

## IVSC SRB July 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 26<sup>th</sup> of July 2023

### **PRESENT:**

Susan DuRoss (Chair)  
Kim Hilderbrandt (KH)  
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)  
Richard Stewart (RS)  
Roy Farthing (RF)  
Sandra Mossios (SM)  
Thomas Lee (TL)

### **OBSERVER:**

Ahmad Sabry (AS)

### **IN ATTENDANCE:**

Alexander Aronsohn (AA) – IVSC Technical Director Tangible Asset Standards

### **APOLOGIES**

Susann Ihlau (SI)  
Kumar Dasgupta - IVSC Technical Director of Financial Instrument Standards  
Nicolas Konialidis - IVSC Asia Director

The topics in order of Discussion were:

## **Contents**

### **Administration**

- IVSC SRB Meeting Update July 2023  
*(IVSC SRB July Meeting Update 2023)*
- BVB Update  
*(2023.07.25 BVB Update for SRB meeting 26th July 2023)*
- FI Board Update  
*(2023.07.19. FIB Update for SRB meeting scheduled 26th July 2023)*
- TAB Update  
*(2023.07.19. TAB Update for SRB meeting 26th July 2023)*

### **Standard setting**

IVS Exposure Draft Update  
*(2023.07.18. IVS Exposure Draft Presentations)*

### **Discussion**

Valuation of Data in Business Valuation  
*(2023.07.21 IVSC SRB Topic Form - Data Valuation)*  
Other Standard Setters Consultations  
*(issb-rfi-2023-1.pdf AND ed-issb-2023-1-international-applicability-sasb-standards.pdf)*  
Application Guidance

### **Administration**

SRB Working Groups Update  
*(2023.07.18. IVSC SRB Working Groups)*  
IVSC SRB Meetings 2023 to 2024

- *29th – 31st August: Physical Meeting London*
- *9th – 11th October: AGM Paris*
- *26 February – 1 March 2024 (Middle East)*
- *13 May – 17 May (USA)*

IVSC Agenda Consultation 2024  
*(2023.07.19. Proposed Agenda Consultation Topics)*  
Discussion Groups

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 June 23 (IVSC SRB June 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.

### **BVB Update**

The Business Valuation Board held a physical meeting in the offices of KPMG in Tokyo over two and a half days, from 17th to 19th July 2023 and discussed the following topics: -

- Impact of ISSB S1 and S2 on IVS
- Intangible Assets
- Is there a need for fewer basis of value?
- Data Providers, Specialists and Service Providers for BV
- Automated Valuation Models (AVM) for Business Valuation
- Appropriateness of Ranges
- Appropriateness of Weightings
- Valuation of Data:
- Transfer Pricing and IVS
- Public vs Private
- Agenda consultation
- Governance of collective investments (ESMA report on Common Supervisory Action)
- Cryptocurrencies
- Intangible Asset series of perspective papers

### **FI Board Update**

The FIB is currently planning process for addressing the comments on the ED and preparing for their physical meeting in Toronto to be held between the 13th and 14<sup>th</sup> September 2023. The FIB plans to discuss the following topics at that meeting; -

- Comments on Governance;
- Comments on Data;
- Comments on Methods and Models;
- Comments on Quality Control;
- Compliance and certification of valuations under IVSs.

## **TAB Update**

The TAB met on 12 July 2023 and since the last SRB meeting TAB has focused on the following:

