

IVSC SRB February 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 22 February 2023

PRESENT:

Mark Zyla – Chairman (MZ)	Ian Jedlin (IJ)
Ahmed Sabry (AS)	Olivier Peronnet (OP)
Ben Elder (BE)	Richard Stewart (RS)
Colin Martin (CM)	Robert Boulton (RB)
David Larsen (DL)	Roy Farthing (RF)
Doug Summa (DS)	Susan DuRoss (SD)

IN ATTENDANCE: Alexander Aronsohn (AA) – IVSC Technical Director Real Estate Standards
 Kevin A Prall (KP) - IVSC Technical Director of Business Valuation Standards
 Nicolas Konialidis - IVSC Asia Director

APOLOGIES

Mauro Bini (MB)
 Kumar Dasgupta - IVSC Technical Director of Financial Instrument Standards
 Richard Hayler (RH)
 Thomas Lee (TL)

The topics in order of Discussion were:

Contents

Work Plan overview

- ***IVSC Standards Review Board February Meeting Update 2023***
IVSC Publication Schedule 13th February 2023

Research and standard setting

- ***IVS General Standards Review***
- ***IVS Asset Standards***
- ***Valuation Risk Management***
- ***Prudential Value***

Other

- ***IVSC SRB Physical Meeting Agenda March 2023***

IVSC Working Groups

- ***2023.02.13. IVSC Standards Review Board Working Group Update***
- ***2023.02.13. IVSC Tangible Assets Board Working Groups Update***

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

Work plan overview

IVSC Publication Schedule 13th February 2023 (IVSC Publication Schedule 13th February 2023)

The Board met remotely on 22nd February 2023 to discuss the publication schedule. The Board reviewed the publication schedule and suffered no further revisions.

Research and standard setting

IVS General Standards Review

- The Board met remotely on 22 February 2023, discussed, and agreed potential revisions to the IVS General Standards Exposure Draft prior to going into a three month consultation in April 2023.
- The Board reviewed the new draft ESG Appendix to be included within IVS 104 Data and Inputs.
- The Board discussed the new section on quality control and felt that more detailed content was required for this section. The Board tasked the IVSC General Standards working group with reviewing this section.
- The Board reviewed the recommendations made by the IVSC Valuation Review working group.

The Board was not asked to make any decisions.

Next step

The SRB Board are in the process of finalising the IVS General Standards Exposure Draft and aim to complete revisions to the Exposure Draft during the March Singapore meeting with a view to going into a 12-week public consultation on the 28th April 2023. Further to public consultation, the Boards are planning to publish the next edition of IVS Effective 31st July 2024 on the 31st January 2024.

IVS Asset Standards Review

The Technical Boards are in the process of reviewing the Asset standards to:

- 1) Restructure and align the Asset Standards with the proposed revisions to the IVS General Standards.
 - 2) To include new topics within the Asset Standards, where applicable such as the sections on data and inputs and models.
- The Board agreed to review the Asset standards post the BVB and TAB March meetings in Sydney to ensure the cohesion between the revised Asset Standards and the revised General Standards.

Next step

The Technical Boards are in the process of finalising revisions to their Asset Standards and will distribute the revised Asset Standards to the Board for consideration and review post the BVB and TAB Sydney March meetings.

The Board was not asked to make any decisions.

Valuation Risk Management

- The Board further discussed Valuation Risk management and how this was not only a key topic for investors and valuers but also a key topic for regulators.
- The Board tasked the Valuation Risk Management working group with making recommendations to the SRB drafting a preliminary draft perspectives paper on the “*Nature of Valuation Risk*” to be published in Q2/Q3 2023.
- 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.

Next step

The Valuation Risk Management working are to draft a preliminary perspective paper on the “*Nature of Valuation Risk*”. The Board will also draft a consultation question on valuation risk as part of the IVS consultation process.

Prudential Value

- The Technical Director advised that the UK Prudential Regulatory (part of the Bank of England) had issued an Exposure Draft on Implementation of Basel 3.1 and responses were due by Friday 31st March.
- The Boards discussed a response to this Exposure Draft and agreed that as the issue related to all asset classes a response should be prepared by the SRB.
- The Board were concerned that the proposed long term value methodology would not work across all markets due to global data challenges and were concerned that an inconsistent global approach.
- RICS are holding a round table discussion on the implementation of Prudential Value in on Tuesday 7th March 2023 and the IVSC Technical Director will be attending and will provide feedback.

Next step

The Board set up an IVSC SRB Prudential Value working group (CM, DS and AA) to discuss a potential draft response to the PRA on Prudential Value though noted that this was more of a UK issue. The Technical Director is to update the SRB on the RICS Prudential Value round table.

Other

IVSC SRB Physical Meeting March 2023

The Board discussed the proposed agenda for the SRB March Singapore meeting and agreed that the main focus of the agenda should be as follows;

- IVS General Standards Exposure Draft
- IVS General Standards Exposure Draft Summary of Changes
- IVS General Standards Exposure Draft Consultation Questions.
- IVS General Standards Exposure Draft Stakeholder Engagement

Next step

The revised IVS General Standards Exposure Draft to be distributed to the Board in advance of the March meeting.