

S.V.
J.S.J.
A.F.



Ronald J. Schmidt
Executive Vice President
Membership and Statistics

September 3, 1997

LP

Direct
to Rico

Mr. Richard Carrión
President and CEO
Banco Popular de Puerto Rico
P. O. Box 362708
San Juan, Puerto Rico
00936-2708

Dear Mr. Carrión;

Visa U.S.A. Inc. has recently received information that your bank has entered into an agreement with American Express to issue American Express cards. It is also our understanding that you are a valued member of Visa International with an active Visa program in the Latin America and Caribbean Region.

Visa International Service Association consists of six distinct regions. Each region has jurisdiction over the Visa activity in its specific geographic area and determines the rules that are appropriate for its markets.

Banco Popular de Puerto Rico has branch offices on the mainland United States that issue Visa cards. The Visa activity of these branches is under the jurisdiction of the Visa U.S.A. Inc. Region. **As such, they are subject to Visa U.S.A. Inc. By-Laws. These By-Laws prohibit a member financial institution, or its parents, subsidiaries or affiliates from issuing American Express Cards. (See attached and highlighted Visa U.S.A. Inc. By-Laws Section 2.10 e .)**

We have currently determined that Banco Popular de Puerto Rico's American Express activity in the Latin America and Caribbean Region, is subject to the jurisdiction of such region of Visa International and does not jeopardize the Visa U.S.A. Inc. membership of its U.S.A. mainland branches. However,

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P-0252

GOVERNMENT
DEPOSITION
EXHIBIT
203

M003563

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SUBJECT TO
PROTECTIVE ORDER

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those branches will lose their rights to operate Visa programs, if they are involved in any issuance or solicitation activity for American Express.

Please contact me at (415) 432-1004 with any questions you may have on this matter.

Sincerely,



cc: James Partridge - President, Visa Latin America- Caribbean Region
Miguel Vargas

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