

**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 issued by the Competition and Markets Authority ('CMA') on 21 December 2021.

Acquisition by NEC Software Solutions UK Limited of Capita (SSS) Limited and Capita Software (US) LLC (the 'Merger').¹

We refer to your email of 7, 13, 18 and 27 July 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 21 December 2021 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, NEC Corporation ('**NECJ**'), Garden Private Holdings Limited ('**GPHL**') and NEC Software Solutions UK Limited ('**NECSWS**') and its subsidiaries (the '**NEC business**') are required to hold separate the NEC business from SSS Public Safety Limited ('**SSS**'), Secure Solutions USA LLC ('**SUS**') and their subsidiaries (the '**SSS business**') 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, NECSWS may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 6(c) and 6(i) of the Initial Order

The CMA understands that the following changes are intended at NECSWS (the '**Proposed Changes**')

- For [X], currently [X], to take the following Roles:

¹ Now SSS Public Safety Limited and Secure Solutions USA LLC, respectively, and further referred to in this request as 'SSS'

- The role of [X] in NECSWS's [X] on a permanent basis; and
- The role of the [X] on an interim basis, in light of [X] absence from the relevant role. [X].
- For certain reporting line changes linked to the [X], namely:
 - The [X], and the [X] role, report to [X];
 - Due to the changes in the reporting line, [X] will be responsible for the [X];
 - [X], take responsibility for the [X] business due to the [X], which has been authorised pursuant to a separate derogation granted by the CMA on 18 February 2022; and
 - [X] to take on additional responsibilities relevant to the role of [X], including for [X].

[X], [X] and [X] are collectively defined as the **'Relevant Staff'**.

Following the relevant reporting line changes, the CMA understands that NECSWS would regard [X] as forming part of its key staff within the meaning of the IEO. The CMA considers [X], [X] and [X] are key staff.

In light of the above, the CMA consents to grant a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the Proposed Changes.

This derogation is provided on the basis that:

- a) the Relevant Staff have the relevant expertise and experience necessary to perform the applicable roles;
- b) once a candidate has been identified by NECSWS to assume the [X], NECSWS will notify the CMA of this candidate and seek the CMA's prior written consent to the appointment (with such consent to be provided by email);
- c) save for the changes described above, no other organisational or key staff changes will be made to the NEC business as a result of the Proposed Changes;
- d) this derogation does not impact the viability of the NEC business during the term of the Initial Order;

- e) this derogation will not impact the ability of the SSS business to compete independently of the NEC business;
- f) this derogation will not result in any integration between the SSS business and the NEC business; and
- g) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Lesley Moore
Director, Mergers
29 July 2022