

**DEROGATION LETTER  
IN RESPECT OF INTERIM ORDER ISSUED  
PURSUANT TO SECTION 81 OF ENTERPRISE ACT 2002**

**Consent under section 81 of the Enterprise Act (the ‘Act’) to certain actions for the purposes of the Interim Order made by the Competition and Markets Authority (‘CMA’) on 18 July 2022**

**Completed acquisition by Meta Platforms, Inc. (formerly Facebook, Inc.) of Giphy, Inc (the ‘Merger’)**

Dear Mr Bonne,

We refer to your submission dated 13 October 2022 requesting that the CMA consents to a derogation from the Interim Order of 18 July 2022 (the ‘**Interim Order**’). Unless otherwise stated, the terms defined in the Interim 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 Interim Order, save for prior written consent by the CMA, Meta Platforms, Inc. (‘**Meta**’) and its subsidiaries, and Giphy, Inc. (‘**Giphy**’) are required to hold separate the Meta business from the business of 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 a derogation from the Interim Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to Meta and Giphy carrying out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(d) and 6(i) of the Interim Order**

On 20 May 2021, the CMA granted a derogation from the Initial Enforcement Order of 9 June 2020 permitting the launch of the ‘Recess App’. The ‘Recess App’ is an experimental standalone app designed to cultivate connections at work between teammates.

In June 2021, Meta launched the ‘Recess App’ globally. Meta submits that the ‘Recess App’ was connected to Giphy’s public API in order to allow users to use Giphy’s GIF-related Content as part of their responses to questions within the app. Meta submits that it entered into a standard-form “click-to-agree” agreement with Giphy in order use Giphy’s Software Developer Kit, which is the usual process that any third party follows

to connect to Giphy. Meta submits that these actions did not result in any changes to the contractual relationship between Meta and Giphy, and that launching the 'Recess App' was entirely unrelated to the Merger.

As a result of changes to Meta's strategic priorities, which are unrelated to the Merger or any future sale of Giphy, Meta plans to deprecate the 'Recess App' on 14 December 2022. Meta submitted further information to the CMA [§]. This deprecation will result in changes to staff responsibilities.

Meta has submitted that deprecating the 'Recess App' will not result in a risk of pre-emptive action given that:

- (i) the 'Recess App's' development and launch did not result in any changes to the contractual relationship between Meta and Giphy; and
- (ii) deprecating the 'Recess App' will not in any way degrade Giphy.

After due consideration of Meta's request and in the light of the information submitted by it, the CMA consents to a derogation from paragraphs 6(d) and 6(i) of the Interim Order permitting the deprecation of the 'Recess App', strictly on the basis that this derogation will not result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decisions on the reference.

Yours sincerely,

**Stuart McIntosh**

**Chair, Remittal Group**

**6 December 2022**