

**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)

Dear [REDACTED]

We refer to your submissions dated 4 June and 24 August 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 submitted that it intends to develop and implement [REDACTED] feature to be made available on [REDACTED]. The stated objective is to [REDACTED].

Facebook further submitted that its development team wishes to work with Giphy to include Giphy's GIF-related Content as part of [REDACTED]. Facebook confirmed that the implementation of [REDACTED] does not necessitate changes to Giphy's products or services, and that it does not expect that Giphy will need to undertake any technical or integration work given that Facebook intends to leverage its existing API agreement with Giphy. Facebook submitted that it may need to discuss attribution with Giphy, but that it expects to be able to meet its attribution obligations under the existing API agreements with Giphy.

On the basis of Facebook's representations, the CMA understands that implementing [REDACTED] will not result in: (i) any changes to Giphy's products and services (including without limitation its API); (ii) the exchange of any confidential, proprietary or

commercially-sensitive information between Facebook and Giphy outside the ordinary course of business; or (iii) any additional data being provided by Giphy to Facebook outside the ordinary course of business.

After due consideration of Facebook's request for derogation and on the basis of the information submitted by Facebook, 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 the development and implementation of [X] 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

15 September 2021