International Valuation Standards Council
41 Moorgate
London
EC2R 6PP

8 July 2016

Dear Sirs

Re: Exposure Drafts (EDs) for Introduction and Framework, IVS 104, 105 and 210

We are responding to your invitation to comment on the above EDs on behalf of PricewaterhouseCoopers.

Following consultation with several members of the PricewaterhouseCoopers network of firms, this response summarises their views. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

PricewaterhouseCoopers appreciates the efforts of the International Valuation Standards Council (IVSC) to advance an integrated set of valuation standards and welcomes the opportunity to provide comments on the EDs. We agree there is a need for high quality standards governing the preparation of valuations, and believe the EDs, with certain refinements, will provide a meaningful step toward a framework and guidance for the technical and professional practice. However, we do have concern, given the broad purpose of the EDs, that they cannot be made specific enough to resolve practice issues for certain public interest valuations, such as for financial reporting for listed companies.

When IVS 2017 is published as a full volume (of which the EDs commented upon herein are chapters), we suggest a discussion of the mission of the IVSC and the use of the Standards. Included in that discussion should be a clear statement regarding the consideration of IVS relative to other bases of value required by other mandatory guidance so as to apply to all of IVS not just IVS 104 as currently drafted. For example, it should be made clear when performing a valuation for IFRS or US GAAP purposes that the guidance in the IFRS or US GAAP standards and the related basis of value supersedes the guidance provided in the EDs. It should also clarify that in order to state that a valuation is in compliance with IVS, the only deviations from IVS permitted are those that are mandated by another base of value.

Our key comments are set out below, while Appendix A includes responses to the questions for respondents and Appendix B includes our specific comments and editorial suggestions:

- The EDs have several areas where prescriptive language as drafted could have unintended consequences. Two examples are the primary method determinations in *IVS 105: Valuation Approaches and Methods* (i.e., factors when the market approach should be used as the primary method), and the DLOM guidance "DLOM should be applied…"). With respect to the Market Approach Guidance in IVS 105, paragraph 20.2, the paragraph should be modified to state when a market base of value is required and 20.2a should be either modified or deleted as a single transaction is insufficient for the market approach to be the primary basis of value. The DLOM guidance in IVS 105, paragraph 30.18a, as written could result in application of a DLOM when one is not required. We suggest it be rewritten to state that "differences in marketability should be considered and if not otherwise adjusted for a DLOM." We also recommend a review of the EDs for other similar instances to ensure that the prescriptive emphasis is properly placed to better distinguish definitive requirements from areas which are subjective.

- With regard *to IVS 104: Bases of Value*, question (a) for respondents outlines the responsibility of the valuer in selecting the basis of value. We agree the valuer should be responsible for assessing and appropriately applying the basis (or bases) of value. However, we do not agree with the language provided in paragraph 20.2 specifying it "is the valuer's sole responsibility to choose the relevant basis (or bases) of value according to the terms and purpose of the valuation assignment." We believe it is important to clarify that it is the valuer's responsibility to assess the most appropriate basis (or bases) of value and apply it (them) correctly according to the terms and purpose of the valuation assignment and at the direction of the party requesting the valuation, but selection of the basis is a shared responsibility with the engaging party. We would note that it is the valuer's sole responsibility to select the valuation approach or approaches most appropriate for the selected base of value, unless the selected base of value mandates a particular approach (e.g., value in use under IAS 36 specifies an income approach).

Given the foundational nature of IVS 2017, we suggest the Board hold round-table discussions to further discuss comments received and to solicit input on future plans for improvements to IVS 2017. We would be happy to participate in any round-table discussions that the Board may decide to hold.

If you have any questions on the content of this letter, please do not hesitate to contact Helen Mallovy-Hicks Global Valuations Leader (+416 814 5739), Romil Radia (+971 4 304 3723) or Matthew Pinson (+646 471 2198).

Yours faithfully,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers

Appendix A – Questions for respondents

Introduction and Framework

(a) In IVS 2013, all substantive portions of the standards were labelled as "commentary" (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standards were mandatory. The Board's position is that all aspects of IVS 2017 should be mandatory and this exposure draft has removed the "commentary" label for clarity. Do you agree with the removal of the commentary label?

PwC Response: Yes, we agree.

