

February 29, 2016

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. 2015-350

Dear Mr. Golden:

The International Business Machines Corporation (“IBM” or “the company”) appreciates the opportunity to comment on the proposed Accounting Standards Update: Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (the “proposed ASU” or “exposure draft”), issued by the Financial Accounting Standards Board (“FASB”). Overall, we are supportive of the project and appreciate the Financial Accounting Standards Board’s (the “Board”) efforts to improve the effectiveness of disclosures in the notes to financial statements. This is a challenging area due to the complexities around the interests of many stakeholder groups.

We support the concept of enhancing and improving disclosure effectiveness. The current state of disclosure requirements, in addition to what is projected from the key convergence projects is unsustainable. We specifically support the concept of limiting the volume of disclosures required when: a) those disclosures overlap with what is required in the Management Discussion and Analysis (“MD&A”), and b) disclosures are not meaningful or significant to an entity’s reported results and financial position (i.e. a checklist based approach to disclosure). We believe that the most effective disclosures are those that provide insight into an entity’s specific circumstances. As a result, we believe that a disclosure framework that allows for judgment in the selection of disclosure elements based on general principles, including materiality, applicable to the entity is the most appropriate approach.

Overall, we are supportive of the proposed ASU. We believe the removal of the requirements to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing between transfers between levels and valuation policies and procedures for level 3 fair value measurements are improvements to the existing fair value disclosure requirements. These disclosures provided little decision useful information. We are also supportive of the modifications proposed.

We are concerned with the proposal to require disaggregation of unrealized gains and losses by level of fair value hierarchy. While unrealized gain and loss disclosure for Level 3 positions can be beneficial to users who wish to segregate the effects of fair value measurements that are unobservable, this benefit does not apply to observable Level 1 and Level 2 fair value measurements. We do not believe that the

disaggregation of realized and unrealized gains and losses provides useful information regarding future cash flow or the volatility of fair value measurements. Adding a requirement to disclose this information would likely increase costs especially for filings by benefit plans. The benefit of providing this information will not outweigh the cost to plan participants. While there currently are processes to derive similar Level 3 information, they are manually intensive. For most entities, the manual disclosure process can be managed due to the nature of Level 3 assets (lower volume, lower turnover with significant modeling required).

We believe the proposed requirement to disclose the range, weighted average, and time period used to develop significant unobservable inputs for Level 3 fair value measurements may provide misleading information at an aggregate level. In addition, it is unclear what value the aggregate time period will provide users of financial statements.

Lastly, we believe that the illustration, "Case B: Disclosure—Reconciliation of Fair Value Measurements Categorized within Level 3 of the Fair Value Hierarchy" may not have been updated for the previously issued ASU 2015-07 related to NAV practical expedients. It would be helpful to clarify that this guidance would not apply to Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).

Thank you for the opportunity to comment on the exposure draft. If you have any questions, please contact me at (914) 766-2477.

Sincerely,

Alison Yara
VP, Acctg. Policy & Financial Reporting
Internet address: ayara@us.ibm.com
Route 100, Somers NY 10589
Office SOM 2, 3D10

Outside Line 914-766-2477