

International Valuation Standards Council

Asia Office

Building trust in valuation

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Overview of the International Valuation Standards Council (IVSC)

The IVSC's mission is to build trust in valuation by:

1. Establishing and promulgating the International Valuation Standards (IVS)
 2. Encouraging high-quality professionalism in valuation, through VPOs
- The IVSC is a global not-for-profit organisation founded in 1981.
 - Sponsors and partners include other standard setters, multilateral organisations, regulators, valuation professional bodies, valuation service providers and the end users of valuations.
 - IVSC's Standards are principle-based and applicable for valuations of any company, asset or liability.
 - IVSC has signed formal agreements with the likes of IOSCO and UN WIPO, focused on promoting international standards and professionalism.

IVS Updated 31.01.24



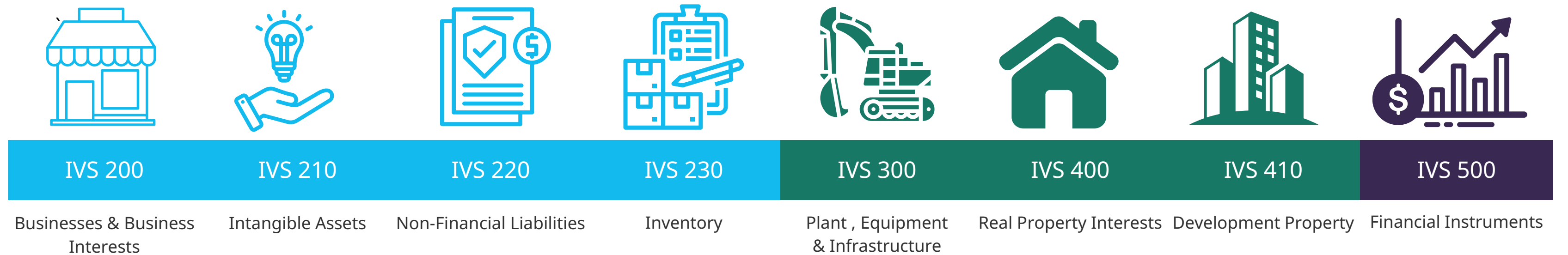
 Learn more

Structure of IVS

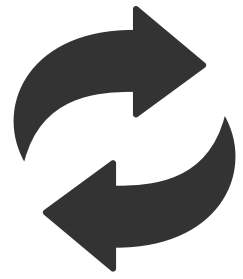
IVS General Standards



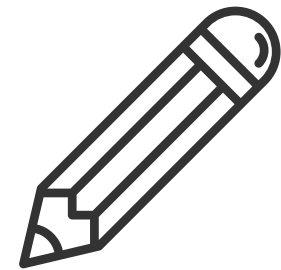
IVS Asset Standards



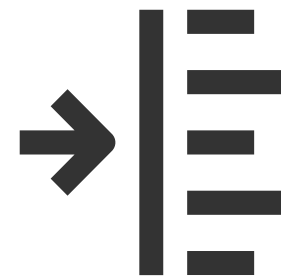
IVS Enhancement Project Goals



Address changes in global markets and global valuation.



Describe roles and responsibilities of specialists and service providers.



Align the IVS with the valuation processes that valuers perform.



Create standards which allow for new types of assets or liabilities.

