



December 11, 2013

Public Company Accounting Oversight Board
Attention: Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

Docket Matter No. 034

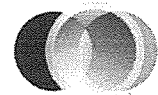
Members of the Board:

MasterCard Incorporated appreciates the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB" or the "Board") Release No. 2013-005 dated August 13, 2013, "*Proposed Auditing Standards – The Auditor's Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Opinion; The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report; and Related Amendments to PCAOB Standards*" (the "Proposed Standard"). We appreciate the Board's efforts to make improvements to the auditor's report by means of endorsing more valuable auditor reporting. However, we have significant concerns over the implications the Proposed Standard would have on the role of the auditor, the responsibility of management to be the source of company-specific information, and the flow of information between a company and its auditor.

Critical Audit Matters

The communication of critical audit matters, as determined by the auditor, poses several significant areas for concern. Appendix 5 of the Proposed Standard asserts that auditor communication of critical audit matters could lead to improved financial statement disclosures. We believe that the disclosures as required by the Financial Accounting Standards Board and the U.S. Securities and Exchange Commission ("SEC"), coupled with management's judgment, provide the adequate amount and level of information to investors for decision making purposes. Further, it is management's responsibility to ensure that disclosures are complete, accurate, balanced and in compliance with existing securities laws. We have concern that the Proposed Standard attempts to supplement current disclosure requirements and suggests that those requirements are not sufficient for investors. We do not believe that the auditor communicating critical audit matters, which may be based more in auditing matters, would lead to improved financial statement disclosures. To the contrary, these disclosures could result in investor confusion.

AU 110 *Responsibilities and Functions of the Independent Auditor* states that: "The entity's transactions and the related assets, liabilities, and equity are within the direct knowledge and control of management. The auditor's knowledge of these matters and internal control is limited to that acquired through the audit." The Proposed Standard would require auditors to be the source of information, which raises concern that a third-party is being asked to communicate information that is not within their direct knowledge and control. Further, a third-party may not possess the necessary depth of knowledge, unlike a company's management, to adequately comment on critical matters. Thus, we have serious concern that a third-party would be an originator of company information.



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Critical matters are disclosed in management's discussion and analysis and in the notes to the financial statements. We expect that the discussion of critical audit matters would be aligned with that of critical accounting estimates, and therefore auditor disclosure will likely be repetitive in nature. However, the communication of critical audit matters creates the potential for inconsistent identification of matters as the determination of a critical audit matter could be influenced by the audit partner or audit firm. The Proposed Standard may also have the unintended consequence of shifting the ultimate decision of disclosure from a company to the auditor based on audit report communication. Further, it is also not evident how investors would utilize and benefit from the disclosure of critical audit matters. Therefore, the disclosures may lead to investor confusion, which would directly conflict with the objective of the Proposed Standard.

We also have concern that the Proposed Standard will have a negative impact on the current, open dialogue that exists between management, auditors and audit committees. Specifically, if certain discussions would trigger auditor external reporting requirements, it is logical to believe that such future discussions would exclude the auditor. This unintended behavioral consequence will likely negatively impact the quality of the audit, contradicting the intention of the PCAOB.

Other Information

We anticipate that there would be significant incremental audit procedures required by the audit firms in order to evaluate the other information and communicate on such under the Proposed Standard. These additional procedures will prove to be costly to companies given the comprehensive scope of other information, including forward-looking statements. Considering the audit firm is not required to audit or express an opinion on the other information, we do not believe the cost of adding to the current level of requirements exceeds any perceived benefit.

The Auditor's Responsibility for Fraud

We recognize that the additional language in the Proposed Standard, "whether due to error or fraud", is not intended to modify the auditor's existing responsibilities with respect to fraud. However, the inclusion of such language raises concern that investors will perceive auditors to provide more than a reasonable assurance against material fraud. This perception may result in an increased legal and financial risk to auditors. Further, auditors may choose to increase sample sizes beyond a statistical benefit in order to mitigate perception risk, impacting the cost of an audit.

We appreciate the opportunity to provide comments on the Proposed Standard. If you have any questions, please contact me at (914) 249-5222.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Forster". The signature is fluid and cursive.

Andrea Forster
Corporate Controller, Principal Accounting Officer
MasterCard Incorporated

cc: Steven J. Freiberg, Director, MasterCard Incorporated
Mark Schwartz, Director, MasterCard Incorporated
Paul Beswick, Securities and Exchange Commission