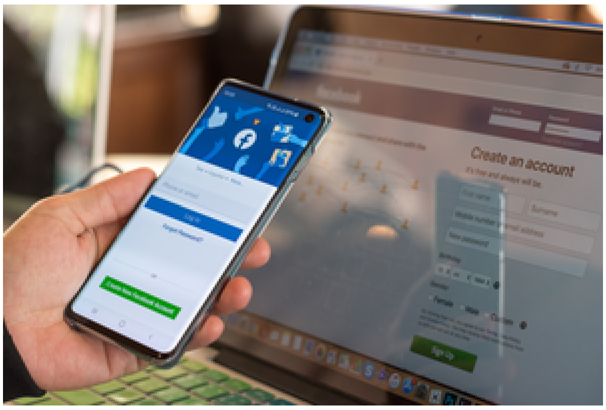
CMA fines Meta a second time for breaching enforcement order

Press release

Meta has been fined £1.5m after it failed to alert the CMA in advance of key staff leaving the company, which is required by the CMA's initial enforcement order.



It is standard practice for the Competition and Markets Authority (CMA) to issue an initial enforcement order (IEO) at the start of an investigation into a completed merger. This makes sure the companies involved continue to compete with one another as they would have before the deal took place. It also prevents the companies from integrating further while a merger review is underway. The CMA imposed this type of order on Meta, formerly known as Facebook, in June 2020 in relation to its purchase of Giphy.

This order required Meta to actively inform the competition authority of any 'material changes' to the business, including resignations of key staff, and then seek prior consent before rehiring or redistributing responsibilities. Meta failed on both accounts following the resignation of 3 key employees and the reallocation of their roles. These 3 individuals had previously been included on a list of key staff provided to the CMA by Meta, reflecting their importance.

This is not the first time Meta failed to inform the CMA of staff changes at the appropriate time, having failed to do so multiple times in 2021.

Joel Bamford, Senior Director of Mergers, at the CMA said:

> Meta failed to alert us in advance to important changes in their staff, despite knowing they were legally required to do so. This is not the first time this has happened.
>
> Initial enforcement orders are an integral part of our mergers toolkit and ensure the CMA is able to take effective action if we

find competition concerns. Breaches like this one threaten our ability to maintain the benefits of competition for people using these products and services.

When issuing fines, the CMA takes into account the nature and gravity of the breach in question and calculates an appropriate amount accordingly.

This is the second time the CMA has issued Meta with a penalty for breaching its IEO. In October 2021, the firm was fined over £50 million after it significantly limited the scope of compliance reports, despite repeated warnings from the CMA. The reports were crucial to ensuring the CMA had oversight of the companies' behaviour, including whether Meta had been taking any action which might prejudice the outcome of its investigation.

The CMA issued its final decision in relation to the Meta and Giphy merger on 30 November 2021. This required Meta to sell Giphy in its entirety after finding the deal could harm social media users and UK advertisers.

1. The purpose of merger control is to regulate, in advance, the impact of mergers on competition in markets. While companies cannot complete mergers during an investigation in most countries, the UK has a voluntary merger regime that requires IEOs for completed mergers. Such measures prevent companies integrating ahead of any investigation taking place. The CMA has set out further detail on this in its published guidance Interim measures in merger investigations.
2. Administrative penalties: Statement of Policy on the CMA's approach provides information on the factors that the CMA considers when deciding whether to impose a penalty, including for IEO breaches.
3. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
4. Members of the general public can contact the CMA for information about this update on 020 3738 6000 or general.enquiries@cma.gov.uk.

Published 4 February 2022