



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

## APPENDIX 1

19 April 2021

Mr. Gavin Francis  
Chair, IVSC Financial Instruments Board  
International Valuation Standards Council (IVSC)  
4 Lombard Street  
London EC3V9AA  
United Kingdom

Dear Mr Gavin,

### **COMMENTS ON “EXPOSURE DRAFT IVS 500 FINANCIAL INSTRUMENTS”**

The Malaysian Institute of Accountants (MIA) appreciates the opportunity to provide comments on “*Exposure Draft IVS 500 Financial Instruments*”. The MIA applauds the efforts of the International Valuation Standards Council (IVSC) in strengthening the valuation practices across capital markets.

We would like to propose for consideration that the governance process over the valuation of financial instruments be improved by incorporating elements of professional scepticism that is included in the International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (ISQM 1) issued by International Auditing and Assurance Standards Board (IAASB).

We also believe that the role of Challenger in paragraph 50.4.5 in the Exposure Draft should incorporate a reasonable and informed third party test as stated in the International Ethics Code for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). In the International Ethics Code, *the reasonable and informed third party test is a consideration by the professional accountant about whether the same conclusions would likely be reached by another party. Such consideration is made from the perspective of a reasonable and informed third party, who weighs all the relevant facts and circumstances that the accountant knows, or could reasonably be expected to know, at the time that the conclusions are made. The reasonable and informed third party does not need to be an accountant but would possess the relevant knowledge and experience to understand and evaluate the appropriateness of the accountant’s conclusions in an impartial manner.*



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We trust that our comments and recommendations are of valuable and useful to the IVSC for your onward deliberation. The MIA looks forward to further strengthening such important communication between both our organisations.

Yours sincerely,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR NURMAZILAH DATO' MAHZAN**  
Chief Executive Officer

