From: <u>Gregg Nelson</u>
To: <u>Director - FASB</u>

Subject: File Reference No. 1700-100

Date: Monday, August 24, 2009 2:26:56 PM

August 24, 2009

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Sent by e-mail to director@fasb.org

File Reference No. 1700-100

Dear Mr. Golden,

The International Business Machines Corporation (IBM) appreciates the opportunity to comment on the Exposure Draft (ED), "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses".

While we are supportive of changes in financial reporting that increase transparency and provide useful information for financial statement users, we are concerned that the requirements contained in the ED do not achieve these objectives. The ED reflects a significant expansion in required disclosures at a very granular level of detail that is likely to overwhelm users, not improve their decision-making ability and not improve comparability among companies. We encourage the FASB to revisit both the volume of disclosures and the level of detail required in their redeliberations on the ED.

We believe that the scope of this ED, which applies to all creditors, is appropriate, but that a distinction should be made between disclosures required for financial institutions, whose <u>primary</u> business is to provide financing, and manufacturers with "captive finance companies" that may include customer financing simply to facilitate purchases and/or leasing of their products. We believe that the users of financial statements do not need the level of granularity at the "class" level to understand the nature and risks of financing receivables or allowance for credit loses for captive finance companies. We suggest that disclosures for such entities should be required at the portfolio segment level only. We also believe that requiring disclosures on financing receivables past due (but not impaired), past due 90 days or more but still accruing interest, impaired receivables and receivables on non-accrual status is both burdensome and of little use to financial statement users since entities have different

methodologies in determining such categories.

The ED currently makes no distinction between interim and annual disclosure requirements. This is consistent with recent accounting changes that has resulted in interim financial statements approaching the volume and detail required in the annual financial statements. We believe that it is not necessary to require such detailed disclosures in interim reporting and recommend that such disclosure be required in interim periods only if there has been a material change from the prior annual financial statements.

The proposed effective date for the ED would require many companies to include these new requirements in their 2009 annual financial statements. This date does not provide sufficient time to implement and test new processes and system modifications that will be required to prepare these disclosures. We recommend that the Board postpone the effective date until annual periods ending after December 15, 2010.

In regard to fair value disclosures, ASC 820-15-2c scopes leasing out of the requirements of fair value measurements. We believe that this scope exception should apply to the fair value disclosures required in this ED.

Thank you for the opportunity to comment on the Exposure Draft. If you have any questions, please contact me at (914) 766-3190.

Sincerely,

Gregg L. Nelson

Vice President, Accounting Policy & Financial Reporting

IBM Corporation

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