June 27, 2016

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

MasterCard Incorporated ("MasterCard" or the "Company") is a technology company in the global payments industry that operates a proprietary, electronic global payment network linking consumers, financial institutions, merchants, governments and businesses worldwide, enabling them to use electronic forms of payment instead of cash and checks. As an operator of a payment network, we facilitate the processing of payment transactions, including authorization, clearing and settlement, and deliver related products and services. We appreciate the opportunity to comment on the Proposed Accounting Standards Update – “Statement of Cash Flows (Topic 230): Restricted Cash” ("Proposed Update"). We have responded to the applicable questions posed by the Board in the Proposed Update that have the most significant impact to our Company.

*Question 1: Do you agree that the statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash equivalents? If not, please explain what presentation is more appropriate and why.*

We are supportive of the Board’s efforts to eliminate the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows and we commend the FASB for its efforts. We do not, however, agree that the statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash equivalents. We believe the statement of cash flows is a good measure of an entity’s liquidity position. Depending on the restrictions, restricted cash and cash equivalents may not be accessible within 3 months. Thus, if restricted cash and cash equivalents are combined with non-restricted cash and cash equivalents, the statement of cash flows would no longer present a clear picture of the changes relating to the entity’s liquidity position. In addition, restricted cash is not a measure of liquidity as it is typically restricted for use for an entity’s specified activity. In our view, the current cash flow presentation is appropriate and we believe that simply providing examples and general principles of what is characterized as restricted cash should lessen diversity in practice.

We believe certain restricted cash balances should be classified in the investing section of the statement of cash flows – specifically, restricted cash balances that result from either contractual or settlement agreements where an entity’s operating cash is invested into restricted cash accounts. The nature of this cash flow activity is similar to other investing activities, where the funds are invested into financial accounts that will be accessed for a future use. We believe restricted cash balances that are liquidated should also be classified as an investing cash activity in the statement of cash flows, which is consistent with the way in which the liquidation of other investments is
handled. Similarly, the funds utilized from the restricted accounts should then be characterized and classified in the statement of cash flows based on the underlying nature of the associated payment.

There are also situations in which entities hold customer deposits as collateral for customer receivables. The cash is restricted and classified as both an asset and liability of the customer. We believe these types of restricted assets should not flow through an entity’s statement of cash flow because the entity is merely holding cash on behalf of the customer. If the entity had to liquidate the restricted asset for collateral reasons and the funds became operating cash of the entity, we believe it would be appropriate to show this as an operating cash flow activity in the statement of cash flows at that time.

**Question 2:** Do you agree that if the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents at the beginning and end of the period shown on the statement of cash flows cannot be reconciled to the amounts of similarly titled line items on the statement of financial position, an entity should disclose on the face of the statement of cash flows or in the notes to the financial statements, the amounts and line items in which such amounts are reported within the statement of financial position? If not, please explain why that information would not be useful.

If the Proposed Update is issued, we believe it would be important to reconcile cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents to line items to the statement of financial position in the notes to the financial statements.

**Question 3:** Do you agree that an entity should be required to disclose information about the nature of restrictions on its cash and cash equivalents? If not, please explain why that information would not be useful.

We support the additional requirement for entities to disclose information about the nature of restrictions on its cash and cash equivalents.

**Question 4:** Would disclosures of the amounts of gross transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (excluding transfers, constructive or actual, that result in a concurrent cash receipt from or a concurrent cash payment to an outside source) provide meaningful information to financial statement users? Please explain why.

Yes, we believe that disclosures of the amounts of gross transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (excluding customer deposits that result in a concurrent cash receipt from or a concurrent cash payment to an outside source) would provide meaningful information to financial statement users. We believe that disclosing when liquidity is impacted by transferring cash into a restricted asset would be useful information for financial statement users. This type of disclosure would be similar to what is disclosed today in the statement of cash flows. Further, without this proposed disclosure, users would have less transparency into an entity’s liquidity position from the statement of cash flows than they have under today’s guidance.

**Question 6:** Do you agree that the proposed amendments should be applied using a retrospective transition method? If not, please explain what transition method would be more appropriate and why.

If the Proposed Update is issued, the Board’s proposed transition requirement to retrospectively present the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash equivalents in the statement of cash flows is appropriate.

**Question 7:** Do you agree that an entity should be required to provide the transition disclosures specified in the Proposed Update? Should any other transition disclosures be required? If so, please explain what transition disclosures should be required and why.
If the Proposed Update is issued, we support the requirements for transition disclosures as specified in the Proposed Update.

Question 8: How much time will be necessary to implement the proposed amendments? Do entities other than public business entities need additional time to apply the proposed amendments? Why or why not?

We believe a year would be enough time before mandatory adoption of this Proposed Update. We do not believe that entities other than public business entities need additional time to apply the proposed amendments.

Question 9: Should early adoption be allowed? Why or why not?

We do not believe early adoption should be allowed. Requiring all companies to adopt at the same time would provide better comparability between companies.

We appreciate the opportunity to comment on the Proposed Update. If you have any questions, please feel free to contact me.

Sincerely,

[Signature]

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