(b) Do you agree with the Board's decision to remove the section on Bases of Value from the IVS Framework and produce a single chapter on Bases of Value in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

PwC Response: Yes, we agree.

(c) Do you agree with the Board's decision to remove the section on Valuation Approaches from the IVS Framework and produce a single chapter on valuation approaches and methodologies in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

PwC Response: Yes, we agree.

(d) Do you agree with the IVS definition of Exceptions and Departures? If not, why?

PwC Response: We believe the definitions could be switched. In our view, a departure is where a valuer departs from the standard and does not follow IVS. An exception is a legal or regulatory requirement which differs from the IVS. The valuer is following IVS except for the legal requirement.

IVS 104: BASES OF VALUE

(a) Do you agree that valuers should be responsible for choosing the appropriate basis (or bases) of value according to the terms and purpose of the valuation assignment, and that the basis of value may not be one defined by the IVSC? If not, why?

PwC Response: Yes, we agree the valuer should be responsible for assessing and appropriately applying the basis (or bases) of value. However, we do not agree with the language provided in paragraph 20.2 specifying it "is the valuer's sole responsibility to choose the relevant basis (or bases) of value according to the terms and purpose of the valuation assignment." We believe the statement should be revised as follows:

"It is the valuer's responsibility to assess the most appropriate basis (or bases) of value according to the terms and purpose of the valuation assignment and at the direction of the party requesting the valuation." The valuer should have a comprehensive understanding of the applicable base of value before proceeding with the assignment.

As it is often a Client's responsibility to determine the scope of a requested valuation to meet their desired purposes, we believe the change more appropriately reflects this consideration but will still demonstrate it is the responsibility of the valuer to understand and assess the application of the basis (or bases) and reasonableness of use.

We agree the base of value may not be one defined by the IVSC.

(b) Prior versions of international valuation standards included Special Value as a separate and distinct basis of value. The Board generally believes that valuers seldom perform valuations using Special Value as a distinct basis of value. Rather, valuations are typically performed using another basis of value predicated on certain hypothetical assumptions ("special assumptions") or a specific purchaser (resulting in synergistic value). Do you agree with the removal of Special Value as a separate and distinct basis of value? If not, please describe the circumstances in which you use Special Value as a distinct basis of value?

PwC Response: Yes, we agree with the removal of the Special Value base.

(c) The IVSC has retitled the previously defined Fair Value as Equitable Value in order to avoid confusion with other definitions of Fair Value. Do you agree with this change, if not why not?

PwC Response: Yes, we agree with the change.

(d) Liquidation Value has been added as an additional basis of value. Do you agree with its inclusion within IVS 2017 and are you in accordance with the definition used? If not, why not?

PwC Response: Adding this basis of value and defining seems reasonable. We agree with the inclusion.

(e) Replacement Value has been added as an additional basis of value. Do you agree with its inclusion within IVS 2017 and are you in accordance with the definition used? If not, why not?

PwC Response: Adding this basis of value and defining it seems reasonable. We agree with the inclusion, subject to additional language to clarify if this base of value is intended to represent replacement cost new, or after an adjustment for depreciation / age / condition.

(f) Are there other bases of value defined by other entities/organisations that should be mentioned in IVS 104? Which ones? Why?

PwC Response: The list appears complete.

IVS 105: VALUATION APPROACHES AND METHODS

1) Do you agree that when selecting an appropriate valuation approaches and methods a valuer should consider the following?

a) the appropriate bases of value, determined by the terms and purpose of the valuation assignment,

PwC Response: Yes, we agree.

b) the respective strengths and weaknesses of the possible valuation approaches and methods,

PwC Response: We agree. Additionally, we believe it is important to consider multiple methods, as appropriate, when performing the valuation. We suggest language be added which provides more emphasis to consideration of multiple methods in determining a final value estimate.

c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market,

PwC Response: We agree when the base of value is market-based. However, we suggest language be added, as appropriate, to clarify some bases of value are not market-based.

d) the availability of reliable information needed to apply the method(s), and

PwC Response: Yes, we agree.

e) if not, why? What considerations would you add to or remove from this list?

PwC Response: Yes, we agree with the considerations listed. However, in some circumstances the valuer has no choice in method, such as Value in Use under IFRS, which requires the use of an income approach. We suggest methods mandated by a particular base of value also be included in the list of criteria.

