

Draft Comments on proposed IVSC Glossary and General Standards effective from 2028

This document is an initial draft of our responses to the questions in the Consultation Draft of the proposed International Valuation Standards issued on 31 January 2026.

We have set out the questions in the IVSC's [Summary and Consultation Questions](#) document and our draft answers in a tabular format, i.e. the IVSC question in bold followed by Valuology's draft response.

The IVSC document asks 13 questions on the Glossary and General Standards. We also have commented on matters that IVSC has not asked questions about or where what we consider to be a necessary change has not been proposed. These follow on from the IVSC's questions in a similar format.

We are making this draft public at an early stage to encourage open debate and wider engagement with the IVSC. Some may agree with the points we have made, others disagree, but either way we encourage readers to make their views known directly to the IVSC.

This can be done by answering an online questionnaire on the IVSC website or emailing a document to them. For those who prefer the latter we have created a Word version of their questionnaire which can be [downloaded from our website](#).

Please note the following:

1. We will not be finalising our comments to the IVSC Consultation Draft until shortly before the closing of the consultation period on 30 April 2026. We may well change comments in this draft or add additional ones.
2. Even if you agree with something we have said, please do not simply copy our proposed answer. Your response will carry more weight if you can support it with examples from your own experience.
3. In due course we will be uploading similar drafts of our comments on the various Asset Standards, IVS 200- IVS 500.

Valuology. 12 February 2026

IVSC questions

1. **The IVS Glossary had been revised to include new definitions for business, financial instrument, non-financial liability, quality control and sustainability. Do you agree with the definitions of the newly added terms? If not, please provide your proposed revisions to the definitions contained within the Glossary.**

Answer: No. The Glossary needs a rethink. It has grown in recent years to include a selection of words that are not used, or should not be used, in a way that differs from their normally understood meaning in English in the context in which they are used. This acts as a hindrance in translation where using the defined meaning of a specific word may not convey the required overall meaning of the sentence. It also means that the standards are punctuated with italicised words which can also obfuscate the overall meaning by implying emphasis when this is not intended.

Unnecessary definitions in the proposed Glossary include:

Asset(s), Business, Client(s), Cost, Financial instrument, Jurisdiction, Liability, Must, Non-financial liability, Price, Quality control, Should, Significant, Specialist, Value

We also disagree with the definitions for Liquidation Value, see below, and Valuation Risk, see answer to Q3.

Liquidation Value. As proposed the definition is contradictory - if the sale is orderly (as per the first option) the seller cannot be compelled. Businesses can be liquidated voluntarily or compulsorily. In most jurisdictions, even if the liquidation is compulsory, there is neither an automatic presumption that the business is insolvent nor that the time limit for disposal is less than normal. Given the large variation in the facts and circumstances under which a business may liquidate its assets it is neither possible nor helpful to attempt to define "Liquidation Value". There is place for discussion of such scenarios in the standards, but simplistic and misleading definitions should be avoided.

2. **The IVS Glossary had been revised to include minor revisions to the definitions of ESG, liability, liquidation value, professional scepticism, significant, tangible asset and valuation review to provide additional clarity. Do you agree with the revised definitions for the existing terms? If not, please provide your proposed revisions to the definitions contained within the Glossary.**

Answer: No. We have explained in our answer to Q1 that a number of amended definitions should not be in the standards as they are not used in any limited or special way that differs from their normally understood meaning. We also explain our disagreement with the definition for Liquidation Value in our previous answer and with how Valuation Risk is defined in our response to Q3.

3. **The definition of valuation risk has been revised within the IVS Glossary to provide additional clarity. Do you agree with the revised definition of valuation risk? If not, please provide your proposed revision to the definition of valuation risk contained within the Glossary.**

Answer: No. Between 2009 and 2013 a major project for the IVSC was to produce guidance on Valuation Uncertainty. This followed a request from the G20 via the Financial Stability Board to the "accounting standard setters" to develop guidance on valuation uncertainty following the Global Financial Crisis. Neither IASB nor FASB saw this as a matter for them as part of their concurrent Fair Value projects and therefore it was agreed that IVSC should deal with it. This involved significant engagement with significant global banks, financial regulators and advisors as well as liaison with the accounting standard setters. It quickly became clear that "Valuation Risk"

was a metric used in the models used for valuing financial assets and was not the same as valuation uncertainty. Valuation Risk is a measurement of any adjustment that a market participant would make to reflect the probability of the current value of a swap or derivative falling over its term. The current Market Value needs to reflect this. This is different from valuation uncertainty which arises from the lack of the data normally available to estimate the current value, and therefore adversely affecting its reliability. This was discussed and made clear in the IVSC's Technical Information Paper (TIP) Valuation Uncertainty published in 2013 paras 11-16. To redefine Valuation Risk as the risk of a valuation being wrong on a given valuation date is therefore incorrect.

For reasons that have never been explained the IVSC has removed reference to valuation uncertainty and this TIP from the standards, even though it remains available in the online bookstore. This is despite this being one of the very few, if not only, times it has responded to a formal request from a global financial regulatory body to produce guidance and the thorough consultations over an extended period with stakeholders outside of the valuation profession in producing it.

If it is deemed necessary to define an incorrect valuation the term used should be "Valuation Error". However, we would also disagree with including this since the purpose of the standards is to set criteria for doing valuations correctly. Having a definition for doing them incorrectly would be perverse.

