

IVSC BVB January 2024 Update

This IVSC Update highlights preliminary decisions of the IVSC Business Valuation 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 as set out in the *IVSC Standards Review Board Due Process and Working Procedures*.

The Board met virtually on **16 January 2024 at 09:00 London Time**

Agenda:

1. Record of previous meeting notes
2. Opening remarks by the Chair
3. Update from the TD-IVSC on Revised IVS next steps:
4. Global updates from BVB members:
5. Update on Capstone Perspective Paper on Goodwill and Intangible Assets.
6. Preparation of in-person Board meeting in New York (February 2024)
7. Other Business: Logistics of upcoming meetings

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

1. **Record of previous meeting notes (December 2023)**
 - a. 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 BVB.
 - b. Next steps:
 - i. None.
2. **Opening remarks by the Chair**
 - a. The Chair
 - i. welcomed the attendees and the guest speaker (TD-BVB)
 - ii. pointed out that the upcoming physical meeting in New York will likely be busy, including:
 1. one or several meetings with other IVSC boards (e.g. TAB about valuation risk)
 2. Several guest speakers lined up including:
 - a. one academic specialising in statistical techniques for customer-based corporate valuation (CBCV) and
 - b. two renowned academics and practitioners on corporate valuation.
 - b. Next steps:
 - i. None.
3. **Update from the TD-IVSC on Revised IVS next steps:**
 - a. The TD-IVSC informed the BVB that:
 - i. A redline version of the new IVS will be finalised soon.
 - ii. The new IVS will be released on 31 January 2024
 - iii. That the Basis of Conclusion will be released soon thereafter
 - iv. A scripted presentation will be available for all Board members to present.
 - v. The IVSC will organise at least three webinars at appropriate times for Asia, Europe, and the Americas.
 - vi. The TD-IVSC and the TD-BVB will be available for webinars and events;
 - b. The TD-IVSC left the meeting after his intervention.
 - c. No decision was taken, nor any vote held on this topic.
4. **Global updates from BVB members:**
 - a. A Board member from **Canada** informed the BVB that:
 - i. CBV will be organizing a webinar in Canada for its members on April 10 on the IVS Update.
 - ii. CBV Is also contemplating a thought leadership piece the “responsible use of AI” in the valuation profession.
 1. Furthermore, CPA Canada is expecting to release a series of articles of AI this year, in collaboration with AICPA. This would be

an opportunity to demonstrate how the profession is embracing technology and addressing AI through guidance.

- b. The Chair from **Australia** informed the Board that:
 - i. Activity had been subdued over the Year end holidays but political fights in Australia continued to simmer around the valuation of infrastructure assets.
 - ii. Australia has introduced a Bill about climate-related disclosures.
- c. The member from **India** confirmed that there is interest on AI.
- d. The Board member from **Singapore** discussed IVAS' Management Information Request List (IRL) for ESG considerations.
 - i. This includes RICS, ASA, and CBV.
 - ii. The VPOs will conduct roundtables. The release of the final document is targeted for March or April 2024.
 - iii. The draft attempts not to be too prescriptive.
 - iv. It is likely that different regions will have different requirements.
 - v. The roundtable will look to leverage regulations, including the ISSB S1 and S2.
 - vi. Furthermore, the IVSC report on the [roundtable](#) held in Singapore is gaining traction and being talked about within the community in Singapore.
- e. The Board member from **Japan** disclosed that she was coordinating with the JAICPA to produce a translation of the forthcoming IVS.
- f. The Board member from **New Zealand** informed the Board that he was collaborating on an update to Australian and NZ valuation standards to reflect the forthcoming IVS.
- g. The Board member from **Luxemburg** informed the Board that ESMA and the UE Commission had fostered the launch of European Long Term Investment Funds 2.0 (ELTIFs2.0). ELTIF 2.0 provided that ESMA is to develop several regulatory technical standards (RTS).
 - i. ESMA's proposed RTS focusing on the main requirements for ELTIFs that are granting redemption rights to their investors. The redemption price of the funds must now be at Fair value of the underlying value of the assets of ELTIFs, whereas an estimate of the Net Asset Value (NAV) does not seem to be acceptable for serving as a redemption price. Considering that an ELTIF is also an Alternative Investment Fund (AIF), with respect to redemption price and valuation dates, the requirements of Article 19 Valuation of the AIFMD would apply.
 - ii. This is an important topic in Luxembourg where most AIFs including ELTIFs are domiciled.
- h. Next steps:
 - i. None.

5. **Update on Capstone Perspective Paper on Goodwill and Intangible Assets.**

- a. The TD-BVB underlined that the capstone paper will:
 - i. synthesise the findings of the previous perspective papers,
 - ii. examine the dynamics of the valuation of customer-related intangible assets, and
 - iii. Draw overall conclusions for the valuation of Intangible assets, including the purpose of valuation, the interaction between intangible assets.
 - b. The Board members agreed by consensus that a barebone draft of the capstone paper with bullet points should be circulated to the Board members before the physical meeting in NY.
6. **Preparation of in-person Board meeting in New York (February 2024)**
- a. The TD-BVB asked for Board Members to submit themes for discussion in New York.
 - i. One Board member suggested that the theme of the regulatory impact on valuation in different jurisdictions. Comparison between countries would be useful.
 - ii. The Chair suggested that board members be asked to survey their jurisdictions and compile their findings ahead of the meeting.
 - b. Next steps:
 - i. Board Members to submit themes for discussion in New York.
7. **Other Business: Logistics of upcoming meetings**
- a. The TD-BVB inquired from Board members whether it would be possible to change the meeting time of some virtual Board meetings.
 - i. This would enable better attendance from North American Board members.
 - ii. The Board members agreed by consensus that half the meetings would be organised at 22:00 in Europe.
 - b. The Chair reiterated that the location for the 16th May 2024 physical meeting had not been decided yet.
 - c. The Chair reiterated that the AGM will be held in Hong Kong.
 - d. Next steps:
 - i. None.

[Meeting ends at 09:57 London time].