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 [ ],

We refer to your submissions dated 20 August 2021, 1 September 2021 and 10 September 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), 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 its App Creation Team is proposing to develop an [●] feature on the Facebook Lite service (a less data-intensive version of the Facebook App).

The [●] feature will be a [●] offered in the Facebook Lite [●] and will allow users to [●]. Facebook submitted that the feature was designed for developing jurisdictions where [●] is particularly popular amongst users.
The CMA understands that Facebook intends to carry out global public testing of the [●] (including within the UK).

Facebook further submitted that the proposed [●] feature is an ordinary course development in line with Facebook’s obligation to make funds available for the development of its business activities, including its GIF-related Activities. Facebook further submitted that the nature, quality, range and description of Facebook’s goods and services will be maintained and preserved in the UK, and would in fact be enhanced.

Facebook also confirmed that the development of the [●] feature will not require any input from or any new agreement with third party providers of GIF-related Content, and will not result in any pre-emptive action. Facebook confirmed that it has not exchanged any information with Giphy in connection with the development of the [●] feature.

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 development of the new [●] feature and related public testing on Facebook Lite, strictly on the basis that 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,

Signed

Richard Romney
Director, Mergers
5 October 2021