



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING
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Commissioner

BULLETIN NO. 08-03

TO: ALL NEW JERSEY CHARTERED CREDIT UNIONS

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: ISSUANCE OF VISA, INC. STOCK TO NEW JERSEY CHARTERED CREDIT UNIONS

This Bulletin is being issued by the New Jersey Department of Banking and Insurance (Department) to all New Jersey state-chartered credit unions to provide guidance with respect to the above-referenced matter.

VISA, Inc. recently announced a corporate restructuring that will result in VISA, Inc. issuing common stock to members of Visa U.S.A., which include New Jersey chartered credit unions. In its prospectus, VISA, Inc. stated that "we expect that federal or state-chartered credit unions may be required to seek the advice of their relevant federal and state regulators in connection with the receipt and holding of our common stock." In conjunction with the corporate restructuring, VISA, Inc. announced that the company would pursue an initial public offering. Recently VISA, Inc. announced that the initial public offering is expected to be completed in the near future.

While the ownership of stock in a private corporation by state-chartered credit unions is generally not permitted under applicable New Jersey law, see N.J.S.A. 17:13-107, the ownership of the stock of VISA, Inc. issued as part of the initial public offering referenced above presents a situation most likely not contemplated by the Legislature. Members of Visa U.S.A. will be awarded the stock in VISA, Inc. based on the fees a member has generated in the past for VISA, Inc. Members will not directly compensate VISA, Inc. for the stock. The members will receive the stock without taking any independent action to acquire it and no cash or other rewards will be available to the members in lieu of the stock. Credit unions would not otherwise be making any investment in VISA stock, and the ownership interest acquired is solely a by-product of lending through VISA, Inc., which lending is a permissible activity for credit unions. Credit unions would not be placing any funds at risk in order to obtain or as a result of receiving such stock.

On November 1, 2007, the National Credit Union Administration (NCUA) issued a legal opinion concluding that a Federal Credit Union (FCU) "may receive and retain the [VISA Inc.]

stock unless its examiner determines holding the stock is a safety and soundness problem for that FCU.”

Under parity provisions established at N.J.S.A. 17:13-90 and N.J.A.C. 3:21-2.1, New Jersey state-chartered credit unions shall have the same rights, benefits and privileges that are afforded to FCUs. Since the NCUA has concluded that the FCUs may receive and retain the stock of VISA, Inc., and because of the lack of risk involved in such receipt and retention as set forth in the VISA, Inc. prospectus, New Jersey state-chartered credit unions are permitted to receive and retain the stock of VISA, Inc., by operation of parity, subject to the following conditions, which mirror those imposed on FCUs by the NCUA:

- The transaction shall be consummated substantially as described in the prospectus of VISA, Inc.;
- Holding the stock does not present a safety and soundness problem for the state-chartered credit union at the time of the distribution of the stock of VISA, Inc. or at any time in the future; and
- Prior approval by the Department will be required for any further investments in the stock of VISA, Inc. other than: (i) shares of stock received in kind without consideration being provided by the credit union, as described above; (ii) stock dividends received in relation to such stock; and (iii) cash dividends from such stock reinvested in additional shares of stock.

3/13/08
Date

/s/ Steven M. Goldman
Steven M. Goldman
Commissioner

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