

IVSC SRB April Meeting Update 2023

Items shown in bold italics should include links to the relevant documents

This IVSC Update highlights preliminary decisions of the IVSC Standards Review Board (Board). Projects affected by these decisions can be found on the ***IVSC Publication Schedule***. The Board's final decisions on IVS® Standards and Amendments are formally balloted as set out in the ***IVSC Standards Review Board Due Process and Working Procedures***.

The Board met remotely on the 25th of April 2023

PRESENT:

Susan DuRoss (Chair)
Kim Hilderbrandt (KH)
Richard Stewart (RS)
Colin Martin (CM)
David Larsen (DL)
Doug Summa (DS)
Ian Jedlin (IJ)
Jose Covas (JC)

Matt Clark (MC)
Mauro Bini (MB)
Olivier Peronnet (OP)
Richard Hayler (RH)
Roy Farthing (RF)
Sandra Mossios (SM)
Susann Ihlau (SI)
Thomas Lee (TL)

OBSERVER:

Ahmad Sabry (AS)

IN ATTENDANCE:

Alexander Aronsohn (AA) – IVSC Technical Director Tangible Asset Standards
Nicolas Konialidis - IVSC Asia Director

APOLOGIES

Colin Martin (CM)
Kumar Dasgupta - IVSC Technical Director of Financial Instrument Standards

The topics in order of Discussion were:

Contents

Administration

- IVSC SRB Meeting Update March 2023
(IVSC SRB March Meeting Update 2023)
- IVS SRB New Member Introductions

Research and standard setting

- *IVS General Standards Review Update*
(2023.04.18. Draft IVS Exposure Draft)
- *IVS Asset Standards Review Update*
(2023.04.18. Draft IVS Exposure Draft)
- *IVS Exposure Draft Summary and Consultation Questions*
(2023.04.18. IVS Exposure Draft Summary and Consultation Questions)
- *IVS Exposure Draft Summary and Consultation Questions*

Planning

- *SRB Working Groups*
(2023.04.18. IVSC SRB Working Groups and 2023.04.18. IVSC SRB Working Group Update)
- *IVSC Agenda Consultation 2024*

Updates and Administration

- *IVSC Perspectives Papers*
(2023.04.04 NK Technology Valuation Paper v10 (no appendices))
- *Discussion Groups*
- *Governance*

The Board were asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

Administration

IVSC SRB Meeting Update March 2023 (IVSC SRB March Meeting Update 2023)

The Board reviewed the IVSC meeting update and agreed that it was an accurate report of the meeting. There were no further revisions suggested and the meeting update was approved by the SRB.

IVS SRB New Member Introductions

The Chair introduced the new members of the SRB to the existing members and asked each member of the SRB (new and old) to provide a two-minute introduction and to advise the Chair and Technical Director of any areas of special interest.

Research and standard setting

IVS General Standards Review (2023.04.18. Draft IVS Exposure Draft)

The Technical Director presented the update IVS General Standards Exposure Draft to the IVSC Standards Review Board (SRB).

The Technical Director advised that the IVSC 2023 Exposure Draft would go into consultation on Friday 28th April 2023 and that the Exposure draft included the following interactive elements: -

- *Definitions are italicised and shown when the mouse is hovered over them.*
- *Chapters can be accessed via clicking on the contents page or on the chevrons or squares at the beginning of each chapter.*
- *References can be accessed directly by clicking on the appropriate reference.*

The Board was not asked to make any decisions.

Next step

The Board were advised that DS, SD, and AA were providing webinars on the IVSC Exposure Draft over the next few weeks. The SRB were further advised that there would be more IVSC Exposure Draft webinars in June/July 2023 to remind constituents of the ongoing consultation and to encourage participation in the consultation process. The SRB were encouraged to provide separate presentations to their organisations and the Technical Director advised that he

had a standard IVS Exposure Draft presentation that he would be happy to share the presentation with SRB members and further advised that he would be happy to participate in any IVS Exposure Draft presentations.