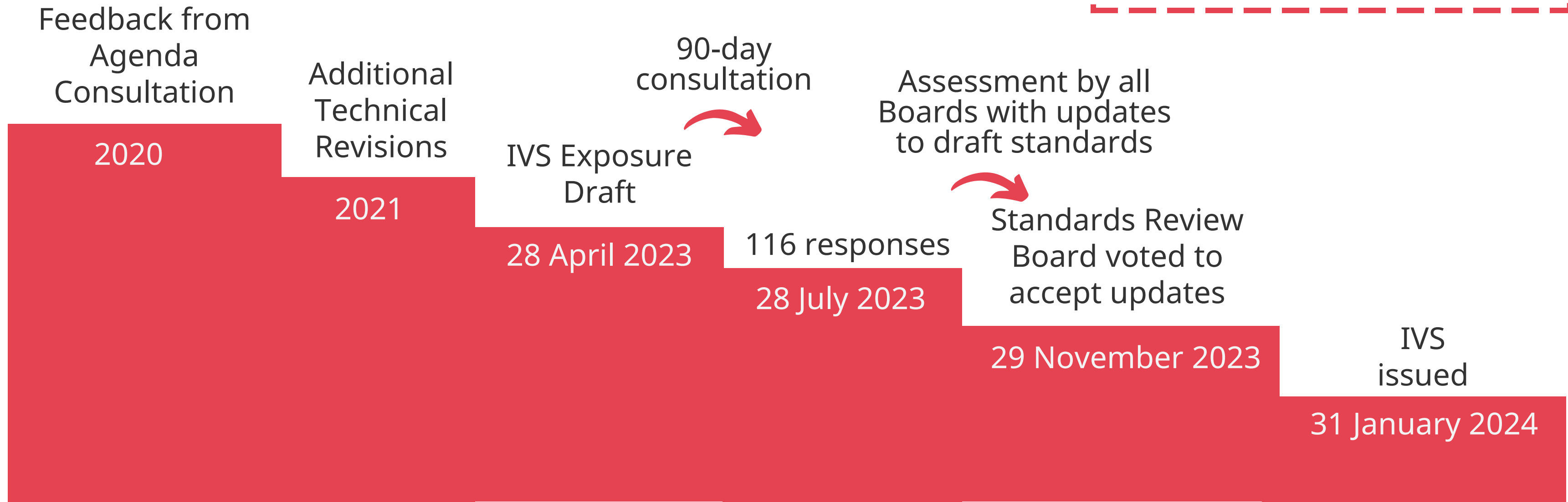


Provide uniform requirements across all assets and liabilities.

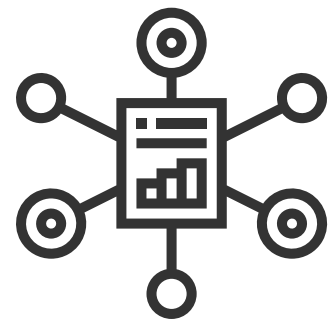
IVS Standard Setting Process

In updating the Standards, the IVSC followed this process to ensure proper input from stakeholders:

31 January 2025
mandatory adoption



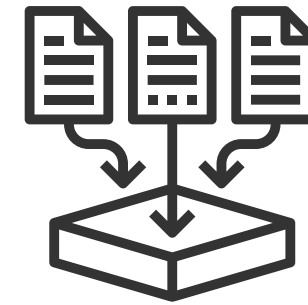
Summary of Key Changes to the General Standards



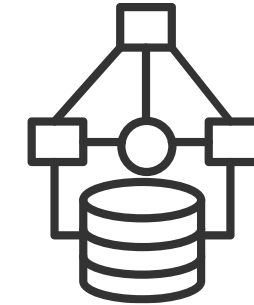
Valuation Framework



Clarification of Key
Concepts



Data and Inputs



Valuation Models



Valuation Process
Quality Controls

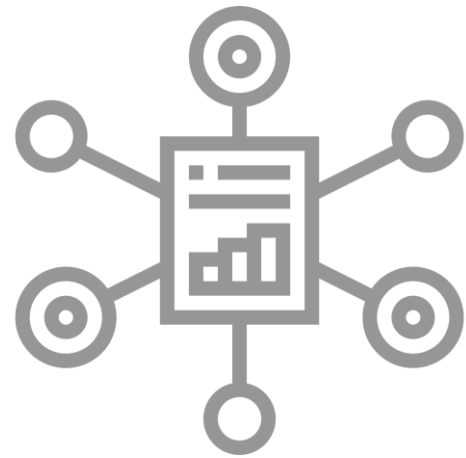
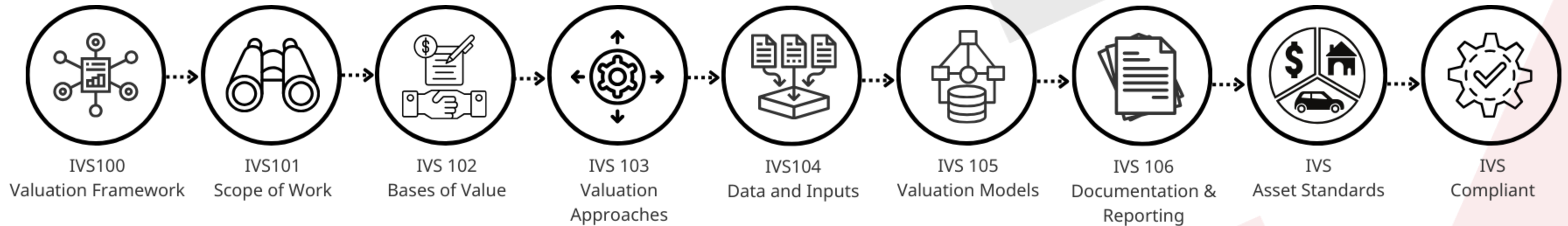


