VISA

December 23, 2013

Technical Director
File Reference No. EITF-13D
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. EITF-13D

Request for comments on Exposure Draft of Proposed Accounting Standards Update on Compensation – Stock Compensation (Topic 718), or "the proposed update"

Visa Inc. is a global payments technology company that connects consumers, businesses, financial institutions and governments around the world to fast, secure and reliable electronic payments. We provide our clients with payment processing platforms that encompass consumer credit, debit, prepaid and commercial payments.

We appreciate the opportunity to comment on the proposed update and value the FASB's effort to resolve the diverse accounting treatment of share-based payments with performance conditions that could be achieved after the requisite service period. We are fully supportive of the FASB's proposed accounting changes, and we would like to highlight significant factors we have considered as related to Questions 1 and 3 of the proposed update.

Question 1: Do you agree that a performance target that could be achieved after the requisite service period should be treated as a performance condition that affects vesting? If not, please explain why.

We agree with the FASB's proposed update, which requires that share-based payments in which the terms of the award include a performance target that could be achieved after the requisite service period, be treated as a performance condition that affects the vesting of the awards. And that therefore, the performance target should not be treated as a nonvesting condition that affects the grant-date fair value of the awards. We base this conclusion on the following considerations:

- Accounting for such a term as a vesting condition is consistent with the FASB's definition of a "performance condition", which requires an employee to render service for a specified period of time <u>and</u> achieve a specified performance target that is defined solely by reference to an employer's own operation. Although the current standard does not explicitly require that an employee be rendering service at the time the performance target is achieved, we believe that the FASB's position is reasonable in that there is typically a requisite service period included, or for retiree eligible employees, effectively a one-day requisite service period, being the day of the grant.
- The proposed approach is also consistent with the definition of "vest", which states that awards become vested at the date that the employee's right to receive or retain shares, or its equivalent under the award, is no longer contingent on satisfaction of *either* a service condition or a performance condition. Although the stated vesting provisions of an award often establish a requisite service period, and an award that has reached the

end of its requisite service period is typically vested, the requisite service period may differ from the vesting period in certain circumstances as discussed under ASC 718. We can infer then that the vesting period does not need to be equal in length to the requisite service period, and that the achievement of the performance target, even though after the requisite service period, is the point when the award becomes vested and the employee has the right to receive or retain shares. As such, the performance target should be accounted for as a vesting condition.

- We believe that treating such a term as a nonvesting condition will create complexity in the measurement and be subject to significant judgment in order to reliably reflect the outcome of the performance target in the grant-date fair value of the awards, resulting in recognition of an amount that does not reflect the actual value of the awards earned. Incorporating the value of such a term into the grant-date fair value may result in recognizing highly subjective compensation cost over the requisite service period under a scenario where the performance target is not actually achieved, with no reversal of compensation expense. In contrast, the proposed approach allows for compensation cost to be adjusted accordingly as the performance target becomes probable or improbable of being achieved after the requisite service period, which more consistently reflects the underlying value of the award.

Question 3: The amendments in the proposed update do not require any incremental disclosures for share-based payments in which a performance target could be achieved after the requisite service period. Should incremental disclosures be required for those awards? If yes, please explain why.

We agree that the proposed update does not warrant any incremental disclosures. We believe that the existing disclosures required by Topic 718 are comprehensive with regard to the terms and conditions of share-based payment arrangements and enable users of the financial statements to understand the nature and terms of the share-based payments.

We appreciate the opportunity to submit our views to you. If you have any questions about our comments, please contact me at (650) 432-8165.

Sincerely,

James Hoffmeister
Corporate Controller

cc: Byron H. Pollitt, Chief Financial Officer
cc: Tom M'Guinness, Head of Global Corporate Legal