IVS Asset Standards Review (2023.04.18. Draft IVS Exposure Draft)

The Technical Director presented the update IVS Asset Standards Exposure Draft to the IVSC Standards Review Board (SRB).

The Technical Director advised the Board that Asset Standards had been Revised to: -

- 1) Restructure and align the Asset Standards with the proposed revisions to the IVS General Standards.*
- 2) Update any references to the General Standards contained within the Asset Standards*
- 3) To include new topics within the Asset Standards, where applicable such as the sections on data and inputs and models.*

The Technical Director advised that the IVSC 2023 Exposure Draft Asset Standards would go into consultation on Friday 28th April 2023.

The Board was not asked to make any decisions.

Next step

The Technical Director asked the SRB to encourage their organisations and key stakeholders within their markets to participate in the consultation process,

IVS Exposure Draft Summary and Consultation Questions (2023.04.18. IVS Exposure Draft Summary and Consultation Questions)

The Technical Director advised that the IVS Exposure Draft Summary and Consultation Questions would be published at the same time as the IVS Exposure Draft on the 28th of April 2023.

The Technical Director further advised that this was a high-level document which provided the following rationale for changes to IVS: -

- 1. Ongoing changes in global markets and global valuation, including the increased use of technology and the abundance of available data sources.*

2. *Increased use of specialists and service providers by valuers in the performance of valuations.*
3. *Increased demand by stakeholders, including financial institutions, investors, and regulators, for clarity related to valuation process and the management of valuation risk.*
4. *Additional demands on valuation professionals to address new types of assets or liabilities and to expand the application of valuations into areas such as environmental, social and governance (ESG).*
5. *Integration of the proposed new financial instruments content. The Board agreed that the paper would act as a precursor to the introduction of more specific requirements on the management of valuation risk within IVS.*

The Technical Director further advised that the consultation period on the proposed changes opens on 28 April 2023 for 3 months until 28 July 2023 and that comments can be submitted in the following ways:

- Personal email to aaronsohn@ivsc.org
- online via the IVSC website
- Link to PDF on website

The Board was not asked to make any decisions.

Next step

The Technical Director asked the SRB to encourage their organisations and key stakeholders within their markets to participate in the consultation process,

IVS Exposure Draft Red Line Status

The Technical Director advised that there was no red line version of the IVS Exposure Draft being issued. The Technical Director further advised that this was partly a resourcing issue but also because the IVS Exposure Draft was subject to change post consultation and therefore the issue of two red line versions (*pre and post consultation*) could cause confusion. The Technical Director advised that he had also reviewed the IVS Governance procedures and there was no requirement to issue a red line version for the IVS Exposure Drafts.

The Board was not asked to make any decisions.

Next step

The Technical Director is to draft a red line version of IVS once IVS is finalised post consultation.

Planning**SRB Working Groups (2023.04.18. IVSC SRB Working Groups and 2023.04.18. IVSC SRB Working Group Update)**

The Board reviewed the existing SRB working groups and agreed to have a full review of the existing SRB working groups. Further to discussion the Board agreed to have the following SRB working groups: -

Proposed SRB Topic Related Working Groups

1. IVSC SRB ESG Working Group (Also ISSB)
2. SRB IOSCO Working Group
3. SRB Valuation Risk Working Group
4. SRB Listed vs Unlisted Working Group
5. SRB Basis of Conclusions Working Group

Proposed SRB Standard Setting Working Groups

- A. SRB Glossary and IVS Framework Working Group
- B. SRB IVS 101 Scope of Work & IVS 106 Documentation and Reporting Working Group
- C. SRB IVS 102 Bases of Value & IVS 103 Valuation Approaches Working Group
- D. SRB IVS 104 Data & Inputs & IVS 105 Valuation Models Working Group

Next step

The SRB are to advise SD, IJ and AA of any preferences in relation to joining a particular SRB working groups, after which a revised list of SRB working group members is to be compiled and distributed for comment and review by Friday 26th May. The revised list of SRB working group members is to be circulated in advance of the next SRB meeting on the 31st of May and to be finalised during the next SRB meeting. Prior to the working groups invitations being distributed the BVB, FIB and TAB are to review their participants within the working groups to ensure that the Asset Board members of these working groups include any new board members who have a particular interest or experience within the topic related working groups.

