

**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 28 May 2021, 8 June and 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 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.

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 Inc.**), Tabby Acquisition Sub, Inc. (**Tabby Acquisition**), Facebook UK Limited (**Facebook UK**) and their subsidiaries (together **Facebook**) 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 carrying out the following actions, in respect of the specific paragraphs:

3. Paragraph 5(i) of the Initial Order

Facebook submitted that Ms. [X], a member of the Facebook [X] team wishes to move to a new team within the [X] group. Ms. [X] is key staff for the purposes of the Initial Order and is engaged in GIF-related Activities.

Facebook further submitted that Ms. [X] planned move is in order [X].

Facebook proposes that Ms. [X] responsibilities (including her GIF-related Activities) will be transferred to Mr. [X], another member of the Facebook [X] team who already has extensive experience [X].

Facebook therefore requests a derogation from paragraph 5(i) of the Initial Order to permit the key staff change noted above, specifically for Mr. [X] to assume Ms. [X] responsibilities when she leaves the Facebook [X] team. As a result of this key staff change, Ms. [X] and her line manager, Mr. [X] ([X]) will be removed from Facebook's key staff list.

The CMA consents to a derogation from paragraph 5(i) of the Initial Order, strictly on the basis that:

- i. Facebook has represented that Mr. [X] has the necessary capacity and experience to effectively take on the GIF-related Activities carried out by Ms. [X]. Further, Facebook will ensure a smooth handover of responsibilities from Ms. [X] to Mr. [X], with a view to ensuring that the change in key staff will not have any adverse impact on Facebook's 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 Ms. [X], and the subsequent assumption by Mr. [X] of her responsibilities; and
- iii. This derogation will not lead to any integration of the Facebook business and the Giphy business.

Yours sincerely,

Richard Romney
Director, Mergers

17 June 2021