

Declaration of Judson Reed

1. I am Head of Global Network Processing of Visa and submit this declaration in support of the United States' Motion for Entry of the Proposed Final Judgment in *United States v. American Express, et al.*, No. CV10-4496 (NGG) (E.D.N.Y.). I have personal knowledge of the facts set forth herein and if called upon to do so I would be able to testify competently as to these facts.
2. As Head of Global Network Processing, I am responsible for the business development of Visa's global network processing services.
3. Visa currently offers its issuing clients a number of different product platforms on which they may issue general purpose credit cards. Each type of general purpose credit card has been assigned a product identifier code that is one or two alphanumeric characters. As of October 2010 there were 33 different product identifier codes listed in Visa's Base II Clearing Data Codes manual, although some of these codes are not used by general purpose credit cards. The code does not appear on the face of the card or on the magnetic strip. Instead, the codes are published in the Base II Clearing Data Codes manual and any updates, which are provided to clients periodically. Each authorization message Visa provides to an acquirer contains the product identifier code for the general purpose credit card or other card product presented at the point of sale. I understand that the product identifier can be a factor in calculating the interchange fee associated with a given transaction.
4. A merchant wishing to determine the type of Visa general purpose credit card presented by a customer at the point of sale may do so prior to authorizing a sales transaction. Visa currently makes available a transaction type called Product Eligibility Inquiry Service. This transaction message allows Visa to provide an acquirer with a card product identifier code for any U.S. consumer and commercial card program, which accounts for approximately 99% of Visa transactions at U.S. merchants. Visa plans to make information available to U.S. acquirers regarding cards issued outside the United States later this year. An acquirer may electronically provide its merchant with the card product identifier code on a standalone basis without the merchant having to request authorization for or complete a transaction. The Product Eligibility Inquiry Service was launched in 2006 at a flat fee of \$.025 per inquiry.
5. Some merchants pay a merchant discount fee to their acquirer that varies based upon the interchange rate associated with each transaction. I understand that the type of merchant and the type of transactions (such as card present or card not present) can be factors in calculating the interchange fee associated with a given transaction and that this information is readily available to the merchant, acquirer, or merchant processor. With this information about the merchant type and type of transaction, and information provided by the Product Eligibility Inquiry Service, acquirers or merchant processors will have the information that would be required to provide the merchant with the interchange rate associated with a transaction made with the card presented at the point of sale.

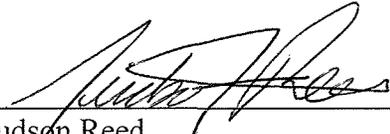
6. In order to protect sensitive cardholder information and reduce fraud, Visa requires participants in the Visa system to comply with the Payment Card Industry Data Security Standard (“PCI DSS” or “PCI”). The PCI standard provides that cardholder data may be retained only as long as necessary for business, legal, or regulatory purposes. (PCI Standard 3.1.) For sensitive authentication data (including the full magnetic stripe data that is gathered when a card is swiped), the PCI standard provides that such data may not be stored after authorization of the transaction. (PCI Standard 3.2.) The Visa International Operating Regulations likewise provide that a Visa member must ensure that merchants do not store the full contents of data taken from the magnetic stripe “subsequent to authorization.” (VIOR ID#: 081010-010410-0002228.) The Product Eligibility Inquiry Service would be used before a transaction is authorized (and is not itself an authorization), and therefore the magnetic stripe data would not need to be stored “subsequent to authorization” for a merchant to obtain an authorization without swiping the card a second time. A merchant would be required, of course, not to retain the magnetic stripe data from the Product Eligibility Inquiry Service swipe if the merchant was able to steer to another card and therefore no longer had a business, legal or regulatory purpose for retaining the magnetic stripe data from the Visa card.

7. I am aware that some merchants have raised a concern about the time required to use the Product Eligibility Inquiry Service. VisaNet returns an authorization message to a U.S. acquirer in an average of less than one second. Visa does not have visibility into the merchant-to-acquirer and acquirer-to-merchant legs of the message journey and therefore cannot measure the response time from the POS terminal. I am aware, however, that payment processors promote a transaction approval time to merchants of less than two seconds. These times are for an authorization: the merchant’s acquirer submits an authorization request to Visa, which then relays the request to the issuing bank, receives a response from the issuing bank, and sends the authorization decision back to the acquirer. Because the Product Eligibility Inquiry Service does not require communication with the card issuer, the response time could be even shorter than the time required for an authorization.

8. I am also aware that some merchants have raised a concern that use of the Product Eligibility Inquiry Service could result in the imposition of fees to their acquirers or disqualification for preferred interchange categories because the transaction amount authorized would not match the value of the settled transaction. However, the Product Eligibility Inquiry Service is not an authorization, and indeed the dollar value of the transaction is not even submitted to Visa when seeking a Product ID response message.

9. Beginning on August 1, 2011, Visa will not charge acquirers a fee for the Product Eligibility Inquiry Service. Visa reserves the right to adjust the fee at any time based on demand and other factors.

I declare under penalty of perjury that the foregoing is true and correct. Executed on May __, 2011.



Judsøn Reed

26 may 2011