X] and Mr [X] with a view to ensuring that the change in key staff 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 departure of Mr [X]; and
- iii. This derogation will not lead to any integration of the Facebook business and the Giphy business.

Yours sincerely

Richard Romney
Director, Mergers
11 June 2021