From: Gregg Nelson [mailto:gln@us.ibm.com]
Sent: Thursday, March 26, 2015 1:00 PM
To: info@ifrs.org; Director - FASB
Subject: IFRS 15 & ASU No. 2014-09, Revenue from Contracts with Customers

Mr. Hans Hoogervorst, Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom
(sent via email to info@ifrs.org)

Mr. Russell Golden, Chairman
Financial Accounting Standards Board
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Dear Mr. Hoogervorst and Mr. Golden:

The International Business Machines Corporation (the "company") would like to comment on the recent FASB and IASB (the "Boards") decisions regarding the converged revenue standards, IFRS 15 and ASU No. 2014-09, *Revenue from Contracts with Customers.*

The company has always strongly supported convergence between U.S. GAAP and IFRS accounting standards and was very encouraged by the efforts of the Boards to release a converged standard. The company believes it is important to maintain the converged approach on the topic of revenue recognition. Unfortunately, in recent decisions by the Boards, a few of the topic areas have resulted in diverged conclusions. While we understand that it is still the intent of the Boards that the conclusions will not result in different accounting impacts under U.S. GAAP versus IFRS, the difference in words can result in varying judgments and conclusions reached. We encourage the Boards to consider in future deliberations the objective to maintain IFRS 15 and ASU No. 2014-09 (the "standards") as converged standards.

The company would also like to comment regarding the potential delay in the effective date of the standards. Both IFRS 15 and ASU No. 2014-09 currently have an effective date for annual reporting periods beginning after December 15, 2016. IFRS 15 allows for early adoption; however, it is prohibited under ASU No. 2014-09. The company has been closely following the Boards and Transition Resource Group meetings on the implementation issues surrounding the standards and it understands that a decision may be reached on an effective date delay sometime in early April. Given the recent divergence in decisions, the company would like to highlight the importance of maintaining convergence in the effective date. Most multinational companies that apply U.S. GAAP for their consolidated financial statements also file entity-level financial statements in many jurisdictions around the world on a statutory basis. For the statutory entities that file under IFRS, it is critical that the IFRS 15 effective date aligns with the effective date applied by their parent entity under ASU No. 2014-09. If only the FASB decides to delay the effective date, these companies will still be required to implement the standard for all their local statutory IFRS entities at the original effective date. The company believes the following impacts could occur given various options:

1. The FASB decides to delay the effective date and does not allow for early adoption (i.e., January 1, 2017) and the IASB does not change the effective date. This will be the worst case scenario, as it will require multinational companies to report under dual GAAPs for revenue recognition until ASU No. 2014-09 can be implemented, and this will drive unnecessary workload and reporting adjustments at the statutory level.

2. The FASB decides to delay the effective date and allows for early adoption as of the original effective date (i.e., January 1, 2017) and the IASB does not change the effective date. This scenario essentially nullifies the benefit from any delay given by the FASB for multinational companies as IFRS 15 would still have to be applied at the statutory entity level at the original effective date.

We strongly recommend that the Boards consider the statutory filing requirements of U.S. GAAP filers when considering the effective date delay. The company believes that if the FASB allows for a delay, the IASB should also allow for a similar delay in the effective date (even if the IASB or both Boards still allow for early adoption).

If you have any questions or wish to discuss any topic further, please do not hesitate to contact me at 914-766-2008.

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