June 28, 2016

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

Re: Proposed Accounting Standards Update, Technical Corrections and Improvements to Update 2014-09 (Topic 606): Revenue from Contracts with Customers

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, Technical Corrections and Improvements to Update 2014-09 (Topic 606): Revenue from Contracts with Customers ("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 5: The proposed amendments would provide an additional practical expedient to the disclosure of remaining performance obligations in specific situations in which an entity need not estimate variable consideration to recognize revenue. Would the addition of this practical expedient diminish the usefulness of the disclosure information? If yes, please explain why. Would the proposed amendments reduce the cost and complexity of applying Topic 606? If not, why? Are there other situations in which an entity would be required to estimate variable consideration for disclosure but not for purposes of recognizing revenue? (Issue 6)

We are supportive of the Board’s efforts to provide an additional practical expedient to the disclosure of remaining performance obligations for specific situations in which an entity does not estimate variable consideration to recognize revenue. We also believe that the proposed amendments would reduce the cost and complexity of applying Topic 606 and it would eliminate disclosure that would not be useful to users of our financial statements.

Our contracts are long-term in nature (three to twenty years) and as an operator of a payment network, we provide our customers continuous access to our payment network and stand ready to provide transaction processing and related services over the contract term. Our future fees will be based on billions of transactions processed and trillions of dollars spent on our branded products annually. In order to provide disclosure on the remaining performance obligations of contracts, we would need to calculate long-term forecasts at an individual contract level that could range in duration up to twenty years into the future. The future fees relating to our contracts are highly dependent on factors outside of our control, such as consumer spending habits, competitive practices and global political and economic changes. These forecasts would be highly judgmental and as such, a significant portion of the future variable consideration would need to be constrained. This would result in disclosing information that would differ significantly from what would actually be reported in the future.
We have also discussed this topic with a number of our investors to get their point of view on the usefulness of the proposed disclosure of the remaining performance obligations. The consensus from investors with whom we spoke was that disclosing partial information relating to the remaining performance obligations would not be beneficial to them. Investors would like backlog information that is complete, however, information that is incomplete and unreliable would not be useful.

**Question 6: The proposed amendments to the disclosure requirement in paragraph 606-10-50-15 are intended to expand the information disclosed when an entity applies one or more of the practical expedients in paragraphs 606-10-50-14 through 50-14A. Do you agree with the proposed amendments? If not, what information should an entity be required to disclose about its remaining performance obligations when one or more of the practical expedients are applied? (Issue 6)**

We are supportive of certain aspects of the proposed amendments to the disclosure requirement in paragraph 606-10-50-15 that will expand information disclosed when an entity applies one or more of the practical expedients in paragraphs 606-10-50-14 through 50-14A.

We believe it is important to provide context regarding why we applied the practical expedient and why we did not disclose the remaining performance obligation disclosure. As well, we believe it would be helpful to users of financial statements to understand the nature of MasterCard's performance obligations and a description of the variable consideration that has been excluded from this disclosure.

However, we feel it would be difficult to achieve the objective of the disclosure, which is to enable users of financial statements to understand the remaining performance obligation that an entity has excluded. Providing a representative disclosure for contracts that were excluded (e.g. providing remaining duration of contracts) would not be meaningful and not achieve the objective of the disclosure because there is not a clear relationship between the remaining life of a contract and the future revenue stream. We have thousands of contracts ranging in terms from 3 years to 20 years that are at various points in time in their contractual life cycle. Without calculating the transaction price, there is no representative way to calculate the remaining contractual term for contracts that have different volumes and varying terms remaining in the contract.

**Question 7: While not proposed in this Exposure Draft, should an entity that applies one or more of the practical expedients to the disclosure of remaining performance obligations be required to disclose the amounts of variable and fixed consideration recognized in current-period revenue for contracts to which the entity applies one or more of the practical expedients? What would be the costs associated with including that disclosure? Would that disclosure provide useful information? Also, should an entity that applies one or more of the practical expedients be required to disclose information (for example, remaining contract duration) about each major customer as that term is used in Topic 280, Segment Reporting (that is, customers with revenue equal to or greater than 10 percent of total revenue)? (Issue 6)**

We do not believe disclosing the amounts of variable and fixed consideration recognized in current-period revenue for contracts to which the entity applies one or more of the practical expedients would achieve the objective of the disclosure, which is to understand the remaining performance obligation that an entity has excluded from its disclosure. We have contracts that are at various points in their contractual life cycle and revenue recognized in the current year would not be representative of the remaining contractual commitment.
We also do not believe disclosing information (for example remaining contract duration) about each major customer as that term is used in Topic 280, Segment Reporting (that is, customers with revenue equal or greater than 10 percent of total revenue) would be helpful to users of financial statements. We believe providing the remaining contractual term for a single customer would not provide adequate context of how much of the remaining performance obligation has been excluded.

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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