

IOSCO IVSC Statement of Cooperation - 18 October 2022

Introduction

The International Valuation Standards Council (‘IVSC’) is an independent not-for-profit, private sector organisation. The objective of the IVSC is to develop a single set of high quality globally accepted International Valuation Standards (IVSs) and to strengthen the valuation profession by establishing codes of conduct and competency benchmarks for valuation professionals.

The International Organization of Securities Commissions (“IOSCO”) is an international body that brings together the world's securities regulators and is recognised as the global standard setter for the securities sector. IOSCO develops, implements and promotes adherence to internationally recognised standards for securities regulation.

Shared Goals

IOSCO has three objectives, namely promoting investor protection, market integrity and mitigating systemic risk. This means the organisation, through its members, has a strong public interest duty. IVSC, as a private organisation, also seeks to work in the public interest and seek to promote investor confidence in information provided by issuers. A key area of common interest is valuation. Valuations are used for a number of purposes impacting many areas of business such as company listings, mergers and acquisitions, funds and investment, financial reporting, auditing, business valuations, secured lending, regulatory compliance, taxation, litigation, insolvency, and insurance recoveries. International consistency and quality of valuations are therefore important components of the financial reporting system and mitigate risks to the quality of financial information for the protection of investors and for the stability of the financial system.

IOSCO recently undertook a survey of its members which found that the approach to valuations varies significantly from country to country. This was further established by feedback from standard setters, investors, auditors and valuation providers at an IOSCO-IVSC roundtable organized at the end of March 2022. There was consensus amongst stakeholders that IOSCO and IVSC should work together to identify possible approaches to improving the quality and consistency of valuations and the professional standards employed by valuers to help support the quality of financial information provided to investors and those responsible for financial stability.

The IOSCO Board and the Board of Trustees of the IVSC have each discussed the stakeholder feedback from the survey and the joint IOSCO-IVSC roundtable and agreed to work together to identify potential approaches that could be used to enhance the quality of valuations including the development, promotion and application of high-quality valuation and professional standards.

Objectives

This Statement of Cooperation translates this decision into working terms and outlines the steps both organizations will endeavour to take to enhance their collaboration with the common aim of identifying approaches to promote high quality valuation practices.

To achieve this common objective:

The IVSC commits to:

- Provide IOSCO with the information necessary to build their understanding of the governance arrangements in valuation standard setting and the funding of the IVSC in order for IOSCO to understand the levels of due process to which the IVSC is subject.
- Assist IOSCO in building their knowledge and understanding of the International Valuations Standards (“the IVSs”)¹ and how the IVSC develop its standards and keeps them current so that IOSCO can consider whether to initiate an assessment of the IVSs.
- Provide regular insights to IOSCO on evolving market practices and the standards that are most commonly used by the valuation profession.
- Consider the IOSCO’s comments, as appropriate, in developing IVSs and valuation requirements in general, and providing feedback as appropriate.
- Provide IOSCO staff or members with the opportunity to be included in IVSC consultative groups, committees and task forces, recognising that the IVSC determines the composition of these groups on a case-by-case basis.
- Assist IOSCO in better understanding current regulation and oversight of the valuation profession across jurisdictions globally.
- Inform the IOSCO, through its staff, its working groups or other appropriate body, when the IVSC becomes aware of emerging risks concerning valuations.

The IOSCO commits to:

- Review of governance and the due process followed by the IVSC in relation to its Board of Trustees, and Standards Boards with a view to making recommendations for improvement if required.
- Gain an understanding of the IVSs, with the aim of assessing whether they address valuation risk areas as identified by securities regulators.
- Provide input to the IVSC on proposed amendments to IVSs and developments that are relevant to valuations used for financial reporting and IOSCO’s wider remit, through regular meetings and the IVSC staff’s outreach processes for researching new issues.
- Inform the IVSC, through its staff, its working groups or other appropriate body, when the IOSCO becomes aware of emerging issues concerning valuations.
- Exploring the possibility of convening the accounting, auditing, disclosures and valuation communities, including but not limited to IOSCO staff and members and IVSC, to build mutual understanding and consider future IOSCO actions regarding the need for global valuation standards.

¹ This would include ensuring IOSCO and its members have free access to the IVSs.

- Review of whether the IVSC Professional Membership Obligations (Professional Standards) could serve as the basis for organizations looking to develop a valuation profession and, if deemed necessary, a gap analysis of any changes needed in order to recommend the use of the professionalism framework.

The regular transparency and confidentiality policies and practices of the IVSC and the IOSCO will apply to all of the above interactions.

Review of the agreement

Whilst it is expected that the above will address the key areas of mutual interest to discuss and progress from time to time, both the IOSCO and the IVSC acknowledge that the role of IVSs, national standards setters, valuation professional organizations and valuation professionals will continue to evolve.

Accordingly, representatives of the IVSC Board of Trustees and the Board of IOSCO will meet after 2 years, if advised to do so, to review how this arrangement has contributed to the goals outlined above and determine whether there is a need for any amendments or revision.

Non exclusivity

For the avoidance of doubt, nothing in this statement should be construed as limiting the rights of either party from forming future relationships, or entering into similar agreements, with any other organization.

Termination of the agreement

Either party may terminate this arrangement by giving not less than two months written notice by e-mail to the Chairman of the Board and the named contact person noted below.

Primary Contacts

The primary point of contact at the IVSC shall be Nicholas Talbot, Nicholas may be contacted at the IVSC's offices on the e-mail address ntalbot@ivsc.org.

The primary point of contact at the IOSCO shall be Kris Nathanail, Kris may be contacted at the IOSCO's offices on the e-mail address k.nathanail@iosco.org.

Should either of the primary contacts noted above change, the parties will ensure that appropriate named contacts will be appointed, and the details of the appointed individual(s) shall be shared.

Signed on behalf of IOSCO and IVSC:

A handwritten signature in black ink, appearing to read "Ashley Alder".

Ashley Alder
Chair of IOSCO Board

A handwritten signature in black ink, appearing to read "Alistair Darling".

Alistair Darling
IVSC Chair of Trustees