

August 1, 2008

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: File Number S7-11-08, Interactive Data to Improve Financial Reporting

Dear Ms. Morris:

The International Business Machines Corporation (“IBM” or the “company”) welcomes the opportunity to share its views on the Securities and Exchange Commission’s (the “SEC” or the “Commission”) Proposed Rule (the “proposed rule”) on “Interactive Data to Improve Financial Reporting”.

As the Commission is aware, the company has been a participant in the XBRL Voluntary Filer Program (the VFP) since August 2007 and has submitted five furnishings of supplemental tagged financial information using the eXtensible Business Reporting Language (XBRL) format as exhibits to specified EDGAR filings under the Securities Exchange Act of 1934. Our most recent furnishing of the financial statements in the 2007 Form 10-K included detail tagging of selected footnote disclosures.

It is not our intent to provide responses to all the questions set out by the Commission in the proposed rule. We will focus our comments on specific matters of importance to the company on this subject.

II. B. Phase-in under the Proposed Rules

Companies and Filings Covered by the Proposed Rules and Phase-in

We believe that the initial submission required by the proposed rule for calendar year-end companies should be for interim financial statements on a quarterly report on Form 10-Q (the “quarterly report”). As the Commission is aware, financial statements in interactive data format are likely to be prepared as an additional step after the traditional format statements have been prepared. With a reduced content, the quarterly report would be less of a burden on issuers to prepare and file within the proposed 30 day grace period.

Alternatively, if the SEC requires the initial submission required by the proposed rule to be made beginning with the 2008 Form 10-K, we believe that the proposed 30 day grace period should be extended to 60 days to allow issuers sufficient time to ensure accurate submissions.

Documents and Information Covered by the Proposed Rules and Phase-in

It would be helpful for the Commission to clarify and align the four levels of detail tagging being proposed for footnotes and schedules with the four levels of detail tagging illustrated in the XBRL U.S. Preparers Guide. The tagging requirements should provide clear and prescriptive guidance so that issuers can ensure accuracy and completeness.

We encourage the Commission to eliminate the requirement, in year two, to provide both block text tagging under levels (i) and (iii) and the detail tagging of individual amounts and narrative disclosures within the footnotes. This redundant tagging requirement would place an undue burden on issuers to satisfy a diverse range of user needs. Alternatively, if the SEC requires each complete footnote be tagged as a single block of text (level i), we suggest that the requirement within level (iv) that each required narrative disclosure be separately tagged be eliminated.

The company has observed from its VFP participation that the most detailed level of tagging results in a high number of company-specific extensions and the need to create a large extended taxonomy file along with related linkbase files. A number of footnote disclosures (i.e. Share-Based Payments, Postemployment Benefits, Business Combinations and Segment Reporting), often containing multi-dimensional tables, lend themselves to a higher degree of company customization. The Commission should consider phasing in the requirement for detail tagging of footnote disclosures. As an alternative, the SEC could require detail footnote tagging for only the most standardized (versus highly customized) disclosures, which would provide less of a burden on issuers while providing the maximum comparability benefit to users.

Initial Grace Period

We believe that the proposed 30 day grace period for providing interactive data exhibits should be permitted for the entirety of the first and second years, rather than just the first filing in each year. The company anticipates that the interactive exhibits will be prepared as an additional step to the traditional format financial reports for the foreseeable future. Extending the grace period in this manner would minimize the pressure and burden of the additional reporting and reduce any risk of error in the tagging process.

We believe that the Commission should create new forms for issuers submitting their XBRL filings within the grace period. We agree with other comment letters that have suggested the Commission create Form 10-K/X and Form 10-Q/X. It would serve the overall goal of providing accurate information to investors by distinguishing substantive amendments of periodic reports (i.e. Form 10-K/A or Form 10-Q/A) with XBRL filings, which have the same substance as the Form 10-K or Form 10-Q previously filed with the Commission.

Web Site Posting of Interactive Data

The company believes that the proposed rule requiring issuers to provide same day access to XBRL filings on the corporate website, while not allowing issuers to hyperlink to the SEC Web site, would result in additional cost, potential hosting delays, increased risk of errors and a duplication of effort. The current practice by many companies of hyperlinking their periodic reports directly to the SEC Web site, consistent with the Commission's guidance in Final Rule Release 33-8128 (Acceleration of Periodic Reporting Filings Dates and Disclosures Concerning Website Access to Reports), provides investors with accurate access to these filings as they post "real time" on the SEC Web site. The filings are easily accessible to investors and are available as a main menu hyperlink item directly from the company's Web site. This user friendly interface not only categorizes filings but is always available and current. Therefore, consistent with current SEC rules allowing hyperlinking to the SEC Web site, we believe companies should continue to have an option to hyperlink directly from its corporate website to the corresponding XBRL filing on the SEC Web site.

