

April 7, 2011

Mr. Takashi Nagaoka
Director for International Accounting
Japan Financial Services Agency
E-mail: t-nagaoka@fsa.go.jp

Mr. Makoto Sonoda
Deputy Director, Corporate Accounting and Disclosure Division
Japan Financial Services Agency
E-mail: makoto.sonoda@fsa.go.jp

Subject: IFRS Foundation Monitoring Board Consultative Report on the Review of the IFRS Foundation's Governance

Dear Mr. Nagaoka and Mr. Sonoda,

The International Business Machines Corporation ("IBM" or the "company") welcomes the opportunity to share its views on the IFRS Foundation Monitoring Board Consultative Report on the Review of the IFRS Foundation's Governance.

IBM agrees that the current governance structure, comprised of the International Accounting Standards Board ("IASB"), the International Financial Reporting Standards Foundation Trustees ("Trustees"), and the Monitoring Board, is appropriately designed to promote the creation of high quality, globally accepted accounting standards. IBM supports many of the actions identified in this report which we believe will serve to enhance each of these organizations' ability to achieve their primary objective.

It goes without saying that the IASB must be staffed with technical accounting experts. The recommendation to increase efforts in the identification of skilled candidates, which will also serve to increase the diversity of the organization, should be an on-going process. This is particularly important given the additional staffing needs driven by the increased number of IASB members to sixteen. Being transparent with the qualifications required of those seeking membership should expand the number of skilled candidates seeking consideration by the Trustees as the use of IFRS expands globally.

We believe the primary function of the Monitoring Board and the Trustees is to ensure the real and perceived independence of the IASB is maintained. We are not convinced it is necessary to separate the roles of the IASB Chair and the CEO of the IFRS Foundation to achieve this objective. While the separation may enhance the perception of independence, it does not guarantee any real improvements.

We support the goal of having the Monitoring Board reflect both the diversity of the world's capital markets and the diversity of those who use IFRS in their selection of Trustees. Given the diversity of the Trustees currently, we believe the recommendation to review the diversity of the geographical and professional backgrounds of the Trustees is really an extension of current practice. With expanded use of IFRS worldwide, it is important to ensure there is clarity as to how the Trustees are selected and that through these appointments, a broad spectrum of diverse insights spanning geographic, industry, and other key stakeholder's is achieved.

The Monitoring Board's primary purpose is to serve as a mechanism for formal interaction between capital market authorities and the IFRS Foundation. This interaction facilitates dialogue between capital market authorities, the Trustees, and the IASB. This relationship is vital to ensuring the capital market authorities are able to effectively discharge their mandates relating to investor protection, market integrity, and capital formation. As such, we believe membership of the Monitoring Board is best served by utilizing capital market authorities responsible for setting the form and content of financial reporting in their respective jurisdictions. We do not believe the member of the Monitoring Board needs to be the current acting chair of the respective authority identified, but rather, could be appointed or designated by the chair, if desired.

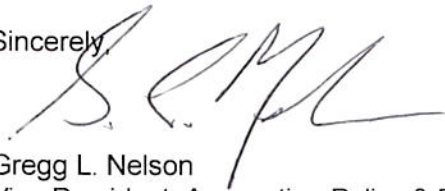
The proposal to increase the number of members from five to eleven will expand the number of capital markets being represented. However, it is not clear to us how an increase in the number of members on the Monitoring Board will enhance the interaction with the Trustees. Regardless of the number of Monitoring Board members, we believe members of the Monitoring Board should only be from those major capital markets that use or allow the use of IFRS. Further, we believe that in the spirit of ensuring compliance with IFRS as published by the IASB, consideration should be given to only allowing representatives from those major markets that state compliance with IFRS to serve as Monitoring Board members.

The expansion of the Monitoring Board by any number achieves bringing the perspectives of additional constituencies using IFRS into the decision making process. However, it is important to reiterate the findings in the governance report: "...the size of the group must balance the need for inclusive representation against effective discussion and efficiency in decision making." While we believe it is appropriate to continue to require the members to make decisions by consensus in certain situations, we believe it is appropriate to require a formal vote be used in other situations to prevent an inherent "veto" by any member.

By the very nature of Monitoring Board members being aligned with the various capital market authorities throughout the world, they are in a unique position to identify trends and activities which could be raised for inclusion on the IASB agenda. However, to ensure the independence of the IASB, we do not believe the Monitoring Board should have an explicit ability to place an item on the agenda, but rather should follow the due process that has been established.

Thank you for the opportunity to comment on this report. If you have any questions, please contact me at (914) 766-2008, or Aaron Anderson at (914) 766-2951.

Sincerely,



Gregg L. Nelson
Vice President, Accounting Policy & Financial Reporting
IBM Corporation
3D-09, Bldg 2, Somers, NY 10589
8-826-2008 (914-766-2008) Office
8-826-7270 (914-766-7270) Fax
gln@us.ibm.com