Documentation



Environmental, Social
and Governance

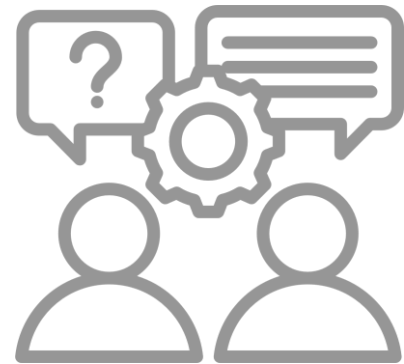
Valuation Framework



- IVS developed a valuation framework
- General Standards provides requirements that are applicable across all classes of assets and liabilities
- Asset Standards provide additional requirements for specific assets and liabilities
- Appendices provide additional information and requirements for certain concepts articulated in various chapters

Clarification of Key Concepts

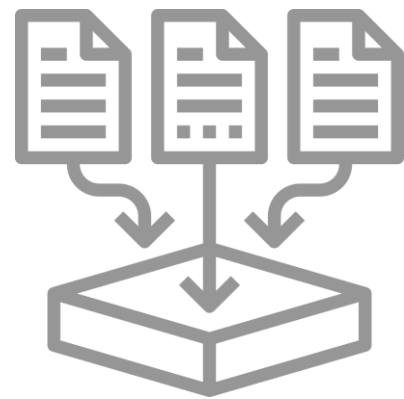
IVS has been updated to help clarify several key concepts including:



- Requirements that must be followed in all valuations and those that should be followed in certain circumstances
- Distinctions between valuations and valuation reviews in describing the scope of work and the type of reporting
- Clarification on compliance with IVS and other legal, regulatory and reporting standards

Data and Inputs

A new standard (IVS 104) on Data and Inputs has been added to address the importance of data quality in valuations and requiring valuers to maximise the use of relevant and observable data.



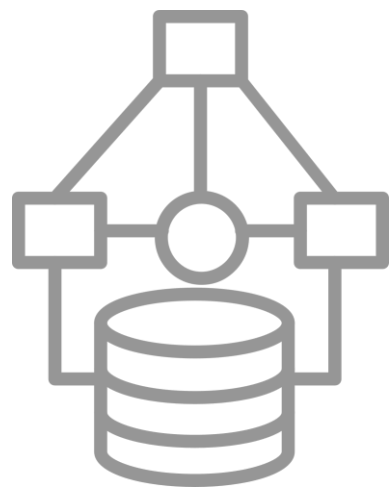
Characteristics of Relevant and Observable Data

The valuer must apply professional judgement to balance the characteristics of relevant data listed below:

- accuracy
- completeness
- timeliness
- transparency

Valuation Models

A new standard (IVS105) on Valuation Models have been added to address their selection and use and stipulating that models must be supplemented by professional judgement to achieve IVS compliance.



Characteristics of Appropriate Valuation Models

The valuer must apply professional judgement to balance the characteristics of a valuation model in order to choose the most appropriate valuation model shown below:

- accuracy
- completeness
- timeliness
- transparency

Valuation Process Quality Control

IVS 100 integrates Valuation Process Quality Control as a core component, ensuring objective, transparent valuations adhering to IVS and mitigating the valuation risk.



There must be valuation process quality controls around the valuation process and a valuer should conclude that the level of valuation risk is appropriate given:

- intended use
- intended user
- characteristics of the asset or liability being valued
- complexity of the valuation

Documentation

A new standard (IVS106) on documentation includes requirements to maintain sufficient records of the valuation process and conclusions.



Documentation should describe professional judgements made during the valuation to assess and manage valuation risk and to promote:

- consistency
- professionalism
- transparency
- comparability
- trust in valuation

Environmental, Social and Governance

IVS expands Environmental, Social and Governance (ESG) considerations in valuations across all assets and liabilities, but the impact on valuation is still in a development and additional requirements may be needed.



The valuer should be aware of relevant legislation and frameworks in relation to the ESG factors impacting a valuation.

- The impact of significant ESG factors should be considered in determining the value of a company, asset or liability.
- ESG factors and the ESG regulatory environment should be considered in valuations to the extent that they are measurable and would be considered reasonable by a valuer applying professional judgement.

