

September 18, 2006

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: SEC File No. S7-11-06

Dear Ms. Morris,

MasterCard Incorporated appreciates the opportunity to comment on the Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting. MasterCard chose to "early adopt" Section 404 of the Sarbanes-Oxley Act in 2004 and we are now in our program's third year. The program has clearly facilitated a heightened focus within MasterCard on further strengthening our controls that impact financial reporting. It has also been a sizeable initiative, and we believe that the costs have outweighed the benefits.

MasterCard agrees with the SEC's statement in this Concept Release that "management must bring its own experience and informed judgment to bear in designing an assessment process that meets the needs of its company and that provides reasonable assurance as to whether the company's internal control over financial reporting is effective." We do agree with the SEC's plan to develop additional guidance to assist management in its performance of its assessment of internal control over financial reporting. We believe that such guidance should be principles based, as the development of a uniform set of detailed rules for such a diverse audience would not be as relevant to the individual registrant. We hope that the SEC's guidance will focus on supporting management's efforts to perform such assessments in an efficient and effective manner. MasterCard offers the following suggestions with this goal in mind.

Applying Top-Down Risk Based Approach

The Commission addressed the concept of the Top-Down Risk Based Approach in a statement dated May 16, 2005. Such an approach helps to ensure that the documentation and testing of internal controls are performed in a cost effective manner. The Commission should provide more detailed guidance and specific examples in relation to how it foresees registrants implementing this approach. Guidance would be of particular value in the areas of scoping and selection of key controls to be tested. The goal should be effective management of financial reporting risks, not zero risk tolerance.

We also suggest that the SEC seek to ensure that the PCAOB inspection process is aligned to the top-down, risk based objective. MasterCard's outside auditors were subject to a PCAOB inspection, and our

impression of the scope and tone of this inspection was inconsistent with the objective of a top-down, risk based approach to 404 compliance. Such a misalignment between the PCAOB inspection process and the SEC's and PCAOB's intentions undermines the goal of an efficient and effective 404 compliance process.

Nature, Timing and Extent of Management's Testing

In its statement dated May 16, 2005, the Commission said that management can adjust the nature, timing and extent of its testing in the current year based on the results of work performed in earlier years. It would be helpful if additional guidance could be provided, along with specific examples, to implement this concept effectively. For example, we believe that the guidance should permit a rotational testing program which tests high-risk controls annually and lower-risk controls on a less frequent basis. Such guidance could still require registrants to test lower-risk controls sooner if these controls are subject to significant change or if meaningful exceptions have been identified through other means, such as internal or external audits.

Conclude Framework – Qualitative vs. Quantitative Evaluations

In December 2004, nine leading accounting firms along with a university professor developed a document titled "A Framework for Evaluating Control Exceptions and Deficiencies", popularly known as the Conclude Framework. This paper provides a framework for evaluating exceptions resulting from management's assessment of the design and operating effectiveness of a company's internal controls over financial reporting. MasterCard uses this framework to evaluate its deficiencies.

The Conclude Framework requires that deficiencies are evaluated both in terms of their potential magnitude and their likelihood. In practice, MasterCard has found that the quantification of the potential magnitude of deficiencies is a time consuming exercise which, for certain types of deficiencies, does not increase management's understanding of the potential exposure. We believe that if the likelihood of a deficiency causing an error in the financial statements is deemed to be remote, then the quantification of potential magnitude should not be required. This change would not have an impact on management's ultimate classification of any deficiency, just on the required supporting documentation. In addition, management should be permitted to conduct higher level quantitative analysis of potential magnitude in appropriate situations, which does not appear to be permitted by the Conclude Framework.

Leveraging Entity-Level Controls

The Commission has emphasized placing greater reliance on entity-level controls. The biggest challenge is to determine which of the process-level transactional controls can be tested less extensively in an environment of strong entity-level controls. Detailed guidance in this area, using specific examples, would be helpful. Related to this is the need for additional guidance on the indicators of strong entity controls and organizational tone, such as the existence of robust codes of conduct, effective whistleblower channels, and management response to unethical behavior.

Classification of Deficiencies

We suggest that the SEC evaluate the current classification system for deficiencies in light of market reactions to various internal control issues reported by registrants. It appears that the market generally

Securities and Exchange Commission
September 18, 2006
Page 3

views isolated control failures with less concern than more pervasive issues that reflect management tone concerns. A review of these disclosures and related market reactions might help to focus the definitions on more serious control concerns.

Thank you again for the opportunity to comment and for your consideration. Please let us know if we can be of any further assistance.

Sincerely,

Chris A. McWilton, Chief Financial Officer, MasterCard Incorporated
Tara Maguire, Corporate Controller, MasterCard Incorporated
Andrew L. Cheskis, General Auditor, MasterCard Incorporated