



International Valuation Standards Committee

IVSC E-News Issue 10 Jan 2007

Developing global valuation standards

Proposals to restructure IVSC released for consultation

Radical proposals for restructuring the IVSC were published today – 18 January 2007 – and are available on the IVSC website – www.ivsc.org

The IVSC has embarked on a proposed major restructuring process not unlike that undertaken by the International Accounting Standards Committee in the late 1990s that led to the creation of the International Accounting Standards Board (IASB).

Chairman of the IVSC, Joseph Vella, introducing the proposals said, “ *The valuation profession is under the spotlight as never before. The greater use of fair value has significantly raised the profile of valuations used for financial reporting purposes and is triggering increased scrutiny of the profession from regulators and other parties. The valuation profession is being challenged to come together around a set of robust and high quality valuation standards and to raise the quality of valuations internationally. The proposals for a restructured IVSC will provide the organizational structure for the profession to do just that.*”

The restructuring proposals have been developed by a Governance Group established by the IVSC Management Board. The key recommendations of the Group are:

- That a new International Valuation Standards Board be created which would be an independent and autonomous decision making body. Concurrently, an International Valuation Standards Interpretations Committee would be created under the direction of the Standards Board;
- That the IVSC be renamed the International Valuation Standards Council. It would remain a membership based organization but the criteria for membership would be broadened beyond national professional valuation institutes to include valuation companies, national standard setters, users of valuations, academics and others. IVSC members would enhance the standard setting process by consulting with the International Valuation Standards Board on technical issues and project priorities through Advisory Councils.
- That there is a need to protect the public interest by assisting in the development of high quality practices by the world’s valuers and the responsibility to assist the development of the profession in developing countries. A new International Valuation Professional Board will be created and will be responsible to the Management Board, to deal with this area of work.
- That an elected Board of Trustees would have responsibility for oversight of the work of the International Valuation Standards Council. Responsibility would include ensuring adequate funding and resources, high quality staff support, and the protection of the Boards’ independence and integrity.

Vella continued, “ *The current IVSC structure with membership by national professional valuation institutes reflects the historic origins that lay in the valuation of real property assets only. The new structure will capture a broad range of valuation expertise which will allow the IVSC to proceed rapidly in response to market needs with the development of standards and guidance covering all aspects of valuation including the valuation of intangible assets, liabilities, and various equity and debt instruments. I fully appreciate that restructuring the IVSC involves asking many groups to change how they participate within IVSC. The current IVSC member institutes will be asked to acknowledge and work with other stakeholders; national standard setters will be asked to recognize the authority of the new International Valuation Standards Board (“Standards Board”); national professional organizations will be asked to extend recognition to the new IVSC Professional Board. In return, the significant contribution that a properly structured IVSC could make to the development and standing of the valuation profession, to strengthening the IVSC relationship with other international standard setters, and to the development of the global economy will, I hope, lead to substantial international commitment to finding an acceptable structure to achieve the objectives of the IVSC.*”

The IVSC is inviting comments on the proposals which must be received by 9 March 2007. A Special Meeting of the IVSC is to be held in San Francisco on 12 April 2007 when member bodies of the IVSC will be asked to approve the restructuring proposals. If accepted, it is expected that the proposed restructure would come into effect on 1 January 2008.

For further details on the IVSC restructuring proposals please contact the Executive Director, Marianne Tissier on mtissier@ivsc.org or +44 (0) 1442 879306

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