

Bulletin CU-08-1

To: All State-Chartered Credit Unions

Subject: Visa, Inc. Stock

Date: January 28, 2008

VISA, Inc. recently announced completion of a corporate restructuring plan that will result in VISA, Inc. issuing common stock to members of VISA U.S.A. Many financial institutions, including credit unions, are members of VISA U.S.A. In the prospectus associated with this issuance of stock - p. 28, VISA Proxy-Statement, dated June 22, 2007 - VISA has stated, "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." Further, it is the Department's understanding that financial institutions receiving VISA, Inc. stock will be receiving these shares in kind without any consideration being paid for these shares.

The National Credit Union Administration (NCUA) issued an advisory opinion on November 1, 2007 allowing federally-chartered credit unions to receive and retain stock under the VISA restructuring plan. See, NCUA Opinion 07-1022. In this opinion, the NCUA said that it is acceptable for federal credit unions to receive common stock of VISA, Inc. because it is a by-product of lending, and does not require federal credit unions to invest in an otherwise impermissible investment. The NCUA opinion states that state-chartered credit unions should consult with the appropriate state supervisory agency about the permissibility of their receipt of the stock and any regulatory restrictions that may apply.

Similarly, the Office of the Comptroller of the Currency (OCC) issued an opinion that allowed national banks to receive shares of MasterCard, following its 2006 Initial Public Offering (see, OCC Interpretive Letter #1075). The OCC reasoned that the receipt of MasterCard stock was "not for speculative or investment purposes but rather is intended to facilitate a bank's participation in an otherwise permissible activity, or to enable the bank to receive needed services."

Pursuant to T.C.A. § 45-4-501(9), the Tennessee Department of Financial Institutions has no objection to any Tennessee-chartered credit union receiving and holding shares of VISA, Inc. stock unless it is further determined that this stock presents a safety and soundness concern. However, a credit union may not add to the number of shares it receives contractually under the restructuring by subsequently purchasing or otherwise acquiring more shares of VISA, Inc.

Should you have any additional questions, please contact Assistant Commissioner Harry P. Murphy at (615) 741-6399.

