

**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 18 October 2022 requesting that the CMA consents to a derogation 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 a derogation 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 paragraph:

Paragraph 6(c) of the Initial Order

NECSWS requests a derogation from paragraph 6(c) of the Initial Order to enable NECSWS to implement organisational changes in its Healthcare business to support [✂].

The CMA understands that NECSWS' Healthcare business contains two divisions: Registries and Screening. The CMA further understands that NECSWS wishes to

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

make changes to reporting lines within the Healthcare business in order to support and operate [REDACTED], as set out below (the **Healthcare Organisational Changes**):

- a) Two of the staff currently reporting into [REDACTED] in the Healthcare Screening division will become Team Leaders:²
 - i. One Team Leader would continue to report directly into [REDACTED] and would become responsible for a team of six staff (two Implementation Consultants and four Senior Support Consultants) who currently report directly into [REDACTED];
 - ii. One Team Leader would continue to report directly into [REDACTED] and would become responsible for a team of eight staff (all Support Consultants and Senior Support Consultants for Screening) who currently report directly into [REDACTED];
- b) One of the staff currently reporting into [REDACTED] in the Registries division would continue to report into [REDACTED] and become a Team Leader,³ taking on responsibility for the National Joint Registry (**NJR**) Compliance Team, which comprises five staff who currently report directly into [REDACTED]; and
- c) Four new roles, two Registries Administrators and two Registries Implementation and Support staff, will join the Registries team, reporting into [REDACTED].⁴

In light of the above, the CMA consents to grant a derogation from paragraph 6(c) of the Initial Order so that NECSWS can undertake the Healthcare Organisational Changes to support its [REDACTED]. This derogation is granted so that NECSWS can ensure that staff within the Healthcare business are best placed to support the introduction of [REDACTED].

This derogation is provided on the basis that:

- a) no changes are made to NECSWS' business other than the Healthcare Organisational Changes;

² The CMA notes that staff have not yet been appointed into these new roles.

³ The CMA notes that a staff member has not yet been appointed into this new role.

⁴ The CMA notes that one of the new Registries Administrators currently works as a Support Consultant reporting into [REDACTED], whilst staff have not yet been appointed into the other three new roles.

- b) the Healthcare Organisational Changes will not lead to any changes to key staff;
- c) this derogation will not result in integration of the SSS business and the NECSWS business;
- d) this derogation does not impact the viability of the NECSWS 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 NECSWS business; and
- f) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger.

Emily Chissell
Director, Mergers
19 October 2022