IVSC Agenda Consultation 2024

The Technical Director provided details on the previous IVS agenda consultation and advised that the agenda consultation normally included a gap analysis including the following categorisation and prioritisations for topics:

- Short Term 0 to 2 years
- Medium Term 2 to 5 years
- Long Term 5 years plus

The Board were further advised that the Agenda consultation included a list of key topics for consideration and review and that previous key topics were as follows;

- Automated Valuation Models (AVMs)
- Environmental, Social and Governance (ESG)
- Long-term Value
- Social Value
- Uncertainty and Risk
- Data Management

The Board were also advised that the agenda consultation also included an update on the previous agenda consultation and consultation questions to ensure that both the topic prioritisations and the proposed topic were in line with market needs.

The SRB reviewed the topics from the previous agenda consultation and provisionally felt that the following topics should be included in the next IVS Agenda Consultation: -

- Agricultural Land (TAB)
- AVMs and Artificial Intelligence
- Biological Assets (forests, plantations etc) (TAB)
- Block Chain
- Compulsory Purchase (TAB)
- Crypto Currency
- Data and Data Handling
- Development Property (TAB)
- Discounted Cashflows (TAB)
- Expropriation/compensation
- Extractive Industries (TAB)
- Environmental, Social and Governance (ESG)

- Impairment of Assets
- Insolvency and Bankruptcy
- Insurance Valuations
- Private vs Public Markets
- Prudential Value
- Taxation (TAB)
- Trophy Assets
- Unregistered land
- Valuation in a volatile market (TAB)
- Valuation Risk

The Board also felt that prior to any topic being chosen the following questions should be answered:

1. What is the problem?
2. Where does this problem exist?
3. How is this consistent with the IVSC mission?
4. What is the solution?
5. What is the process to accomplish this? (i.e., perspective papers or standard setting).

Next step

The Agenda Consultation should be included as an agenda item for the next SRB and a revised topic list should be circulated in advance of the next SRB call. The SRB also discussed a process for a future topic identification and the chairs and technical directors agreed that they would propose a process in advance of the next SRB meeting.

Updates and Administration

IVSC Perspectives Papers (2023.04.04 NK Technology Valuation Paper v10 (no appendices))

The Technical Director advised that the BVB had submitted the following draft perspectives title “2023.04.04 NK Technology Valuation Paper v10 (no appendices)” for consideration and review.

Next step

The SRB to consider the attached perspectives paper and to provide any comments or revisions in advance of the next SRB call where the draft

perspectives paper will be submitted to the SRB for final review prior to publication.

Discussion Groups

The Board were provided with a presentation on the discussion groups and how they could aid virtual discussions and revisions to standards and technical papers in between monthly meetings.

The Board were also advised that the Discussion Groups would also be used by the SRB working groups and would be particularly useful for the consideration of consultation responses.

The Technical Director also advised that he would be using the discussion Groups to post the agenda and attachments for future SRB meetings.

The SRB members were encouraged to join the SRB discussion group and to post any comments that they had in relation to documents in between meetings.

Next step

The Technical Director is to work in conjunction with Danuta Wojtowicz to ensure that the Discussion Group are now working correctly. SRB members should email both the Technical Director (aaronsohn@ivsc.org) and Danuta Wojtowicz (dwojtowicz@ivsc.org) in relation to using the Discussion Groups so they can contact the developers and ensure that they are working correctly.

Governance

SD advised the new members of general matters in relation to Governance and further advised the SRB that any papers distributed to the SRB were confidential and should not be distributed to other parties.

Next step

None.