1. Continued Integration of four new Tangible Asset Board members.
2. Inclusion of Global Insights and Markets Update as a standing agenda item.
3. Preparing a Prudential Value Update to be published in the IVSC July ENews.
4. Providing feedback from the SRB in relation to the topic proposal titled "2023.06.19. IVSC SRB Listed vs Unlisted Topic Proposal" and discussing next steps.
5. Update on meeting with APRA (*Australian regulators*) where issues in relation to unlisted and listed valuations, transparency and prudential value were discussed.
6. Enquiry/introduction to Council of Europe (following creation of register of damage for Ukraine, being the first step to creation of an international compensation mechanism).
7. Review of Tangible Asset Board working groups
8. Review the provisional list of Tangible Asset Board Agenda Consultation topics.
9. Potential IVSC TAB Meetings 2023 to 2024 (*IVSC AGM 10-11th October 2023, TAB Meeting: 26 February – 1 March 2024 and IVSC AGM October 2024 (Singapore)*)
10. Preparation of AGM topics (*ESG, AI & machine learning*), including coordination of guest speakers from Caisse des Depots Group.
11. The Tangible Assets Board Chair and Technical Director have been and continue to be involved in various instances of outreach;
  - a. *Presentation to Hypzert on 20 June 2023 on IVS.*
  - b. *Presentation to CBVI Board on 20 June 2023 on IVS.*
  - c. *Presentation to Luxembourg VPO on 22 June 2023 on IVS.*
  - d. *Presentation to AVI on 23 June 2023 on IVS.*
  - e. *Presentation to ASB on 23 June 2023 on IVS.*
  - f. *Presentation to Luxembourg VPO on 30 June on IVS*
  - g. *Presentation to Stout on 30 June on IVS*
  - h. *Presentation to AaRVF on 1 July on IVS*
  - i. *Presentation to API on 4 July on IVS*
  - j. *Presentation to CFA on 4 July on IVS*
  - k. *Presentation to Mexican. Stock Exchange on 5 July on IVS*

- l. Presentation to UPAV Workshop on 10 July on IVS*
- m. Presentation to Les France International on 11 July on IVS*
- n. Presentation to Real Estate of Zimbabwe on 14 July on IVS*
- o. Presentation to TAQEEM on 18 July on IVS*
- p. Presentation to Italy Summer School on 21 July on IVS*
- q. Presentation to S & P on 25 July on IVS*

## Standard setting

### **IVS Exposure Draft Update (2023.07.18. IVS Exposure Draft Presentations)**

The Board was advised of the following schedule of IVS Exposure Draft presentation:

Date	Organisation	Type	Presenter
<b>Provided</b>			
16 April 2023	European Mortgage Federation	Full	AA
08 May 2023	RICS	Full	AA, DS
09 May 2023	IVSC EMEA	Full	AA, DS, SD
11 May 2023	IVSC Americas	Full	AA, DS, SD
16 May 2023	IVSC Asia	Full	AA, DS, SD
16 May 2023	Mazars	Partial	AA
18 May 2023	Chamber of Valuers North Macedonia	Full	AA
24 May 2023	TAQEEM	Full	AA
29 May 2023	CMVM Portugal	Full	JC
30 May 2023	Officer of the Valuer General of South Africa	Full	AA, KB
31 May 2023	ISCTE University Portugal - Real Estate Masters	Full	JC
05 June 2023	SSBV	Full	AA
14 June 2023	Valuation Control Discussion Group (NY)	Full	DS
16 June 2023	ISEG - RICS Accredited Course	Full	JC
19 June 2023	Bank of Portugal	Full	JC
20 June 2023	Carter Jonas	Full	BE
21 June 2023	APFIIP - Portuguese Association of REITS	Full	JC
20 June 2023	Hypzert	Full	AA
23 June 2023	ASB	Full	AA, NT
27 June 2023	Lincoln	Full	DS, LL, LW
30 June 2023	Luxembourg VPO	Full	AA, NK
30 June 2023	Stout	Full	AA
01 July 2023	Assessors and Registered Valuers Foundation (AaRVF)	Full	AA, KH, SKD
04 July 2023	API	Full	AA
04 July 2023	CFA	Full	AA, NK
05 July 2023	Mexican Stock Exchange	Full	AA, DS, SD
10 July 2023	UPAV Workshop	Full	AA, SD
11 July 2023	Les France International	Full	AA, NK
14 July 2023	Real Estate Institute of Zimbabwe	Partial	AA
18 July 2023	TAQEEM	Full	AA
21 July 2023	Italy Summer School	Full	AA
25 July 2023	S & P	Partial	AA, DS, SD

The Board was advised that the IVSC had received 51 IVS Exposure Draft consultation responses so far and that the consultation closed on the 28<sup>th</sup> of July 2023.

The Board was further advised that there were a number of responses due to come over the next two weeks as a number of organisations were awaiting final board approval for their submissions.

The Board agreed that they would consider all consultation responses even those received post consultation.

The Board discussed the organisations and stakeholders that were still due to provide IVS Exposure Draft consultation responses and SRB members volunteered to chase responses within their organisations, where applicable.

