

Federated Investors, Inc.
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, PA 15222-3779
412-288-1900 Phone
FederatedInvestors.com



December 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, D.C. 20006

Re: PCAOB Release No. 2011-006
PCAOB Rulemaking Docket Matter No. 37
Concept Release on Auditor Independence and Audit Firm Rotation

Dear Board Members:

On behalf of the Audit Committee of Federated Investors, Inc. (Federated), I appreciate the opportunity to comment on the proposed Public Company Accounting Oversight Board's (PCAOB) Concept Release on Auditor Independence and Audit Firm Rotation (Concept Release). Federated is a component of the S&P 500 and is one of the largest investment managers in the United States of America with \$352 billion in managed assets as of September 30, 2011. The majority of Federated's revenue is derived from advising and administering Federated's 127 registered domestic mutual funds as well as various offshore investment funds and numerous separate accounts in both domestic and international markets.

We support the PCAOB in its efforts to continue the pursuit of increasing audit quality. Auditor independence, objectivity and professional skepticism are the bedrock upon which high quality audits are built. However, we are not in favor of mandatory auditor rotation based primarily on concerns of significant incremental costs for no justifiable cause and compromised audit quality. We generally support the positions articulated in the Concept Release in opposition of mandatory rotation.

We believe corporate audit committees are in the best position to determine the appropriateness of auditor independence and the need for auditor rotation based on their critical role in the financial reporting function. As called for by the Sarbanes-Oxley Act of 2002 (the Act), corporate audit committees have direct responsibility for the appointment, compensation, retention and oversight of a company's external auditors. As a result, corporate audit committees are seriously focused on their role as gatekeepers to the capital markets and committed to monitoring and upholding auditor independence. External auditors are required to report directly to the audit committee and discuss with the audit committee the auditor's judgments about the quality, not just the acceptability, of the company's accounting principles as applied in its financial reporting as well as aggressive positions or accounting policies applied by management. As a further commitment to maintaining auditor independence, audit committees conduct regular executive sessions with the external (and separately internal) auditors to provide a safe environment for auditors to answer questions posed by the committee that they may not feel comfortable answering honestly in an open meeting.

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Over the years, studies have shown that the effective operation of the audit committee, including regular meetings and executive sessions, significantly and positively relates to a decreased likelihood of financial reporting misstatement. In the years following the Act, the SEC Staff has noted a lower incidence of financial reporting misstatements, which we believe is due in large part to the corporate-governance reforms imposed by the Act as well as the serious efforts of the PCAOB and its inspectors.

We acknowledge that the Concept Release is not a formal PCAOB proposal but rather a paper soliciting constituents' reactions, concerns and suggestions for ways to further enhance auditor independence. Before the PCAOB would formally propose a model that requires mandatory auditor rotation, we believe much more root-cause analysis must be performed to ensure the requirement would be effective in reducing the number of observed audit failures. We would also expect that such a proposal would be accompanied by a comprehensive cost-benefit analysis in support of the proposal.

Thank you for your consideration of this matter.

Sincerely,

/s/ Michael J. Farrell

Michael J. Farrell

Audit Committee Chairman