

## DEROGATION LETTER

### IN RESPECT OF INITIAL ENFORCEMENT ORDER 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 Order made by the Competition and Markets Authority ('CMA') on 21 December 2022 and 24 January 2023**

### COMPLETED ACQUISITION BY MEDIVET GROUP LIMITED

Dear [redacted]

We refer to your email and accompanying note dated 7 June 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 21 December 2022 (as varied) and 24 January 2023 in respect of the completed acquisitions by Medivet Group Limited (the **Initial Orders**). The terms defined in the Initial Orders and in the two remedies forms submitted to the CMA on 25 May 2023 (as amended on 1 June 2023) have the same meaning in this letter. Further in this letter:

**Freedom Divestment Businesses:** The Divestment Businesses (as defined in **Annex 1**) that have continued to use Medivet's practice management system (**PMS**) Freedom, namely [redacted].

**Branch Partnership Businesses:** The two Divestment Businesses, [redacted].

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 businesses 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.

Medivet offered undertakings-in-lieu of a reference on 25 May 2023 (the **Proposed UILs**), which the CMA accepted in principle on 2 June 2023. The Proposed UILs involve the sale of the Divestment Businesses to one or more CMA-approved upfront buyer(s).

After due consideration of your request for a derogation from the Initial Orders, based on the information received from you and in the particular circumstances of this case, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

### **Paragraph 5(e)(ii), 5(f) and 5(l) of the Initial Orders – Migration from Freedom to [redacted]**

To deliver the Proposed UILs, Medivet will need to migrate the Freedom Divestment Businesses, to a third-party PMS, [redacted]. Medivet requested a derogation for the following:

1. *Migration - paragraph 5(f)* - Medivet requested a derogation from paragraph 5(f) of the Initial Orders to allow the necessary transfer of the Freedom Divestment Businesses onto [redacted]. Divestment Businesses currently not on Freedom will remain on their existing PMS.
2. *Data transfer - paragraph 5(l)* - certain data, including competitively sensitive information (**CSI**) belonging to the Freedom Divestment Businesses will need to be reviewed and imported into [redacted] as part of the [redacted] Migration. Medivet requested a derogation from paragraph 5(l) of the Initial Orders to access such CSI.
3. *Licence novation - paragraph 5(e)(ii)* - all PMS licences are currently held by Medivet. Should the Divestment Buyer(s) not have their own PMS, Medivet intends to novate the [redacted] licence, which would require a derogation from paragraph 5(e)(ii) of the Initial Orders.

### **Paragraph 4(b), 5(c), 5(e) and 5(l) of the Initial Orders – dissolution of the branch partnerships**

Medivet's business includes a branch partnership model where vets can become equity partners with Medivet in their own clinics. To deliver the Proposed UILs, Medivet will need to dissolve certain branch partnerships and either buy-back the branch partners' shares or, if the branch partners are the respective buyers, sell Medivet's shares in the Branch Partnership Businesses. Medivet requested a derogation for the following:

1. *Dissolution of the branch partnership(s) - paragraphs 4(b) and 5(e)* - to allow for the transfer of the branch partners' interests in the business and assets of the Branch Partnership Businesses to Medivet before the divestments can take place or, if applicable, the acquisition of Medivet's interests in the business and assets of the Branch Partnership Businesses by the branch partners and in either case, the termination of the partnership agreement and dissolution of the partnership.
2. *Branch partners to employees - paragraph 5(c)* - to permit the changes in the organisational structure with the branch partners becoming Medivet employees, if required.

## Conditions and safeguards for granting the derogations

On the basis of Medivet's representations, the CMA consents to a derogation from paragraph 4(b), 5(c), 5(e), 5(e)(ii), 5(f) and 5(l) of the Initial Orders to successfully implement the Proposed UILs, and strictly on the basis that:

- a) In relation to migrating the Freedom Divestment Businesses to [redacted], only the individuals identified in Annex 2 (the **Authorised Individuals**) will access commercially sensitive Divestment Business information and only insofar as access is strictly necessary for them to migrate the Freedom Divestment Businesses to [redacted].
- b) Each of the Authorised Individuals will sign Non-Disclosure Agreements, in a form approved by the CMA, in respect of any CSI they receive in order for them to continue migrating the Freedom Divestment Businesses to [redacted].
- c) This derogation will not otherwise result in any disruption to, or impact the viability of the Medivet business or the Freedom and Branch Partnership Divestment Businesses' businesses.
- d) 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 decision on a reference.

Yours sincerely,

[redacted]

Adam Phillimore  
Assistant Director, Mergers  
15 June 2023

## Annex 1 – Divestment Businesses

1. All Creatures Clinic Limited (**All Creatures**);
2. Barton Companion Animal Services Limited (**Barton**);
3. I T Kalogera (Holdings) Limited, including its subsidiary I T Kalogera Limited (t/a Brockwell Vets) (**Brockwell Vets**);
4. the assets and business of the veterinary practice under the name 'Caddy Veterinary Surgery/Practice' (**Caddy Country**);
5. E Street Limited (t/a Elizabeth Street Veterinary Clinic) (**Elizabeth Street**);
6. Ferring Street Vets Limited (**Ferring Street**);
7. The Hackney Vet Ltd (**The Hackney Vet**);
8. The assets and business of the veterinary practice under the name Iffley Vets (**Iffley Vets**);
9. The Oxford Cat Clinic Limited (**The Oxford Cat Clinic**);
10. The assets and businesses of the veterinary practices under the name The Vet on Richmond Hill & The Vet in St Margaret's (**The Vet on Richmond Hill & St Margaret's**); and
11. The Vet Station Limited (**The Vet Station**).  
(together, the **Divestment Businesses**).

## Annex 2 - Authorised Individuals

[3<]