

**Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority on 30 September 2014**

**Completed acquisition by Xchanging Holdings Limited and Xchanging, Inc. of certain companies comprising all of the European operations of Agencyport Software Group**

On 30 September 2014 the Competition and Markets Authority (CMA) issued an Initial Enforcement Order (the Initial Order) under section 72 of the Enterprise Act 2002 (the Act) for the purpose of preventing pre-emptive action. Under the Initial Order, save for written consent by the CMA, provision was made that Xchanging plc, Xchanging Holdings Limited and Xchanging, Inc. (Xchanging) will hold separate the Agencyport Europe business from the Xchanging business (as defined in the Initial Order respectively).

On 8 December 2014 the CMA made a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in accordance with section 22 of the Act, regarding the completed acquisition by Xchanging of the European operations of the Agencyport Software Group, in order that the group may investigate and report on the following questions in accordance with section 35(1) of the Act:

- (a) whether a relevant merger situation has been created; and
- (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the UK for goods or services.

The reference has not been finally determined. The Initial Order is still in force.

On 16 December 2014 Xchanging requested that the CMA consent to a derogation to the Initial Order in that the Agencyport Europe business be permitted to switch its statutory auditor from Ernst & Young to that of Xchanging, namely PricewaterhouseCoopers (PwC).

1. After due consideration of the request, Xchanging may carry out the following action:

Appoint PwC as the statutory auditor for the Agencyport Europe business in relation to Xchanging's consolidated accounts for the year ended 31 December 2014.

2. The derogation is granted subject to the following conditions:
- (i) That a PwC audit team ('the Agencyport team') is appointed to review and audit the financial records of the Agencyport Europe business. The Agencyport team must be separate to the audit team reviewing and auditing Xchanging ('the Xchanging team') and to the senior PwC team required to sign off on the consolidated accounts of Xchanging.
  - (ii) The Agencyport team and the Xchanging team must not collaborate with each other in their respective reviews and audits.
  - (iii) A senior PwC partner ('the Agencyport Senior Partner') is appointed to supervise the Agencyport team and to whom the Agencyport team must report.
  - (iv) The Agencyport Senior Partner is to prepare a report on the Agencyport Europe business to enable Xchanging's senior PwC team to sign off on the consolidated accounts of Xchanging.
  - (v) The report of the Agencyport Senior Partner may contain commercially sensitive information of, or information otherwise confidential to, the Agencyport Europe business, only to the extent necessary to enable the senior PwC team to sign off on the consolidated accounts.

9 February 2015