2) Under each valuation approach, this exposure draft includes criteria for when the approach should be used. Do you agree with the criteria presented under each approach? If no, what changes would you make? Why?

PwC Response: We generally agree with the criteria presented. However, with respect to the market approach we suggest the language indicating that the market approach is preferred be modified. Although a market approach may be most appropriate for identical assets, the term *similar* used to describe other assets for which a market approach is used is a relative term that is open to interpretation. For example, what if there is market evidence for transactions, but the market is illiquid with few transactions? We believe the strong wording the market approach is the preferred approach for comparable assets should instead state that this method may be the most reliable approach when reliable, verifiable information is available.

3) Are there areas of this chapter that you feel should be expanded upon in future board projects (eg, discount rates, discounts/premiums, etc)?

PwC Response: We would support future board projects for additional guidance on cash flow development, discount rates, selection and adjustment of market multiples, and the application of discounts and premiums.

IVS 210: INTANGIBLE ASSETS

(a) In IVS 2013, all substantive portions of IVS 210 Intangible Assets were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity.

Do you agree with the removal of the commentary label?

PwC Response: Yes, we agree with the change.

(b) Do you agree with the decision to incorporate relevant portions of TIP 3 into IVS 210 and to eliminate TIP 3 as a standalone document? Are there any other elements of TIP 3 that you believe should be incorporated into IVS 210?

PwC Response: Yes, we agree with the decision. We believe additional commentary could be provided on the relevance of the weighted average return on assets analysis for assessing the reasonableness of intangible asset discount rates. It might also be helpful to include some of the examples from TIP 3.

(c) In addition to the contents of IVS 105, this Exposure Draft includes criteria that should be used by an appraiser in selecting an appropriate valuation approach and method for the valuation of intangible assets. Do you agree with the criteria presented under each approach? If no, what changes would you make? Why?

PwC Response: We are in general agreement with the criteria, however we have provided specific comments in Appendix B of this response.

(d) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of intangible assets regardless of the purpose of the valuation (financial reporting, tax, transactions, litigation, etc.). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

PwC Response: We generally agree that the standard in this Exposure Draft can be applied for the valuation of intangible assets regardless of purpose. However, it should be noted that different purposes may define certain intangible assets in a particular way; thus use of alternate definitions of intangible assets required by regulation or purpose should be permissible under the proposed standard.

Appendix B – Additional Comments

IVS 104: BASES OF VALUE

General comment: We suggest clarification be added to the ED to discuss where the bases of value are intended for financial vs. non-financial assets.

10.1: As some bases of value, such as investment value, are not transaction-based, we suggest a rewording of the third line of this paragraph as follows:

> Current text: They describe the fundamental assumptions on which the reported values will be based (e.g., the nature of the hypothetical transaction, …
>
> Suggested text: They describe the fundamental assumptions on which the reported values will be based (e.g., the nature of *a* hypothetical transaction, …

As a global comment, we believe the document will benefit from a review of terms which preface a hypothetical transaction, as there are bases of value which will not be based on a hypothetical transaction (such as investment value, mentioned previously).

Additionally, the unit of account for nonfinancial assets may differ from the unit of measurement, such as when the highest and best use of an asset is that it could be combined with other assets. We suggest rewording the fifth line of this paragraph as follows:

> Current text: …and the unit of account for the valuation…
>
> Suggested text: …and the unit of account or measurement for the valuation…

30.2 (d) and (e): We suggest the criteria that a buyer or seller is "over eager" be removed. There may be significant motivations for a potential transaction (e.g., transactions in the market for collectibles) which do not necessarily invalidate observed prices (i.e., others may also be eager). Additionally, we suggest additional clarification or discussion be added regarding strategic vs. financial buyers (i.e., the value a strategic buyer may be willing to pay more for the value of assets in combination due to synergistic value whereas a financial buyer may not).

30.2 (f): As the IVSC has elected to remove the "Special Value" basis, we suggest reference in this paragraph be removed as well.

40. IVS-Defined Basis of Value – Market Rent: We suggest this be removed as a separate basis of value. We believe the market rent is an element of value in other bases of value rather than a separate and distinct basis of value.

50.1: Under US GAAP other bases of value, reporting entities are not required to identify specific market participants, but instead may develop a profile of potential market participants. Accordingly, we suggest that the word "identified" as used in this paragraph be removed.