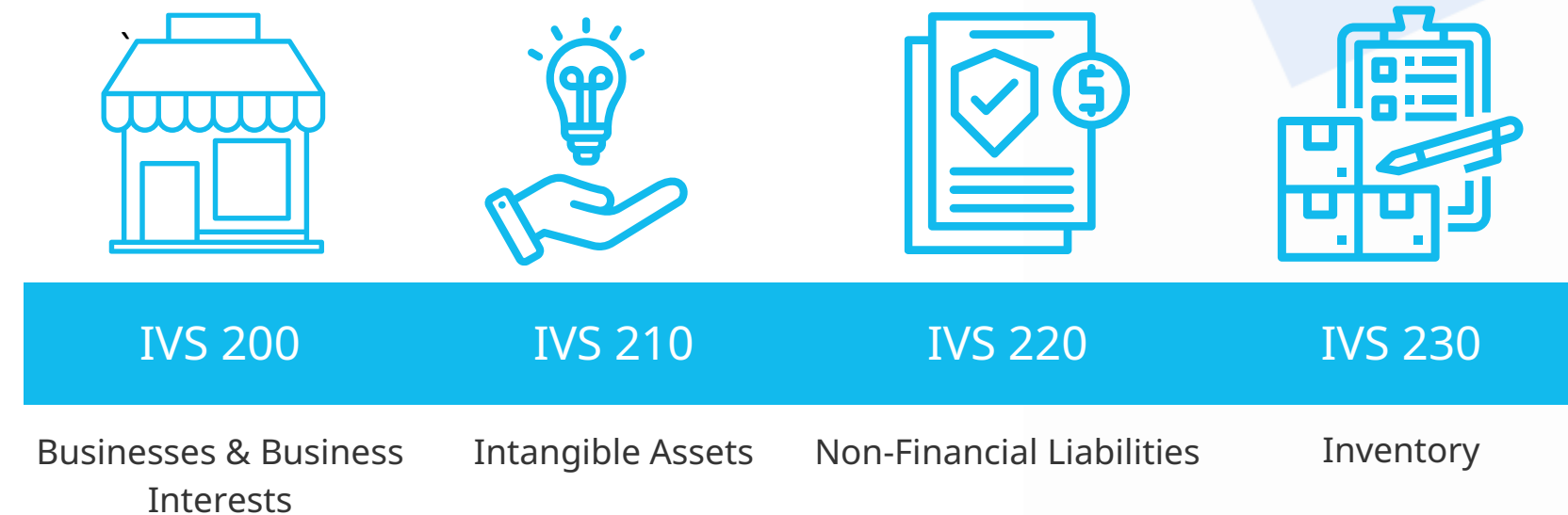
Clearer Requirements for Documentation and Reporting

IVS 106 Documentation and Reporting

30.6. Valuation reports must convey the following, at a minimum:

- (a) agreed scope of the work,
- (b) assets and/or liabilities being valued,
- (c) the identity of the valuer,
- (d) client,
- (e) intended use,
- (f) intended users,
- (g) valuation currency(ies) used
- (h) valuation date(s),
- (i) basis (bases) of value adopted,
- (j) approach or approaches adopted,
- (k) method or valuation models applied,
- (l) significant data and inputs used,
- (m) environmental, social and governance inputs used and considered,
- (n) significant or special assumptions and/or limiting conditions,
- (o) findings of a specialist or service organisation,
- (p) value and rationale for valuation,
- (r) IVS compliance statement,
- (s) date of the report.

Business Valuation Standards Revisions



- Clarification of perimeter and scope of valuation (e.g. beneficial owner vs legal structure, controlling vs non-controlling interest)
- Clarification of required adjustments in income approach for business valuation
- Streamlining of section on Intangible Asset Economic Life (IVS 210.100) to improve methodological flexibility

Tangible Asset Standards Revisions



IVS 300

Plant , Equipment
& Infrastructure



IVS 400

Real Property Interests



IVS 410

Development Property

- Consequential amendments in line with revisions to the General Standards:
 - Data and Inputs
 - Valuation Models
 - ESG
 - Documentation
- IVS 300 now explicitly includes infrastructure
- Scope of work sections now includes previous investigations section from old IVS 102

