

IVSC SRB May 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 31st of May 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)
Richard Hayler (RH)
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

Olivier Peronnet (OP)
Richard Stewart (RS)
Roy Farthing (RF)
Kumar Dasgupta - IVSC Technical Director of Financial Instrument Standards

The topics in order of Discussion were:

Contents

Administration

- IVSC SRB Meeting Update May 2023
(IVSC SRB May Meeting Update 2023)
- BVB Update
- FI Board Update
- TAB Update

Standard setting

IVS Exposure Draft Update

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

Discussion and Planning

IVSC SRB Bylaws, Due Process and Working Procedures

(IVSC SRB Bylaws, Due Process and Working Procedures)

IVSC Agenda Consultation 2024

SRB Working Groups

(2023.05.24. IVSC SRB Working Groups New Proposed)

Publications

IVSC Perspectives Papers

(2023.05.07 Technology Valuation Paper v16)

Administration

IVSC SRB Meetings 2024

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 May 23 (IVSC SRB May 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 Board was provided with the following BVB Update: -

Over the past few weeks, the BVB has focused on the following:

1. *Bringing the final review and editing the perspective paper on Valuation of Technology.*
2. *Inclusion of the new Board members, who have brought new perspectives and renewed impetus.*
3. *Planning for the Tokyo meetings (Scheduled 17-19 July).*
 - a. *Specifically, the BVB wants maintain the momentum in thought leadership initiated during the brainstorming sessions in Sydney:*
 - i. *The valuation of Data, which will be written by Elena Moisei and NK*
 - ii. *Capstone Perspective Paper on Intangible Assets*
 - iii. *BVB contribution to the working group on risk and uncertainty in valuation.*
 - iv. *BVB contribution to the working group private vs public valuations.*
 - v. *BVB contribution to the design of the upcoming agenda consultation.*
4. *The BVB also realises that the release of the Exposure Draft on S1 by the ISSB (expected in June 2023) will require its input around ESG issues.*
5. *Richard Stewart and NK are involved in delivering a chapter on behalf of the IVSC to a "Handbook on Intangibles: Accounting, Reporting, and Valuation" edited by two Italian academics.*
6. *Members of the BVB have been and continue to be involved in various instances of outreach:*
 - a. *Richard Stewart gave an update about ESG to the CBV Institute (May 2023)*
 - b. *Elena Moisei has set up a meeting for the LVPA (Luxemburg) to present the IVS ED.*
 - c. *NK and AA have arranged a virtual ED exposure event with the CFA Society (Hong Kong) on 4th July.*
 - d. *NK is in the process of setting up a physical meeting for the IVAS (Singapore) and local Board members (6th July), with attendance of Srividya Gopal.*

FI Board Update

The Board was provided with the following FI Board Update: -

- New board members integrated into the FI Board.
- Main focus of the Board was revisions to IVS 500 Financial Instruments.
- Awaiting comments from IVS Exposure Draft consultation prior to making changes to IVS 500.
- FI Board currently considering drafting further FI perspectives papers.
- FI Board currently focussed on outreach to key stakeholders including S & P and are proving several IVS Exposure Draft presentations.
- FI Board currently planning a physical meeting in Toronto in September.

TAB Update

The Board was provided with the following TAB Update: -

Over the past few weeks, the TAB has focused on the following:

1. *Integration of four new Tangible Asset Board members.*
2. *Prudential value and next steps.*
3. *Preparing a briefing paper for the Standards Review Board and our Assets Board on "Valuation of Assets in a listed vs unlisted environment".*
4. *Preparing a provisional list of Tangible Asset Board Agenda Consultation topics.*
5. *Review of Tangible Asset Board working groups, which is still a work in progress.*
6. *The Tangible Assets Board Chair and Technical Director have been and continue to be involved in various instances of outreach;*
 - a. *Meeting with the International Public Sector Accounting Standard Board (IPSASB) to discuss collaborative approach and future mutual recognition.*
 - b. *Participation in the Institute of Company Secretaries of India panel discussion on ESG and Climate Change.*
 - c. *Participation in discussion with the Bank of England on Valuation.*
 - d. *Discussion with APV on the use of the Cost Approach within IVS.*
 - e. *Preliminary discussions with NK regarding potential meeting with APRA (Australian Prudential Regulation Authority) in Melbourne or Sydney. Meeting will include NK and either IJ,RS or KH but this will partly depend on who they are meeting.*
 - f. *Presentation on 5 June to the Society of Share and Business Valuers (SSBV) on IVS.*
 - g. *Participation in the Kroll panel discussion on 13 June 2023 on ESG.*

h. In addition the Technical Director has provided or is due to provide the following Exposure Draft Presentations;

Date	Organisation	Type	Presenter
Provided			
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
30 May 2023	Officer of the Valuer General of South Africa	Full	AA, KB
Planned			
20 May 2023	Hypzert	Full	AA
22 June 2023	Luxembourg VPO	Full	AA, NK
23 June 2023	ASB	Full	AA, NT
04 July 2023	API	Full	AA
04 July 2023	CFA	Full	AA, NK

Standard setting

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

The Board was advised that the IVS Exposure Draft went into consultation on the 28th April 2023 and that the consultation closes on the 28th July 2023.