60. IVS-Defined Basis of Value – Investment Value/Worth: As noted previously, given the inclusion of this basis of value, we suggest language throughout the document be modified to specify in some cases there will be a lack of transaction.

70. IVS-Defined Basis of Value – Synergistic Value: We suggest this be removed as a separate basis of value. We believe the synergy value is an element of value in other bases of value, rather than a separate and distinct basis of value.

90. IVS-Defined Basis of Value – Replacement Value: We suggest additional language be added to this section to clarify if this basis of value is intended to represent replacement cost new, or after an adjustment for depreciation / age / condition.

100. Other Basis of Value – Fair Value (International Financial Reporting Standards): For IFRS and other bases of value, we suggest only a bullet list be added to mention these other bases rather than discuss them, as the document is intended to explore and outline the IVSC definitions of value.

140. Premise of Value/Assumed Use: We suggest language be added to this section to specify that these considerations apply to IVSC but are not intended to be a substitute for those defined in other literature (e.g., for US GAAP).

150.1: We suggest additional language be added to this section regarding highest and best use for a liability if it is included in this section. Additionally, we would like to note that the FASB and IASB do not provide guidance regarding the highest and best use for liabilities.

150.4: We suggest that one or more examples be added to this section to clarify when the highest and best use of an asset valued on a standalone basis might differ from its highest and best use as part of a group. One example relates to land that is currently used for a factory but could be developed as a residential site. The highest and best use is determined by the greater of (1) the value of the land in continued use for factory (in combination with other assets) or (2) the value of the land as a vacant site for residential development (taking into account the cost to demolish the factory).

170. Premise of Value – Orderly Liquidation: We suggest additional language be added to clarify how this basis of value relates to the IVSC Liquidation base of value as defined in paragraph 80.

190. Entity Specific Factors: This section seems focused on market-based values, although the basis of value may not be market-based (for example, investment value). We suggest additional clarification be added to this section, as well as a global suggestion to consider this comment as appropriate throughout the guidance.

200.1: We suggest the following additional language: "…sum of the values of the individual assets and liabilities *on a stand-alone basis."*

IVS 105: VALUATION APPROACHES AND METHODS

10.4: We suggest this paragraph be modified to require consideration of the three principal valuation approaches and to encourage the use of those approaches, as appropriate. Additionally, we suggest the language also discuss that for methods which are not selected, but may be appropriate, the valuer provide a rationale for exclusion.

10.6: We suggest additional language be added to this section specifying a valuer not only quantify the difference, but also attempt to understand the quantitative and qualitative factors driving differences, where appropriate, in arriving at a final conclusion of value. Additionally, the reference to "widely divergent" results requires clarification regarding the extent to which two results must be different to classify as "widely divergent". Given that the standard uses the word "should," it is important for such delineation to be clear to ensure the valuer understands when such additional analysis is necessary.

10.7: Consistent with our global comments previously discussed, this paragraph seems most appropriate when a market-based view of value is contemplated. However, for other views / bases of value, this may not be appropriate (for example investment value). Additionally, we find the language to maximize market information overly prescriptive and strong. We recommend this paragraph be revised to qualify the statement such that market observations be strongly *considered, particularly for market-based views of value.*

20.1: We suggest the language that the market approach is preferred be modified. We believe the strong wording the market approach is the preferred approach for comparable assets should instead state that this method may be the most appropriate approach when relevant, reliable, verifiable information is available. In other instances, the income approach may also provide a reasonable indication of value. Therefore, we suggest that "should be used" be changed to "might be used" in 20.2 and 20.3.

Additionally, we suggest the phase "price information is available" be further clarified here or in a later section. For example, is the reader to interpret this as retail price, wholesale price, price in a liquid market, quote price vs. transacted price, etc.?

20.2 and 20.3: We suggest theses paragraphs be revised consistent with our comment on 20.1 to state that the market approach "may be most appropriate to use" instead of the current wording of "should be used".

20.4: We suggest this paragraph be expanded to provide additional guidance that the market approach may also be used as a secondary / corroborative approach, which is often seen in practice.

30.2: We suggest the inclusion of the prior transactions method be considered as a separate method approach, rather than a subset of the comparable transaction approach. This data point may become dated more quickly if there are not regular transactions for the subject asset versus an ever-updating market of comparable transactions, and therefore we believe this approach may need to be considered separately.

