

**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 (the ‘Act’) to certain
actions for the purposes of the Initial Enforcement Orders made by the
Competition and Markets Authority (‘CMA’) on 31 October 2022**

COMPLETED ACQUISITIONS BY INDEPENDENT VETCARE LTD

Dear Bertrand Louveaux,

We refer to your email and accompanying note dated 7 October 2022 (as subsequently amended) requesting that the CMA consents to derogations to the Initial Enforcement Orders (the “**Initial Orders**”) dated 31 October 2022. The terms defined in the Initial Orders have the same meaning in this letter.

Under the Initial Orders, save for written consent by the CMA, the Acquirer Group is required to hold separate the Acquirer Group business from the Target Entities 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 Orders, based on the information received from you and in the particular circumstances of this case, IVC and the Target Entities may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a), 5(g) and 5(h) of the Initial Orders

IVC submits that clinical referrals [X] take place from the Target Entities to IVC (“**Referrals**”) as part of the ordinary course of business. IVC submits that such Referrals take place in circumstances where the referring party does not have the capacity or the relevant capability to perform the clinical procedure concerned. IVC further submits that this is strictly necessary in order to safeguard patient safety and welfare, [X].

IVC requests a derogation from paragraphs 5(a), 5(g) and 5(h) of the Initial Orders in order to enable such Referrals to continue to be made, as envisaged by the Code of Professional Conduct for Veterinary Surgeons, in the ordinary course of business when deemed clinically appropriate, whilst the Initial Orders are in force.

IVC additionally submits that the Royal College of Veterinary Surgeons (RCVS) rules require all veterinary practices to offer out of hours services (“**OOH Services**”). IVC further submits that it already provides OOH Services (through its Vets Now business) to certain Target Entities (comprising Penrose Veterinary Group Limited, Mercer & Hughes Limited, Kevin Castle (Pet Care) Ltd and Anglesey Pet Clinic Ltd) (the ‘**OOH Serviced Target Entities**’). IVC further submits that Target Entities are not all in position to meet their own OOH requirements [§<]. As such, IVC considers that it is best placed to meet the OOH Serviced Target Entities OOH requirements and submits that these derogations are strictly necessary for IVC and the Target Entities to safeguard patient safety and welfare.

IVC therefore also requests a derogation from paragraphs 5(a), 5(g) and 5(h) of the Initial Orders to enable the provision of OOH services by IVC to the OOH Serviced Target Entities where this is strictly necessary.

On the basis of IVC’s representations, the CMA consents to derogations from paragraphs 5(a), 5(g), and 5(h) of the Initial Orders in respect of Referrals and OOH Services, strictly on the basis that:

- (i) These derogations are strictly necessary for IVC and the Target Entities to safeguard patient safety and welfare.
- (ii) All Referrals between IVC and the Target Entities will be reported to the CMA as part of fortnightly compliance statements in a form agreed in writing with the CMA.
- (iii) OOH Services provided by IVC (through Vets Now) to the OOH Serviced Target Entities are on arm’s length terms.
- (iv) Where Referrals and/or OOH Services occur, the information which will be exchanged between IVC and the relevant Target Entities will be limited to what is strictly necessary to enable the Referral and OOH Services to take place, and will be limited to client, patient and/or treatment details. Any client/ patient/ treatment details exchanged will be treated confidentially under existing safeguards for such information.
- (v) The referring site’s employees will only contact a referred site for the purpose of clinically appropriate Referrals in the ordinary course of business and for no other reason, and the referring site’s employees are not encouraged to make referrals to IVC’s referred sites.

- (vi) No incentives, financial or otherwise, [X] will be put in place in respect of Referrals.
- (vii) These derogations 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.

Sincerely,

Faye Fullalove
Assistant Director, Mergers
31 October 2022