

ATTACHMENT FOR AGENDA ITEM 7

INTERNATIONAL VALUATION STANDARDS BOARD

5 February 2010

AGENDA ITEM 7

FAIRNESS OPINIONS

1.1 Both the IVSB and the IVPB have discussed the possibility of the IVSC producing a standard/guidance/recommendation on the provision of Fairness Opinions.

1.2 A number of points have emerged:

- Several topics are very controversial: independence of the provider, level of public disclosure, amount and disclosure of fees, depth of the diligence process ... As the potential liability of the provider will differ depending on the jurisdiction s/he is practicing in, there are very different positions around the world.

- The subject is complex and does not fit completely with the IVSC's mission: a fairness opinion is not a valuation even if valuation techniques are at the heart of this type of engagement. A fairness opinion is about a transaction for which the price is only one component. To come up with a conclusion, a provider will typically consider other factors (the context of the transaction, the competition that took place before the closing, the financial strength of the buyer ...)

1.3 A member of the IVPB has done a comparison of the FINRA rule 2290 in the US, the RGAMF in France, and the exposure draft Fairness Opinion Practice Standards issued by the Canadian Institute of Chartered Business Valuators in October 2009. A copy of that comparison is attached (not attached for observers).

1.4 The Board is invited to discuss whether this is a subject with which the IVSC should engage and, if so, whether a project should be run jointly with the IVPB.