

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002 COMPLETED ACQUISITION

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 5 November 2024

Completed Acquisition by MRI Software LLC of Capita One Limited

We refer to your letter dated 30 October 2024 requesting that the CMA consents to derogations from the Initial Enforcement Order of 5 November 2024 (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, the Addressees are required to hold separate the Acquirer Group business from the Capita One 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, the Addressees may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 4(a), 5(a), 5(f) and 5(l) of the Initial Order

The CMA understands that after the transaction completed, the Capita One business lost access to a number of key back-office support functions previously provided to Capita One by its previous owner, Capita plc. Therefore, since completion, the Acquirer Group has been providing Capita One with these back-office support functions.

MRI submits that it needs to continue providing these essential back-office support functions to Capita One to ensure that Capita One is maintained as a going concern and sufficient resources are made available for its development. These essential back-office functions are as follows:

- (1) Legal support (including, but not limited to supporting and advising on any employee and/or client litigation matters, disputes, or complaints);

- (2) Finance and accounting (including, but not limited to, banking, accounts payable, accounts receivable, payroll, audit and financial reporting);
- (3) Human resources (**HR**) (including, but not limited to, talent management and recruitment);
- (4) IT / Security / Hosting (information relating to Capita One's IT, hosting, and security solutions);
- (5) Compliance (i.e., the various security standards against with Capita One and its offerings are verified, [X], [X], [X]).
- (6) Internal Systems (including, but not limited to, applications such as [X] ([X]), [X] ([X]), [X] ([X])).

(together, the **Back-Office Services**).

The CMA therefore consents to a derogation from paragraphs 4(a), 5(a), 5(f) and 5(l) of the Initial Order to permit MRI to continue providing Capita One with the Back-Office Services.

The CMA consents to the derogation strictly on the basis that:

- (1) MRI providing Capita One with the Back-Office Services is strictly necessary to preserve Capita One's viability and competitive capability;
- (2) MRI will not provide Capita One with any services other than the Back-Office Services;
- (3) any commercially sensitive information (**CSI**) shared with MRI for the purposes of this derogation will be limited to what is strictly necessary to enable MRI to provide Capita One with the Back-Office Services, and will be shared with only the following individuals (the **Authorised Individuals**):

- (i) Integration management: [X].

[X] is managing the integration process between Capita One and MRI and will be responsible for ensuring that all CSI shared between Capita One and MRI falls within the permitted parameters of this derogation. As a result, he will have indirect access to / oversight of any CSI shared between Capita One and MRI but will not use any such CSI.

- (ii) Legal support: [X], [X], [X].

These individuals will provide legal support and resources to the Capita One business. To provide legal support, they require access to client, employee, supplier and vendor names, and their respective agreements and fee arrangements. However, this information will be segregated and stored in a

secure ShareFile to ensure no unauthorised MRI personnel can gain access.

- (iii) Finance and accounting: [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED].

This team requires access to client names and billing information to ensure that clients are billed correctly, and invoices are paid. They will also have access to employee information in order to carry out any payroll related functions. This information will be segregated from all other MRI business units to ensure no unauthorised MRI personnel can gain access.

- (iv) HR: [REDACTED], [REDACTED], [REDACTED].

This team will have access to employee payroll and benefits information. All employee related information is segregated and kept secure from other MRI personnel to ensure no unauthorised MRI personnel can gain access.

- (v) IT / Security / Hosting: [REDACTED], [REDACTED].

[REDACTED] and [REDACTED] require access to information relating to Capita One's IT, hosting, and security solutions in order to provide Capita One with the essential support to keep these functions fully operational and effective. [REDACTED], [REDACTED], [REDACTED], [REDACTED].

- (vi) Compliance: [REDACTED], [REDACTED].

[REDACTED] and [REDACTED] require access to information relating to Capita One's security standards (including, but not limited to, [REDACTED], [REDACTED], [REDACTED]). [REDACTED]¹, [REDACTED].

- (vii) Internal systems: [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED].

As mentioned above, software solutions such as [REDACTED], [REDACTED], [REDACTED] need to be migrated under MRI's control. These software solutions remain tied into Capita plc and, under the terms of the Transitional Services Agreement submitted to the CMA as IDQ Annex 001 on 24 October 2024, these solutions need to be migrated away from Capita plc [REDACTED], [REDACTED]. The internal systems team require access to client names, products, billing information and contract information within each of these systems. The [REDACTED], [REDACTED] systems will be segregated such that only Capita One personnel will have access.

¹ [REDACTED], [REDACTED] at Capita One, has issued notice of his resignation [REDACTED]. [REDACTED] last day of employment with Capita One will be [REDACTED]. [REDACTED], [REDACTED], [REDACTED]. His key responsibilities are managing [REDACTED] and a requirement from Capita One's clients. Additionally, [REDACTED] is the primary resource for responding to security related questions and requests from existing and prospective clients.

- (4) the Authorised Individuals do not have a commercial or strategic role with the MRI Group for which the commercially sensitive information shared under this derogation would be relevant and shall not use any information provided by Capita One in any way to intervene in the management or operation of Capita One, or for any purpose other than the purpose for which this derogation was granted;
- (5) the Authorised Individuals shall enter into non-disclosure agreements in a form approved by the CMA. The MRI Group shall submit to the CMA a summary of the information shared with the Authorised Individuals, should the CMA request this;
- (6) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within MRI from accessing the information shared with the Authorised Individuals for the purposes of this derogation;
- (7) no changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email);
- (8) should remedial action be required by the CMA in relation to the Capita One's business, any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from the Capita One's business for the purposes of this derogation will be returned to the Capita One's business and any copies destroyed, except to the extent that record retention is required by law or regulation; and
- (9) this derogation shall not prevent any remedial action which the CMA may need to take regarding the transaction.

Yours sincerely

Matteo Alchini
Assistant Director, Mergers
Competition and Markets Authority
5 November 2024