30.4: In discussion of yields for financial instruments, we suggest also adding in consideration of collateral type and rating.

30.7 (e): We suggest the words "fully understand the" be replaced with "develop a reasonable understanding of".

30.8 (e): We suggest adding characteristics related to financial instruments such as rating, coupon, duration, collateral type, etc., or, per our global comments above, clarify this section is not in consideration of financial instrument assets or liabilities.

30.8 (f): We suggest additional language be added to clarify what the "unusual terms" are and how one adjusts for this.

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30.12 (f): We suggest the IVSC add additional guidance on how this reconciliation may be performed and the appropriate considerations in doing so. There are other instances of the use of "reconcile" throughout the EDs; we suggest the IVSC provide more prescriptive examples of how to appropriately perform such reconciliation.

30.13 (b): We suggest the term "very" be removed from "evidence from very similar publicly-traded companies…" as similar companies may be reasonable to use as well, and "pure-play" comparable companies may not be available.

30.14 (f): We suggest a statement be added referencing the discussion of discounts and premiums later in the document.

30.17: We suggest the statement be reworded with stronger language to state that reliance solely on a rule-of-thumb benchmark is not in compliance with IVS (provided this is the intended message).

30.18 (a): We suggest additional language be added to the end of this paragraph to clarify studies assessing DLOM are preferred only when based on market transactions, rather than appraised values. Additionally, timing differences (e.g., rapidly growing company early vs. later stage in development) should be applied with caution.

30.18 (b): We suggest additional language be added to the DLOC discussion to address the following:

- There is a potential overlap in measurement and application with DLOM; therefore, caution should be used when applying both a DLOM and DLOC to avoid double counting the implicit or explicit value considerations of each.
- We suggest the paragraph clarify a DLOC is not the inverse of a control premium. For example, a control premium may have elements both of financial control as well as synergistic value.
- We suggest the term "comparables" in the second line of the paragraph be clarified to indicate it is referencing comparable publicly traded companies and is not intended to reference comparable controlling transactions as well.

40.2: We suggest avoiding the strong wording referencing when an approach should be the primary basis. Rather, we recommend statements such as this be revised to indicate to the reader that under the following conditions, the approach is likely to provide the primary indication of value.

40.3 (a): As discussed in our other comments, we suggest revisions be considered where "market participant perspective" is mentioned to clarify that this consideration relates to a market-based view of value. If investment value is the basis, this perspective would likely not be relevant.

40.4: There is no discussion of liquidity, or lack thereof, in this section. We suggest the IVSC consider whether such concept should be discussed in this section.

40.5: We believe this section effectively codifies CAPM into the valuation standards based on the language. As there are other reasonable approaches and theories for assessing discount rates, we suggest additional language be added to clarify this is only an example of one perspective of risk theory.

50.3: We suggest "In other circumstances" be replaced with "When appropriate,".

50.4 (a): The term gross cash flows is not a generally understood term. We suggest it be removed, or clarify what the difference is between the gross and net cash flows.

50.4 (b): We suggest additional language be added to assist the reader in determining the appropriate explicit period.

50.5 (b): If "pre-tax" cash flows are permitted, we believe guidance regarding the assessment of pre-tax discount rates needs to be included in the standard given the lack of market-based evidence for pre-tax cost of equity.

50.6: We suggest this language be expanded upon to provide additional guidance and theory regarding the calculation and use of a pre-tax discount rate.

50.9 (d): We suggest additional language be added to clarify the valuer should avoid capitalizing at a peak or valley within a cycle as well.

50.17: We suggest the reference to "all possible outcomes" be qualified or replaced. In theory, we agree all outcomes should be considered, but in practice this is not a reasonable threshold.

60.2 (e): Consistent with our previous comment, we suggest a clarification that capitalizing cyclical assets not be performed at a given peak or valley within the cycle. Additionally, we suggest as a special consideration, this be moved to the last item in the list.

60.6: We suggest the reference to the market multiple be expanded to clarify this multiple should reflect expectations as of the exit date rather than the valuation date (e.g., lower in an environment of growth).

60.9: We suggest additional clarification be added that the discount rate should reflect the risk not already accounted for in adjusting the cash flows (i.e., clarify systematic vs. non-systematic / projection risk, as well as liquidity).

