

INTERNATIONAL VALUATION STANDARDS COUNCIL

DUE PROCESS FOR IVSC PROJECTS

This paper sets out the process under which the IVSC Standards Board and the IVSC Professional Board (the “Boards”) will determine the IVSC Technical Work Plan and the processes that will be followed in developing projects to a conclusion.

Project Origination:

1. An IVSC project can either involve considering and developing improvements to an existing IVSC standard or pronouncement or considering and developing pronouncements on a valuation related topic not currently address in IVSC literature. Projects may be proposed by either Board, by IVSC staff, by an IVSC members’ advisory council, by another standard setter or by an international regulatory body.

Project Approval:

2. A proposed project shall be reviewed by the Project Review Group comprising the Chairman and Vice Chairman of both Boards and the IVSC Technical Director. In considering the inclusion of a project in the Work Plan regard shall be had to the following criteria:
 - i. Is the project one which would have a sufficiently international application?
 - ii. Is there evidence of diversity in practice that could be resolved by a new or amended International Valuation Standard, Technical Information Paper or other pronouncement by the IVSC?
 - iii. Does the diversity arise from a lack of clarity as to the correct application of International Valuation Standards or other IVS pronouncement to a particular sector or situation?
 - iv. Does the diversity arise from a lack of clarity as to the appropriate valuation objectives in a given situation?
 - v. Is there evidence that a broad spectrum of providers and users of valuations in the sector would support IVSC developing a standard or guidance on the topic?
 - vi. Will the project produce an overall benefit for users and providers of valuations?
 - vii. Is the project achievable with regard to current or attainable resources and other current work priorities?
3. In considering the criteria for adoption the Project Review Group may consult with industry groups, companies and other organisations operating in the sector, regulatory bodies and other standard setters.
4. If it considers that a proposed project meets sufficient of the above criteria to recommend inclusion in the IVSC Technical Work Plan, the Project Review Group shall decide which Board is the most appropriate to progress the project. It may also make recommendations on any inter Board liaison procedures and on appropriate project deliverables. The Board may accept or reject the recommendations of the Project Review Group.

Project Progression

5. Projects are progressed in accordance with the process described in paragraphs 6- 20. A Board may withdraw or modify a project at any stage of its development.

Working Groups

6. A working group will be appointed for each project. This may comprise of members of either the IVSC Standards Board or IVSC Professional Board or suitably experienced experts from outside the IVSC. All working parties will be led by a Board member and work to a brief approved by the Board. A call for nominations of external experts to a working group will be made via the IVSC website, by notifying IVSC members and sponsors and by direct approaches to relevant sector groups or individuals.
7. The Board will be responsible for approving the composition of a working group having regard to the need for a range of expertise from different sectors and geographic regions and, where appropriate, users as well as providers of valuation services. A working group will normally be disbanded on completion of a project. A project is completed when the deliverables directed by the Board have been completed, or as otherwise determined by the Board.

Discussion Papers

8. Except for projects which involve possible improvements to an existing IVSC publication, the first stage of a project will normally involve the production of a Discussion Paper that provides the background to the subject, the issues that need to be addressed, summaries of any known alternative views. It may also indicate group's tentative conclusions. A series of questions soliciting views on points raised in the paper should also be included. A draft discussion paper will then be submitted to the Board for approval to its release.
9. If the Board approves a draft Discussion Paper for public release, it will be freely available on the IVSC web site. Notifications may also be sent to IVSC members, sponsors and any identified interested parties. A period of three months will normally be allowed for comments, although this may be shortened at the Board's discretion. If the Board decides that a shorter comment period is appropriate it shall give reasons for its decision.
10. Responses to the Discussion Paper will be displayed on the IVSC web site, unless a respondent has requested anonymity.
11. Responses will be collated and the Board will consider these in considering whether the project should progress and, if so, how it should progress.

Exposure Drafts

12. If as a result of its consideration of the responses to a Discussion Paper the Board decides that the project should progress it will proceed with the development of an Exposure Draft. The draft will normally include questions aimed at soliciting the views of respondents, especially on any issues where there appeared to be significant diversity of views in the responses to any previous Discussion Paper. The Board may also support the draft with reasons for its provisional conclusions on certain matters.
13. When the Board has approved an Exposure Draft it will be freely available on the IVSC web site. Notifications may also be sent to IVSC members, sponsors and any identified interested parties. A minimum period of three months will normally be allowed for comments, although this may be reduced at the Board's discretion. If the period is reduced the Board shall give reasons for its decision.

14. In addition to inviting written responses to an Exposure Draft, the Board may also organise round table discussions with groups of interested constituents or invite interested organisations to one on one discussions.
15. Responses to the Exposure Draft will be displayed on the IVSC web site unless a respondent has requested anonymity. Responses will be collated and the Board will consider what amendments are appropriate to the Exposure Draft in the light of the responses received. If the responses indicate that major change from the Exposure Draft is necessary, the Board may issue a second Exposure Draft.
16. A Board may decide to modify or depart from the consultation procedures set out in paragraphs 8 – 15, but if does so decide it shall give notice of and reasons for its decision.

Finalisation of Pronouncements

17. After considering any amendments deemed appropriate as a result of the consultation the Board will approve the final pronouncement for publication, including a date upon which it may be deemed to be effective.
18. Where the Board has to resolve conflicting views, it may but is not obliged to provide reasons for its conclusions.

Board Meeting Procedures

19. Decisions on the progress of projects and the approval of all interim and final pronouncements will be made by the Board at its regular meetings that are publicised on the IVSC web site and that are open to observers. The Board meetings are for the Board members to debate issues and make decisions, not forums for public comment; accordingly observers are not entitled to make representations at these meetings. Interested parties have opportunities to make representations to the Board through the consultation procedures detailed in paragraphs 8-15.
20. The decisions of the Board will be recorded in the minutes of Board meetings that will be published on the IVSC website as soon as possible after the meeting.
21. The IVSC By Laws provide that each Board member shall be entitled to one vote. Two-thirds of the Board members then in office shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board. In the event of a tie, the Chairman shall cast the tie-breaking vote. Board members shall not be entitled to vote by proxy.

Urgent issues

22. Where a Board's attention is drawn to valuation issues caused by external events and which are likely to give rise to inappropriate diversity of practice or difficulties for preparers and users of valuations, it may issue an Interim Position Statement giving its preliminary views on how the issue should be dealt with. An Interim Position Statement is intended to give prompt high level guidance to users of the Board's initial views on how the issue should be addressed, pending the outcome of a project to consider the issue following the due process described in paragraphs 9 -21.