



Visa Europe Limited

FSB Continuity of Access to FMIs for Firms in Resolution Questionnaire

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 Inc. is a global payments technology company that connects customers, businesses, financial institutions and governments in more than 200 countries and territories to ensure fast, secure and reliable electronic payments. Visa's vision is to be the best way to pay and be paid for everyone, everywhere. VEL works in partnership with financial institutions, Merchants and new industry partners to drive innovations that enable faster, simpler and more secure payments globally.

The Visa payment system ("Visa") facilitates global commerce through the transfer of value and information among a global network of Customers, Merchants, financial institutions, businesses, strategic partners, and government entities. Visa enables authorisation, clearing, and settlement of payment Transactions and allowing Members¹ to access a wide range of products, platforms, and value-added services. For the purposes of the self-assessment, the term Member can be interpreted as entities which receive services from VEL. VEL is responsible for operating Visa within the Europe region. In this regard, VEL's primary functions are to administer, operate, maintain and improve Visa and the programmes in which Visa Members in Europe participate, and to co-ordinate and oversee the participation of these Members in Visa.

Purpose of VEL's Response:

On 7 July 2017, the Financial Stability Board (FSB) published its Guidance on Continuity of Access to Financial Market Infrastructures ("FMIs") for a Firm in Resolution. The FSB has developed a questionnaire for FMIs, such as Visa, 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 intends to make its response readily available to its respective Members, to help reduce the need for bilateral engagement and the considerable duplication in information flows as well as assisting its participants in their resolution planning.

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. VEL has a comprehensive crisis management programme to manage any serious incident that may occur, this includes plan updates and scenario planning for Member failures, regardless of the cause or processed followed by the failing entity.

¹ The term "Member" is used to define acquiring and issuing entities who receive any service provided by VEL and therefore includes recipients of both Scheme and/or Processing services.



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 institution, and the legal and regulatory framework in place. Though Member failures are not a common occurrence, Visa 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 resolve issues related to Member failure scenarios.

VEL Rulebook and Contractual Provisions:

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

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. In the current environment, there is an increased risk of clients’ resolution within the payments ecosystem. To ensure this is well managed VEL is increasing the focus on this potential outcome to address and mitigate these risks through strengthening of its Contractual Agreements. Visa Europe is currently assessing the Contractual Agreements to ensure there is full coverage of all such client failure scenarios, including a resolution event and any resulting requirements by regulatory authorities. Following this review, necessary updates will be made subject to internal governance.

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 all relevant stakeholders to mitigate the risk to the Visa payment ecosystem and minimize impacts to merchants and cardholders by:

- Supporting Clients and partners with the development and execution of 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;
- Standing ready and willing to cooperate with supervisory authorities to facilitate the smooth transfer of payment programs from a failed Client to viable institutions; and
- Sharing information, as appropriate and legally permissible, to minimize 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).



Visa’s Approach to Clients Experiencing a Resolution Event:

“Resolution”, in accordance with the FSB Guidance on Continuity of Access to Financial Market Infrastructures (“FMIs”) for a Firm in Resolution published on 6 July 2017, refers to the exercise of resolution powers or tools by any resolution authority in relation to a firm (including in relation to a parent company and/or any of its affiliates) pursuant to the resolution regime in the firm’s jurisdiction. As noted above, this is likely to vary considerably between jurisdictions, and is also distinct from insolvency procedures.

VEL has developed contingency plans and frameworks to manage client failures, regardless of cause or process followed by the failing Member, and has previously worked with regulators in the event of a failure to transfer VEL payment programmes to other qualified institutions. VEL stands ready and willing to cooperate with supervisory authorities to facilitate the smooth transfer of payment card portfolios from failed Members to assuming institutions.

Visa Rules do not specifically address Members in resolution. However, VEL is currently undertaking a review of the Contractual Agreements, to potentially include rules on how VEL will manage Members in resolution going forward. Visa Rules make it clear that applicable laws take precedence over Visa Rules and where possible, VEL will work with relevant supervisory authorities to support Members’ continuity of access to VEL when in resolution. VEL appreciates the importance placed on continuity of access for Members in resolution and have been cooperating with its Members by providing comfort letters as and when requested to address their queries on resolution planning. In any such resolution event, VEL would look to engage and work closely with the relevant authorities to manage the situation in a manner that minimises the risks and impacts to the wider payments ecosystem.