

Financial Stability Board (FSB): Continuity of Access to FMIs for Firms in Resolution Questionnaire

Visa Europe Limited

March 2, 2023

Terminology: Certain defined terms are used within this document (e.g. Member), these have the meaning as defined in the Glossary to the Visa Rules, available at <https://www.visa.co.uk/content/dam/VCOM/download/about-visa/visa-rules-public.pdf>.

Executive Summary

Overview of Visa Europe Limited

Visa Europe Limited (“VEL”) is a private limited company, incorporated in England and Wales, and is a wholly owned subsidiary of Visa International Holdings Limited (“VIHL”) and part of the Visa Inc. group. Visa Europe is responsible for representing the Visa brand name and facilitating commerce and money movement across the Europe Region, which encompasses 38 countries including the UK, the 27 countries of the EU, Turkey, Israel, Switzerland and Norway.

Visa’s purpose is to uplift everyone, everywhere by being the best way to pay and be paid. Visa facilitates global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions, and government entities through innovative technologies.

Since Visa’s inception in 1958, Visa has been in the business of facilitating payments between consumers and businesses. As a trusted engine of commerce and with new ways to pay, Visa is working to provide payment solutions for everyone, everywhere. We are focused on extending, enhancing and investing in Visa’s proprietary network, VisaNet, to offer a single connection point for facilitating payment transactions to multiple endpoints through various form factors. Through the Visa network, we offer products, solutions and services that facilitate secure, reliable, and efficient money movement for participants in the ecosystem.

Purpose of VEL’s Response:

On 6 July 2017, the Financial Stability Board (FSB) published its Guidance on Continuity of Access to Financial Market Infrastructures (“FMIs”) for a Firm in Resolution¹. On 20 August 2021, the FSB shared an updated version of the questionnaire². The FSB has developed the questionnaire for FMIs to provide information relevant to continuity of access when participants are in resolution. VEL welcomes the opportunity to engage constructively in completing this questionnaire.

VEL acknowledges the importance of responsible resolution management and is committed to supporting the stability of the wider payments ecosystem and implementation of the guidelines on resolution for its Members.

It should be noted at the outset that the regulatory process for resolving a failed Member would depend on the jurisdiction, the type of failed

¹ Available at: [Guidance on Continuity of Access to Financial Market Infrastructures \(FMIs\) for a Firm in Resolution - Financial Stability Board \(fsb.org\)](https://www.fsb.org/2017/07/guidance-on-continuity-of-access-to-financial-market-infrastructures-fmis-for-a-firm-in-resolution/)

² Available at: <https://www.fsb.org/2021/08/>

institution, and the legal and regulatory framework in place. Though Member failures are not a common occurrence, VEL believes it is in the interest of all stakeholders to minimise their impact when they do occur. VEL is ready and willing to collaborate with regulators and ecosystem participants to minimise disruption in the event of Member failure.

VEL Rulebook and Contractual Provisions:

The rules that govern VEL and its Members are the Contractual Agreements, which consist of the:

- Membership Deed/Membership, which provides the contractual mechanism by which Members are bound by the Visa Rules.
- Visa Rules, including the Visa Core Rules and Visa Product and Service Rules (“VCR/VPSR”). A public version of the VCR/VPSR is available on the VEL website.
- Visa Europe Operating Rules (“VEOR”), Processing, and the Visa Europe Limited Membership Regulations (together, “Contractual Agreements”).

The Contractual Agreements, as defined above, already include a range of provisions requiring Members to implement risk management programmes to manage the risks they face and mitigate the risk of a failure which would likely impact the ecosystem. The VEL Membership Regulations have been updated to establish that following a Resolution Event, Visa Europe will work with the applicable Resolution Authority, taking all necessary steps set out by that Resolution Authority. Furthermore, VEL remains committed to addressing and mitigating risks stemming from Resolution Events by strengthening Contractual Agreements. VEL continues to assess Contractual Agreements to ensure there is full coverage of all such Member failure scenarios, including a resolution event and any resulting requirements by regulatory authorities.

Visa’s Approach to Members Experiencing Distress:

Should a Member be experiencing a stress, and/or there are indications that the Member may potentially fail operationally or financially, regardless of process to be followed or cause of the failure, VEL is committed to taking action in coordination with relevant stakeholders to mitigate the risk to the Visa payment ecosystem and minimize impacts to merchants and cardholders by:

- Supporting Members and partners with contingency plans, including migration to an alternative payment service provider authorized by Visa to maintain the stability of the payment system and to protect merchant and consumer interests;
- Cooperating with supervisory authorities to facilitate the smooth transfer of payment programs from a failed Member to viable institutions; and
- Sharing information, as appropriate and legally permissible, to minimise disruptions for consumers and the wider financial ecosystem.

It is noted that, in order to guarantee the integrity of VEL's payment ecosystem, VEL assumes ultimate responsibility for settlement, once a transaction has been successfully cleared. This responsibility is separate from the payment obligation which Members have to VEL. VEL's settlement responsibility and the protections it affords to the payment's ecosystem is further supplemented by the risk mitigation measures VEL has established (e.g. through the monitoring of Member exposures and collection of collateral).