The Board was also advised that the IVSC were aiming to receive over 100 responses, which would be more than double the number of responses received from previous IVS consultations.

The Board also discussed key issues emanating from the consultation responses received so far and was advised that the key issues so far were as follows; -

- *Alignment with Other Standards*
- *Application Guidance/Examples*
- *Compliance Hierarchy Order*
- *Data/Interpretation/Hierarchy of Inputs/ESG*
- *Documentation – Significant Inputs, Record Keeping*
- *Must and Should*
- *Quality Control and Smaller Firms*
- *Use of Specialist/Use of Service Organisation Examples*
- *Valuation Risk*

The SRB also discussed the working group meetings for the following 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*

Further to discussion the SRB agreed that the working group meetings should be started as soon as possible.

## **Next steps**

Technical Director is to send invited for the SRB Standard Setting working group meetings and is to compile the IVS Exposure Draft responses within a word document and to distribute to the SRB for consideration and review.

## **Discussion**

### **Valuation of Data in Business Valuation (2023.07.21 IVSC SRB Topic Form - Data Valuation)**

The Board was advised that the topic is part of the IVSC Perspective paper series on Intangible Assets (Part 5) and the subject of the perspectives paper is the valuation of data.

The Board discussed the topic form submitted by the BVB and made the following comments in relation to the establishment of pure data as an Intangible Asset and alignment with existing accounting standards in relation to data;

*The key issues around recognition of IA under IFRS relate to the criteria. i.e.*

- (i) **Identifiable, meaning**  
*Separable – capable of being separated or divided from the entity and sold, transferred, licenced, rented or exchanged*  
*Arises from contractual or legal right, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.*
- (ii) *Controlled by the entity and expected to provide future economic benefits to the entity – meaning*
- *Power to obtain future economic benefits; and*
  - *Restrict access of others to those benefits*

*Generally, it is identifiability that stops recognition. But with pure data, I suspect that control is also an issue. Take a customer list in banking acquisitions – clearly just data with names and addresses on it of customers of the bank. But it meets all the criteria above. Crucially, no one else has the list. But with other pure data? How can you say that others don't know it? how can you prevent others from profiting from it? With a customer list its clear. Only you have it. With a list of 100,000 people and whether they like marmite or not – how do you know that only you have the information?*

*Data is a massive wide-ranging term that range from names and addresses to complex algorithms to crypto block chains. I suggest that you try and narrow it down to what you actually want to talk about...*

Further to discussion the Business Valuation Technical Director was asked to review the email from Colin Martin on the 3<sup>rd</sup> of July 2023 in relation to data and to revise and resubmit the topic form taking into account requirements contained within the International Accounting Standards.

***Next steps***

The Business Valuation Technical Director is to revise the topic form to include reference to International Accounting Standards and once revised to resubmit the topic form to the Standards Review Board for approval.

***Other Standard Setters Consultations (issb-rfi-2023-1.pdf AND ed-issb-2023-1-international-applicability-sasb-standards.pdf)***

The Board discussed recent consultations issued by the ISSB and other standard setters and whether the IVSC should comment on other standard setters work.

The Board discussed what other standard setters did in relation to commenting on other standard setters' consultation and noted that FASB did not comment on AICPA consultation.

The Technical Director advised that in the past the IVSC would not engage in formal consultations issued by other standard setters but occasionally contacted them on an informal basis to discuss any issues in relation to different valuation perspectives or alignment with IVS.

The Board noted that certain consultations such as recent ISSB consultations required a response from the IVSC to ensure alignment and to provide a valuation perspective.

Further to discussion it was agreed that each consultation should be considered on a case-by-case basis and the relevant Technical Director should provide a topic form as proof of concept prior to engaging in a consultation.

***Next steps***

Prior to responding to consultations, the Technical Directors should submit a topic form as proof of concept for SRB approval. In situations where the Board is in disagreement with contents contained within other standard setters consultations, efforts should be made to verbally raise the concerns with the appropriate parties on an informal basis.



## **Application Guidance**

The Financial Instruments Board chair advised that from an initial review of the IVS Exposure Draft consultation responses received in relation to the revised IVS 500 Financial Instruments several responses were requesting additional technical application guidance.

The Financial Instruments Board chair asked the Board's view in relation to issuing application guidance.

