

ATTACHMENT FOR AGENDA ITEM 10

INTERNATIONAL VALUATION STANDARDS BOARD

5 February 2010

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IVSB DUE PROCESS FOR STANDARDS SETTING

The attached draft is to be reviewed by the IVSC Board of Trustees at its meeting on February 24 2010 prior to publication.

INTERNATIONAL VALUATION STANDARDS BOARD

DUE PROCESS FOR STANDARDS SETTING

This paper sets out the process under which the International Valuation Standards Board (the “Board”) will determine its future work programme and the processes that will be followed in developing projects in the programme to a conclusion.

Origination of projects.

1. Projects can either involve improving the existing International Valuation Standards or extending their scope to cover topics not currently included. The Board may initiate projects of its own volition or in response to representations made by another IVSC Board, an IVSC members' advisory council, another standard setter or an international regulatory body.

Criteria for Adoption:

2. When a potential project is identified, the Board will determine whether it should be included in its work programme with regard 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?
 - iii. Does the diversity arise from a lack of clarity as to the correct application of International Valuation Standards 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 IVSB developing an amended or additional standard?
 - vi. Will the project produce an overall benefit for users and providers of valuations?
3. If a suggested project involves diversity arising from a lack of agreement among practitioners as to the most appropriate method to achieve a particular valuation objective, the project may be referred to the Professional Valuation Board to consider whether it should develop practice guidance.
4. In considering the criteria for adoption the Board may consult with industry groups, companies and other organisations operating in the sector, regulatory bodies and other standard setters.

Project Development

5. Once the Board approves a project for inclusion in the work programme projects are progressed in accordance with the process described in paras 6- 18.

Expert Groups

6. Except for projects which involve possible improvements to an existing standard, the Board shall normally form an expert group to provide input to the project. If the Board decides not to form such a group, it shall give reasons for its decision. The expert group will be led by a Board member and work to a brief approved by the Board. The members of the group will be drawn from the relevant sector. A call for nominations to an expert group will be made via the IVSC website, by notifying IVSC members and sponsors and by direct approaches to relevant sector groups or individuals. The Board will be responsible for recommending the composition of an expert group having regard to the need to obtain a range of expertise from providers and users of valuation services and the range of topics covered by the brief. Membership of the group will be reviewed and confirmed by the Board of Trustees.

Discussion Papers

7. Except for projects which involve possible improvements to an existing standard, the Board will provide a brief to the expert group. This 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 and the 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.
8. If the Board approves a draft Discussion Paper for public release, it will be circulated to IVSC members, sponsors, and other potentially interested sector groups. Press releases will also be issued and the Discussion Paper will be freely available on the IVSC web site. A period of three months will normally be allowed for comments, although this may be shortened at the Board's discretion.
9. Responses to the Discussion Paper will be displayed on the IVSC web site, unless a respondent specifically requests anonymity.
10. Responses will be collated and the Board will consider whether there is justification for the development of a new standard based on the criteria in paragraph 2 above, or whether an alternative solution is preferable; this may include deciding that no further action is necessary.

Exposure Drafts

11. If as a result of its consideration of the responses to a discussion paper the Board decides that a new standard should be developed, or where significant improvements are being contemplated to an existing standard, it will proceed with the development of a draft standard. If an expert group was involved in the development of a discussion paper it may be reconvened to assist with the development of the exposure draft. The draft will include a series of 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.

12. When the Board has approved a draft for exposure it shall be released as a public exposure draft. It will be circulated to IVSC members, sponsors, and other potentially interested sector groups. The draft will also be freely available on the IVSC web site. A minimum period of three months will normally be allowed for comments on an exposure draft, although this may be reduced at the Board's discretion. If the period is reduced the Board shall give reasons for its decision.
13. 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 discussion.

Finalisation of Standard

14. Responses to the Exposure Draft will be displayed on the IVSC web site, unless a respondent specifically requests 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.
15. After receiving the amendments the Board will approve the new Standard for release, including a date upon which it may be deemed to be effective.
16. Where the Board has to resolve conflicting views, it may, but is not obliged to provide reasons for its conclusions.

Board Meeting Procedures

17. Decisions on the progress of projects and the approval of Standards 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 on standards that are under development,; accordingly observers are not permitted to speak or make representations at these meetings. Interested parties have opportunities to make their views known to the Board through the consultation process detailed in paras 7-13.
18. 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.
19. The IVSC By Laws provide that each IVSB member shall be entitled to one vote. Two-thirds of the IVSB members then in office shall constitute a quorum for the transaction of business at any meeting of the IVSB. The act of a majority of the IVSB members present at a meeting at which a quorum is present shall be the act of the IVSB. In the event of a tie, the Chairperson shall cast the tie-breaking vote. IVSB members shall not be entitled to vote by proxy.

Urgent responses

20. Where the 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 development of a new Standard or the modification of an existing standard following the due process described above.