The Board was further advised that the IVS Exposure Draft included the following interactive elements: -

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

The Board was also advised that the IVS Exposure Draft Summary and Consultation Questions were published at the same time as the IVS Exposure Draft on the 28th of April 2023.

The Board was 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 Board was also advised that comments could 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 further advised that DS, SD, and AA had provided the following webinars on the IVS Exposure Draft; -

- *Monday 8th May 2023 RICS*
- *Tuesday 9th May IVSC European Members*
- *Thursday 11th May 2023 IVSC Americas Members*
- *Tuesday 16th May IVSC Asian Members*
- *Thursday 18th May 2023 Chamber of Valuers North Macedonia*
- *Wednesday 24th May 2023 TAQEEM*
- *Tuesday 30th May 2023 Officer of the Valuer General of South Africa*

The Board was 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 Board was also advised that the Technical Director had a standard IVS Exposure Draft presentation that he would be happy to share with SRB members.

The Technical Director further advised that he would be happy to participate in any IVS Exposure Draft presentations to organisations and stakeholders

The Board was not asked to make any decisions.

Next step

The SRB was encouraged to provide presentations to their organisations and key stakeholders within their markets and to encourage organisations and key stakeholders within their markets to participate in the consultation process.

Discussion and Planning

IVSC SRB Bylaws, Due Process and Working Procedures (IVSC SRB Bylaws, Due Process and Working Procedures)

The Board discussed the IVS Bylaws and working procedures and were advised that the activities of the Board included:

"Establishing methods and procedures whereby the SRB may, with the technical boards, issue IVS Exposure Drafts, Invitations to Comment, Perspectives Papers and like documents in order to broadly consult with experts, parties interested in valuation standards and the public at large."

The Board was further advised that the Board Chairs and Technical Directors had drafted a topic form to ensure that there was a written record of these processes.

Further to discussion, the Board agreed that the topic form should include an Administration section including the following information:

- *Date*
- *Submitted by*
- *Proposing Board (SRB, BVB, FIB & TAB)*
- *Potential Interest from other Boards (SRB, BVB, FIB & TAB)*
- *Type (Standard, Agenda Consultation, Perspectives Paper, Other)*

The Board also reviewed the questions and revised them as follows;

- *What is the topic?*
- *What is the problem statement?*
- *Where does the problem exist?*
- *How do you intend to address this problem?*
- *How is consideration of this topic consistent with the IVSC mission?*
- *What is the process required to accomplish this solution?*

The Board also agreed that the topic form should include the following administration post review:

- *Date submitted to the SRB*
- *SRB*
- *SRB conclusion*
- *Next Steps*

Next step

The Director is to revise the topic form in advance of the next SRB meeting and distribute to the SRB for consideration and review.

IVSC Agenda Consultation 2024

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
- 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. The TAB is to submit a topic form on listed vs unlisted assets to be considered by the SRB at their next meeting.

SRB Working Groups (2023.05.24. IVSC SRB Working Groups New Proposed)

The Board was advised of updates to the “2023.05.24. IVSC SRB Working Groups New Proposed” spreadsheet.

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 was also advised that the spreadsheet had been revised according to SRB Board member’s preferences.

Next step

The Technical Directors are to send the working group spreadsheet to their Asset Boards (*BVB, FIB, TAB*) so the Asset Boards can review their working group participants to ensure that the Asset Board members have a particular interest or experience within the topic related working groups. The Asset Board review is to be completed in advance of the next SRB meeting so working group invites can be sent out after the June SRB meeting.

Publications**IVSC Perspectives Papers (2023.05.07 Technology Valuation Paper v16)**

The Technical Director advised that the BVB had submitted the following draft perspectives title “2023.05.07 Technology Valuation Paper v16” for publication approval.

The Technical Director advised that he had received some comments and revisions from the SRB and had revised the attached document accordingly.

The Board reviewed the perspective paper and provided publication approval.

Next step

The Technical Director is to send the perspective paper to the IVSC Communications Director for final formatting prior to publication in the IVSC Enews.

Administration

IVSC SRB Meetings 2024

The SRB discussed the IVSC Paris AGM 2023 and agreed that the SRB would meet on Monday 9th and on the morning of Tuesday 10th October and the Technical Boards would meet on the afternoon of the Tuesday 10th October and on Wednesday 11th October.

The SRB also discussed potential dates for SRB physical meetings in 2024 and further to discussion proposed the following dates and locations for meetings: -

- *February/March 2024 (Middle East)*
- *May 2024 (USA)*

Next step

The Technical Director is to send an email to the SRB confirming availability for meetings in February/March 2024 and May 2024. The 2024 meeting dates are to be included as an agenda item for the next SRB call. Further to the responses received the preferred dates are as follows:

- *26 February – 1 March 2024 (Middle East)*
- *13 May – 17 May (USA)*

Discussion Groups

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

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.