The Technical Director advise that in the past the previous incarnation of the Board had tried to issue illustrative examples for IVS and was advised by IVSC members and in particular VPO's that IVS was an overarching principle based standard and that the issuing of valuation guidance was not within their remit as this was issued by VPOs, who were members of the IVSC.

The Board discussed the issue further and noted that though there were VPO's for both business valuation and tangible assets valuation who issued more detailed guidance in relation to the implementation for IVS within their markets there were currently no VPOs for financial instruments with the exception of AICPA who issued valuation guidance.

Furthermore, the Board noted that there was a lack of technical guidance for Financial Instruments and if this was not issued by the IVSC it was not clear who would issue technical guidance to ensure a consistent and transparency approach for the valuation of financial instruments.

The Board discussed the possibility of issuing separate caveated staff papers as per IFRS or perspective papers to provide much needed technical guidance for the valuation of Financial Instruments.

## ***Next steps***

Further to a review of the IVS 500 Financial Instruments consultation responses the Financial Instruments Board will come up with a proposal to be approved by the Board in relation to issuing financial instruments technical guidance.

## Administration

### **SRB Working Groups Update (2023.06.19. IVSC SRB Working Groups New Proposed)**

The Board was advised that the "2023.06.19. IVSC SRB Working Groups New Proposed" spreadsheet had been updated post responses received from members of the IVSC Asset Boards members in relation to their participation.

The Board also was further advised that the SRB working groups were as follows:-

#### ***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*

The Board were advised that the SRB Topic Related Working Groups had been reactivated from July 2023 and are meeting on a monthly basis.

The Board further agreed that the Standard Setting Working groups should be reactivated in August, once the IVS Exposure Draft consultation has closed and all the responses had been received and compiled.

#### ***Next step***

The Technical Director should send out invites for the SRB Standard Setting working groups when the IVS Exposure Draft consultation period has finished, and the responses have been compiled.

### **IVSC SRB Meetings 2023 to 2024**

The SRB discussed the following proposed IVSC SRB physical meetings for 2023 to 2024.

- *SRB Meeting: 29 August – 31 August 2023 (London)*
- *IVSC AGM 9 -11th October 2023 (Paris, topics/speakers)*
- *SRB Meeting: 26 February – 1 March 2024 (Middle East)?*
- *SRB Meeting: 13 May – 17 May (USA)?*
- *IVSC AGM October 2024 (Singapore)?*

The SRB confirmed that for the IVSC Paris AGM the SRB would meet for on the 9<sup>th</sup> of October and in the morning of the 10<sup>th</sup> of October and that the asset boards would meet in the afternoon of the 10<sup>th</sup> of October and on the 11<sup>th</sup> of October.

The TAB generally discussed locations for a February meeting on the Middle East and a May meeting in the USA, but no decision was taken.

#### ***Next step***

The SRB should include this as an Agenda item for the next SRB meeting and should endeavour to agree potential locations for the SRB February and May meetings.

### **IVSC Agenda Consultation 2024 (2023.06.19. Proposed Agenda Consultation Topics)**

The Board was advised that the IVSC is committed to publishing an Agenda Consultation as part of an open consultative standard setting-process and that the next IVS Agenda Consultation was due to be published in 2024.

The Board was further advised that the inclusion of the following topics were being considered for inclusion in the Agenda consultation: -

- *Agricultural Land (TAB)*
- *AVMs and Artificial Intelligence (ChatGPT)*
- *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*
- *Quality Control and Sole Proprietor (TAB)*
- *Reasonable Range*
- *Taxation (TAB)*
- *Trophy Assets*
- *Unregistered land*
- *Valuation in a volatile market (TAB)*
- *Valuation Risk*

The Board also discussed the process for agreeing topics to be included in the agenda consultation and agreed that each Board should fill in the new topic form for their proposed agenda item(s) and that these topics should be discussed and agreed at the SRB.

### ***Next step***

The Technical Directors are to share the topic form with their Boards for consideration and review.

### **Discussion Groups**

The Technical Director also advised that he would continue to use 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***

SRB members should email both the Technical Director ([aaronsohn@ivsc.org](mailto:aaronsohn@ivsc.org)) and Danuta Wojtowicz ([dwojtowicz@ivsc.org](mailto:dwojtowicz@ivsc.org)) in relation to using the Discussion Groups so they can assist with any difficulties.