LOOP CAPITAL FINANCIAL CONSULTING SERVICES
111 W. Jackson Blvd
Suite 1901
Chicago, IL 60604

312 913 4900 **tel**
312 913 4928 **fax**

www.loopcapital.com

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Re: Request for Comments on IVS 2017 Exposure Draft: *Introduction and Framework, IVS 104 Bases of Value, IVS 105 Valuation Approaches,* and *IVS 210 Intangible Assets*

Dear Sir / Madam,

Loop Capital Financial Consulting Services ("LCFCS" or "We") appreciates the opportunity to provide comments on the IVS 2017 Exposure Draft released by the International Valuation Standards Council (IVSC) Standards Board (the "Board"). Our comment letter expresses LCFCS's opinion on certain sections of the proposal and addresses our answers to the certain questions in the Exposure Draft.

<u>IVS 2017 Introduction and Framework</u>

(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?

We agree with the removal of the "commentary" label.

(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?

Yes

(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?

Yes

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

Yes

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?

We believe that the valuation advisor has the responsibility to discuss the implications of applying different bases of value to a particular assignment with the client. Generally, the valuation advisor should be responsible to recommend an appropriate basis of value given the facts and circumstances. However, if a client requests that the analysis be performed under a basis of value (e.g. fair value v. investment value) different than that recommended, it is allowable for the valuation advisor to undertake the assignment at the client's directed basis of value. Also, the basis of value may be defined different than the definitions provided 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?

Yes, we agree with the removal of "Special Value" as a defined term.

(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?

Yes

(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?

Yes

(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?
Yes

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

None to mention

IVS 105 Valuation Approaches

1) Do you agree that when selecting 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, **Yes**

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

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, **Yes**

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

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

Economic feasibility (e.g. number of hours and resources needed to perform a given method) of applicable valuation methods should be considered in the scope discussion before a project is undertaken. For example, applying a greenfield approach to valuing an asset may be one applicable alternative to several acceptable methods; however, the cost of applying a greenfield method may be 3-4x the fee level available for the assignment. Consideration should be given to the practicality of available resources for a given project and if a reasonable conclusion can be reached via applicable valuation methods, then it should be acceptable under the standards.

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?

Yes

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

Marketability and control discounts/premiums

IVS 210 Intangible Assets

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.

(a) Do you agree with the removal of the commentary label?
Yes

(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?
No comment

(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?
Yes

(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?
Yes

Sincerely,

Patrick Ripley

Patrick Ripley
Senior Vice President
Loop Capital Financial Consulting Services, LLC