60.10: There are additional methods which may be reasonable to include in this list such as observed yields / rates, market studies (build-up approach), inferred rates from P/E multiples, etc. We suggest the list be expanded to reflect additional potential methods.

60.10 (c), (d): We suggest the IRR and WARA be removed from this list as they are not methods for determining a discount rate, but rather, a diagnostic exercise to assess selected / determined rates.

60.11: We suggest changing the word "professional" to "valuer".

60.11 (f): We suggest this be expanded to also note a valuer should consider the impact of taxes (i.e., explicit or implicit in the discount rate) in the type of cash flow used.

70. Cost approach: We suggest an explicit statement be added to specify this approach is performed on a pre-tax basis.

70.2 (a): Consistent with prior comments, we suggest reference to market participant considerations may be overused as it will not be relevant for all bases of value.

70.2 (b): We suggest the word "indirectly" be removed from the first line of this paragraph as all assets may be considered indirectly revenue generating (e.g., fixed assets), particularly when working as part of a larger going-concern business.

70.2 (c): The term reinstatement value has not been defined. We suggest this term be defined or replaced.

70.3 (b): The phrase "…used as a reasonableness check…" is very broad. We suggest deleting (b) as the concept is covered in 70.3 above ("…a valuer should consider whether any other approaches can be used…").

80.6 Reproduction cost: We suggest additional language be added to clarify that where a market-based view of value is considered, this would rarely be used.

80.8 Summation method: We suggest a parenthetical note be added that this approach is also known as the underlying asset approach.

80.11: The list of cost elements appears to be mainly related to tangible assets. We suggest it be expanded to include intangible assets, or clarified that these elements primarily relate to tangible assets.

80.12: We suggest the language in this paragraph regarding the assumed profit margin be sharpened to include additional discussion on measurement and considerations of potential overlap regarding return on capital employed.

90. Depreciation: As a global comment, this section does not appear to address intangibles. We recommend revision to include intangible considerations, or specify this section relates to tangible asset considerations.

90.7: We suggest a clarification be added noting economic obsolescence for land is generally reflected in the comparable set used, rather than requiring a separate adjustment.

IVS 210: INTANGIBLE ASSETS

20.1: We suggest the word "and" in the second line of this paragraph be replaced with "and/or" as certain assets, such as customer relationships, may exist without a formal contract or right. Additionally, we suggest the language "manifests itself by its economic properties" be clarified and described.

20.5: We suggest additional language be added to this section to note certain regulatory, tax and legal requirements may influence the requirement regarding assets which need to be valued based on varying purposes.

20.6: The statement "the value of goodwill is…" appears to be mixing a definition of the nature of goodwill with the way it is measured. We suggest this statement be amended to clarify the definition of goodwill separately from the measurement of it.

20.8: We suggest a parenthetical description / definition be added to the term "assemblage value."

20.10: Consistent with our response to IVS 104 question (a) for respondents, we believe stating it is the valuer's sole responsibility to understand the purpose of the engagement be reworded. Rather, we suggest a statement reflecting responsibility of working with a Client to understand and apply the appropriate context for the valuation be inserted.

40.3: We suggest the following revision: "Many of the income approach methods are designed to separate the economic benefits associated with a subject intangible asset *from other assets"*.

40.4: We suggest the language in this section specify the list is not all-inclusive and also consider adding off-market contracts / leases to this list.

50.1: We suggest the differential cash flow method be added to this list (e.g., as used in valuing off-market leases and contracts) and it be noted this is not intended as an all-encompassing list as additional approaches may take shape over time.

60.1: We suggest this section be reworded to acknowledge the excess earnings method may be used when an asset needs to be separated from a group of assets rather than specifically tying the method to a business combination context.

60.2: We suggest this paragraph be removed as it does not appear to be consistent with other discussions of the methods (i.e., other methods do not include a background regarding the origin of the method), and does not advance setting the IVSC guidance.

60.4 and 60.5: We suggest these paragraphs be removed as each are variations of the MPEEM. The capitalized method is mentioned in paragraph 60.3 and the single period method is a variation in the term of the MPEEM. If the preference is to continue to mention the single period method, we suggest this be added to this paragraph as an anecdotal clarification.

60.7 (b): We suggest the last word in this paragraph "asset" be changed to "assets."