Financial Instruments Standards Revisions

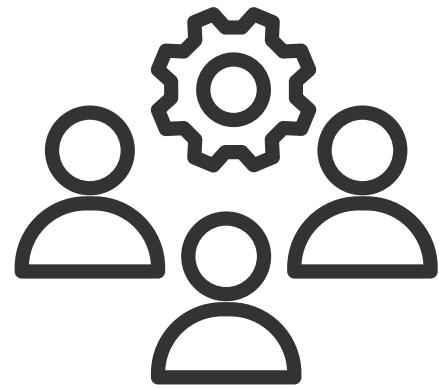


IVS 500

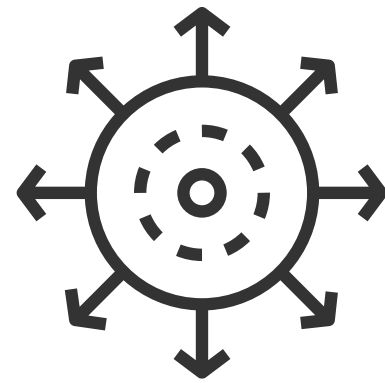
Financial Instruments

- Addressing the needs across all types of financial instrument valuations:
 - Developed and developing markets
 - All sizes of firms throughout the world
 - Level 1, level 2 and level 3 securities
 - Single financial instrument through to portfolios
 - One time and on-going (i.e., daily) valuations
- Additional requirements for:
 - Data and inputs
 - Valuation models
 - Quality Control

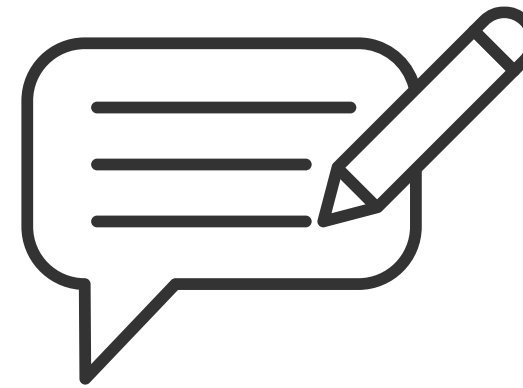
Implementation Considerations



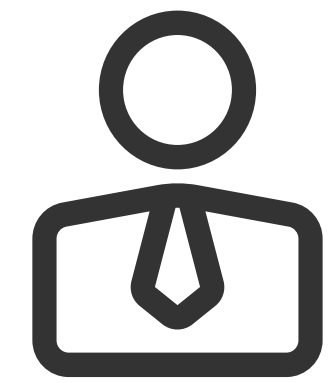
Relationship between the valuer, the client and the user



Internal and external valuation specialists and service organisations



Valuation process controls and review and challenge



Documentation of processes and professional judgements

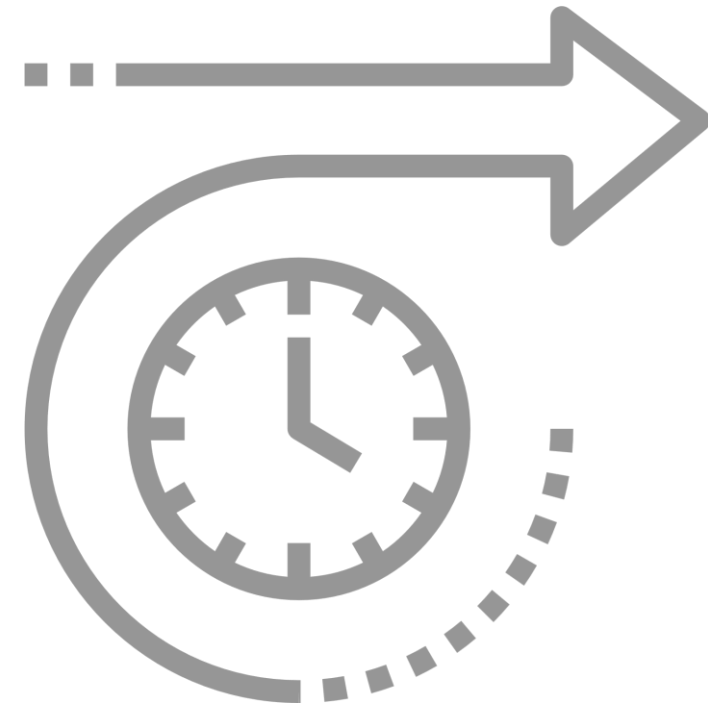


Execution



Results

Next Steps - Possible Future Topics

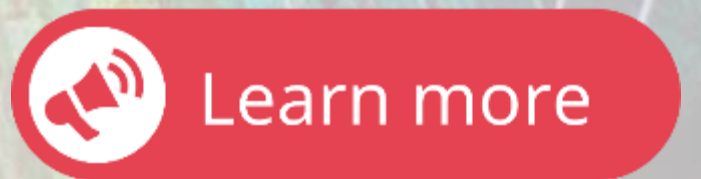


Forthcoming Agenda Consultation:

- Clarifications related to valuation risk
- Additional requirements for valuation uncertainty and proportionality
- Expansion of requirements for sustainability/ESG
- Consideration of impact of new technology on valuation, including:
 - AI
 - smart contracts
 - blockchain
- Expansion for new types of assets, such as digital assets

IVSC

Thank you!



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