EITF-15C-I
Comment Letter No. 10
EITF-15C-II
Comment Letter No. 10
EITF-15C-III
Comment Letter No. 6

From: Gregg Nelson [mailto:gln@us.ibm.com]
Sent: Monday, May 18, 2015 9:09 AM
To: Director - FASB
Subject: File Reference No. EITF-15C-I, EITF-15C-II, EITF-15C-III

Mr. Russell Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

(Sent via e-mail to director@fasb.org)

Re: File Reference No. EITF-15C-I, EITF-15C-II, EITF-15C-III

Dear Mr. Golden:
The International Business Machines Corporation ("IBM" or "the company") appreciates the opportunity to comment on the proposed Accounting Standards Updates: Plan Accounting: Fully Benefit-Responsive Investment Contracts, Plan Investment Disclosures and Measurement Date Practical Expedient (the "proposed ASU" or "exposure draft"), issued by the Financial Accounting Standards Board ("FASB").

The company continues to support the FASB in its efforts to simplify U.S. GAAP. We also continue to support the objective of improving disclosures and providing users with more decision useful information. However, we still have concerns with the impacts on benefit plan financials of Topic 815, Derivatives and Hedging. We think this is an area where improvement can be made.

Employee benefit plans may utilize derivatives to hedge risk in their investment portfolios. As a result, these plans are subject to extensive disclosure requirements. The effort and cost of these disclosures can be at odds with the important purpose these derivatives can serve in reducing risk. For defined benefit plans, the derivative disclosure requirements provide little useful information in assessing a plan's present and future ability to pay benefits when they come due. For defined contribution plans, the plan participants may find the derivative disclosures difficult to interpret and understand. Eliminating the quantitative derivative disclosure requirements or reducing the overall amount of disclosures for benefit plans are potential options for improvement in this area. Qualitative disclosure regarding the use of derivative instruments in the benefit plans could still be required.

Clarification and prospective application

Overall, we support the proposed amendments included in the exposure draft. Regarding fully benefit-responsive investment contracts, we agree with the Board's proposal that contract value is the most important and appropriate measurement attribute. Plan participants and beneficiaries are entitled to and transact at contract value, making it the most important and appropriate measurement for fully benefit responsive investment contracts. Elimination of fair market valuation will reduce costs, confusion and complexity associated with this valuation. The company would like to better understand the impact of the proposal related to fully benefit-responsive synthetic guaranteed investment contracts ("synthetic GICs"). The company feels clarification is needed with respect to the impact of the changes on the financial statements and disclosures for synthetic GIC's.

Specifically, it is not clear whether the financial statements and respective notes for the benefit plans would be consistently presented at contract value for all components of synthetic GICs. Note that the key differences between a synthetic GIC and a traditional GIC are that the plan owns the underlying assets of a synthetic GIC and utilizes a wrapper contract issued by a third party that provides market and cash flow risk protection to the plan. If synthetic GIC's are to be disclosed at contract value, will this eliminate disclosures of the underlying assets at fair value in the investment and derivative disclosure tables, including any related collateral? Also, will the underlying investments subject to master netting agreements need to be disclosed?

The company prefers prospective application of the proposed ASU since the cost of retrospective application would outweigh the benefits. The company appreciates the Boards efforts to provide decision useful information while reducing cost and complexity for preparers. Finding the right balance in today's environment is challenging for everyone involved.

Thank you for the opportunity to comment on the exposure draft. If you have any questions, please contact me at (914) 766-2008.

Sincerely,
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