60.7 (e): This paragraph seems to perpetuate the practice of stratifying rates of return. As a general question, is the concept of stratifying rates of return among assets one which is intended to be codified in these standards? If this is not the intent, we suggest this section be revised.

60.8: While we agree it is not appropriate to take a contributory asset charge for goodwill as a whole, we suggest the language regarding assemblage and going concern value be removed. In some circumstances, most notably when valuing a perpetual asset using the MPEEM, certain schools of thought as well as regulators have allowed for a charge for going concern / assemblage value. One example is in the valuation of franchise rights in the cable industry in the US.

60.9: We suggest the language "Although rare, a contributory asset charge may be computed on a pre-tax basis. However, if done…" be removed, as this is common practice for certain assets such as royalty rates for trade names. Rather, we recommend "A contributory asset charge may be computed on a pre-tax basis. If done…"

70.1: We suggest the italics be removed from "valuation date" for consistency with the rest of the document.

70.1: We suggest the following sentence be removed: *In some cases, a royalty payments may include an initial payment in addition to periodic amounts based on a percentage of the revenues or some other financial parameter*. However, if this commentary is desired, we suggest it be included in paragraph 70.2 instead.

70.2 (d): We suggest the following be added to the end of this paragraph: *"and this may already be reflected in market data"*.

80. Premium profit or With-and-Without method: We suggest this title be included only as the with-and-without method, as the premium profit method is a specific variation of this approach.

80.5 (a): We suggest the last sentence of this paragraph be revised as it is very specific to a business combination, and specifically, the IRR. Rather, we suggest the discussion also include other perspectives such as a subset of cash flows of a business, or context outside of a business combination entirely.

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80.5 (a): We suggest "deduct the cash flows" be replaced with "deduct the present value of cash flows" for clarity.

90.1: We suggest "business" be replaced with "business unit" in this paragraph.

90.3: We suggest the following re-wording: **"**The greenfield method is often used to estimate the value of *enabling* intangible assets, *such as* broadcast spectrum."

90.4: We believe this section may be augmented by providing some context that a greenfield method is often centered around the concept of replacement rather than reproduction. This may impact expense considerations, capital expenditures and deployment, etc. to reflect future expectations as of the valuation date rather than historical information.

100. Distributor method: We believe this discussion may be best as a subtopic within the MPEEM given the similar approach (i.e., this is a particular variation of the approach with similar mechanics as a whole).

100.4 (b): We suggest additional language be added to this paragraph regarding the need to align operations as well (e.g., value-added vs. non-value-added distributors and margins).

110.4: We suggest also discussing here that intangible assets are rarely transacted alone, and thus, there is a lack of market evidence isolating the assets.

110.4: We suggest removing patents from this list, as we believe it is rare a market approach will be applicable for this type of asset.

130. Cost Approach: Consistent with a prior comment, we believe this section should explicitly state this approach should be applied pre-tax.

130.2: Consistent with our previous global comment regarding the use of "market participant" language and references to market data, we suggest revisiting the use of these terms as not all purposes for a valuation using the cost approach will be market-based.

130.2 (a): We suggest "with relative ease" be added to the end of this paragraph.

140.3 (b): We suggest "physically obsolete" be removed from this list as it generally does not relate to intangible assets.

140.3 (c): With regard to adding a profit margin on cost, we suggest the discussion be augmented by incorporating considerations of internal vs. external costs (i.e., external costs may already have a profit component) and also the potential overlap between the concept of profit and potentially a return on / off certain assets employed, as applicable.

140.3 (d): We suggest this paragraph be amended to specify that opportunity costs only be included when they relate to a specific asset, rather than to the business as a whole (i.e., if any individual asset were removed from the business, there is an indirect opportunity cost of ceasing operations as a component of going concern value and may not be allocable to individual assets).

170. Intangible asset economic lives: This section appears very focused on customer relationship / contract intangible assets. We suggest the discussion be broadened to more fully cover other types of assets as well.

170.1: We suggest clarification be added regarding the applicability of this concept to the income approach, rather than as a general comment which may also apply to the market or cost approach.

170.5 (c): We suggest the following edit: "…attrition may be measured based on either revenue or number of customers/customer count, *as appropriate based on the characteristics of the customer group."*

170.6: We suggest subtopic (a) and (b) be removed, as the discussion is very specific and prescriptive.

180. TAB: We suggest this section explicitly state this is generally applicable to only the income approach.