II. C. Accuracy and Reliability of Interactive Data

Use of Technology to Detect Errors

The company generally agrees with the Commission's approach to liability for XBRL submissions. The company agrees with the basis of the proposed rule 406(c)(1), covering interactive data, which provides protection from liability for good faith errors that are corrected in a reasonable time. However, the company respectfully submits that a "materiality" standard should be added to the provision, consistent with the proposed standard for viewable interactive data. The Commission in its proposal recognizes the potential for minor, inadvertent errors in the tagging process by adding procedural safeguards such as the initial phase-in period and the subsequent grace periods in the first and second years. The company believes the risk to the company if liability attaches to minor and immaterial errors, when balanced against the harm to investors if such minor errors remained in the XBRL submissions, weigh in favor of adding a materiality provision. Additionally, the company believes that if interactive data is protected from liability if good faith errors are timely corrected, it stands to reason that the same protection should be extended to the viewable interactive data.

The company is seeking clarification on any new affirmative obligations the proposed rule will have on issuers. Specifically, proposed rule 406(b) subjects viewable interactive data displayed through the Commission's Web site to the same liability as traditional format financials. The company believes that any proposed rule should not have any additional affirmative obligations on issuers to check and correct errors on the SEC display of the XBRL submission.

Based upon the company's experience with detail tagging of footnotes as part of the VFP, we believe that commercial interactive data viewer software requires additional and advanced improvement in functionality and is a key dependency to ensure preparers ability to: 1) validate the accuracy of its interactive data filing and 2) minimize liability issues post-filing associated with perceived mistagging and/or compatibility with traditional format filing.

Currently, interactive data viewer software does not render Excel-based multi-dimensional tables in a predictable human-readable format identical to the corresponding table in a traditional format filing. Often, additional columns or rows are added to the display of the table which complicates the preparer's ability to validate the data and increases the risk that a user may misinterpret the data.

We have also observed in the SEC interactive viewer, the existence of additional concepts on the face of the financial statements. This would appear to be the result of the same concept being used in both the statements and a footnote disclosure but with different contexts (for example, the footnote disclosure introduces concepts with dimensional information). Again, the result will be that the human-readable interactive financial statement data will not be identical to the corresponding data in the traditional format filing.

We urge the Commission to strongly consider this current state as a key factor in establishing the final rule for the phase-in schedule and grace periods.

Continued Traditional Format and Interactive Data Cautionary Disclosure

The company believes that the proposed rules should eventually eliminate the requirement that financial information be submitted in traditional format, in addition to interactive data

format, and urges the SEC to add a specific phased timetable (pending the required improvement in rendering software) for that to occur. A dual format reporting requirement places undue burden and cost on preparers, including duplicative out-of-pocket external filing expenses.

III. General Request for Comments

Benefits of Interactive Data Submission and Web Site Posting

The company acknowledges that financial reporting based on interactive data will create new ways for investors, analysts, and others to retrieve and use financial information in documents filed with the SEC. We observe, however, that to-date, there has been very little interest in XBRL from the institutional investor community that directly covers the company.

Likewise, we accept the belief that interactive data will bring some level of utility to company issuers in the form of internal process efficiencies and systems integration through standardization and simplification. However, we assert that the magnitude of these benefits will vary significantly amongst filers. For example, we have already standardized much of the company's financial data nomenclature and internal financial systems and data repositories to common formats. So, while we will seek out opportunities to leverage the XBRL standard, we are not convinced there is a significant opportunity within our existing internal financial data, tools and analysis processes.

Reporting and Cost Burden Estimates

Based upon our VFP experience, we are in agreement with the Commission's belief that the process of converting existing format financial statements into interactive data would not impose a significant burden or cost on the company. We also acknowledge that costs in subsequent periods will decrease as the mapping of the statements and footnotes becomes reusable.

However, we observed from our experience in the VFP with detail tagging of footnotes, that the SEC's 100 hour estimate to detail tag the first filing in year two could be understated by as much as 3 to 4 times. Selected disclosures (multi-dimensional in nature) require significant effort in creating custom extended link roles and related presentation, calculation and definition linkbases. This is exacerbated by the effort associated with modifying the imported schemas to include only the elements of the extensive U.S. GAAP being used. We observed that commercial XBRL software products have not been fully stressed nor tested under the weight of the detail tagging requirements and expansive U.S. GAAP taxonomy. Continued advancements in functionality are necessary in order to meet the transition requirements of the Commission's proposed rule for interactive data reporting.

Thank you for the opportunity to comment on this rule proposal. If you have any questions, please contact me at (914) 766-3190, or Bill Hoffay at (914) 766-3553.

Sincerely,

Gregg L. Nelson
Vice President, Accounting Policy & Financial Reporting
IBM Corporation