4. **IVS 101 Scope of work has been revised to include mandatory requirements, where applicable, in relation to:**
- **The use of a range,**
 - **the proposed significant use of artificial intelligence or other technology-based tools and resources,**
 - **service organisations,**
 - **sustainability considerations, and**
 - **the IVS asset standards to be considered within the valuation.**

Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

Answer: See below:

- The use of a range: **No.** Most valuation users require a single figure, as do virtually all regulated valuations, e.g. for financial reporting or bank lending. The IVSC TIP on Valuation Uncertainty was clear that a range was not recommended as a way of disclosing material uncertainty. The only time where a range may be appropriate is if advising on the likely outcome of current negotiations, but this should never be confused with a formal valuation under IVS, and IVS should not suggest that it does.
- the proposed significant use of artificial intelligence or other technology-based tools and resources: **Yes.**
- service organisations: **Yes.**
- sustainability considerations: **Yes**
- the IVS asset standards to be considered within the valuation: **No.** It is sufficient to refer only to the fact that the IVS have been complied with. Providing a list of all specific provisions complied with would be unnecessary and simply adds complexity for valuer and user.

5. **IVS 104 Data and Inputs now include mandatory requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the**

inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

Answer: Yes

6. **IVS 104 Data and Inputs: Appendix has been revised to include sustainability considerations in addition to the consideration of ESG factors. Do you agree with the inclusion of sustainability considerations within the IVS 104 Data and Inputs Appendix? If not, why not, and what specific changes would you make?**

Answer: Yes

7. **IVS 105 Valuation Models¹ now includes mandatory requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?**

Answer: Yes. However, effectively all the requirements set out in IVS 105 also apply to any valuation method or input, so we see no purpose in a separate standard for “models”. It would simplify the standards if IVS 103, 104 and 105 were merged, with the current extensive Appendix to IVS 103 with prescriptive “how to value” instructions removed – see later comment on Page 8 for detail.

8. **IVS 106 Documentation and Reporting now includes mandatory documentation requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?**

Answer: Yes – but it would be better if 20.03 was worded “... must also include a record of any significant use...”

9. **The reporting section within IVS 106 Documentation and Reporting has been revised to include mandatory requirements, where applicable, in relation to;**
- **reporting requirements, where applicable, in relation to the use of a range**
 - **the proposed significant use of artificial intelligence or other technology-based tools and resources,**
 - **service organisations,**
 - **sustainability considerations, and**
 - **the IVS asset standards considered within the valuation.**

Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

Answer: See below:

- reporting requirements, where applicable, in relation to the use of a range. **No, See answer to Q4 for our reason.**
- the proposed significant use of artificial intelligence or other technology-based tools and resources. **Yes.**
- service organisations. **Yes**
- sustainability considerations. **Yes**
- the IVS asset standards considered within the valuation. **No – see answer to Q4 for reason.**

¹ The Consultation paper refers to “Valuation Approaches” which we assume is an error.

10. **The section on "Allocation of Value" previously contained within IVS 102 Bases of Value has been moved to IVS 106 Documentation and Reporting. Do you agree that this section should now be contained within IVS 106 Documentation and Reporting? If not, why not, and where would you place this section?**

Answer: Yes.

11. **Do you agree that quality controls should be mandatory within IVS? Do you agree with the level of standards as proposed, or are they too weak or too stringent? If you do not agree that quality controls should be mandatory within IVS, why not, and please provide your reasoning?**

Answer: No. The IVSC's role is that of an independent standard setter. It is not to regulate those who provide valuations. Ensuring that it stays independent from professional bodies that regulate individual valuers or firms is important for its credibility to valuation users and regulators in the financial sector. As an example, the IASB does not issue standards for IFRS compliance monitoring by either reporting entities or their auditors. Auditors are subject to the International Auditing Standards, issued by an entirely separate body, the IAASB.

Just as the IVSC has no power to decide when or where its standards are used, neither should it mandate what quality controls are in place to monitor compliance. These must be a matter for the body that has the power to determine if the IVS are used and for what valuation purposes. This is likely to differ across different jurisdictions.

This section also repeatedly misuses the term "valuation risk", see answer to Q3

12. **Do you have any other comments or observations in relation to IVS 107 Quality Controls? Please provide your reasoning for any additional comments or observations.**

Answer: No but see above

13. **Do you have any other comments or observations on topics not covered by the questions above**

Answer: Yes – see next page

Additional Comments

IVS 102 “Premise of Value” 10.03, 10.04 and A90 – A120

The term “premise of value” was introduced a few years ago but it remains unclear what this means. 10.03 describes it as the circumstances of how an asset or liability is used, but of the four examples in 10.04 only two relate to use.

Highest and best use (HABU) is a concept inherent in Market Value when applied to tangible assets since the parties are deemed to be knowledgeable about the actual and potential uses and will seek the price most favourable for their respective positions (see A10.02 (h)).

Current/existing use may involve a departure from MV if the HABU is more valuable. In some jurisdictions a valuation on a basis that disregards HABU may be required for certain purposes, but there is normally a definition in the applicable statute, regulation or legal agreement that applies, as indicated in 10.02. There are many purposes where a bases or definition of value different from those in the IVS is required but the IVS correctly does not insist that one of its defined basis is used.

“Orderly liquidation” and “forced sale” are the two other examples of “valuation premises” but have nothing to do with use but the circumstance under which the assumed sale/transfer takes place. “Liquidation Value” is also incorrectly referred to in 20.02 in the Appendix as a basis, so also referring to it as premise compounds the confusion. Forced Sale is also discussed in the Appendix and correctly states it is a description of the situation under which the sale takes place. This could be a situation that is compatible with the use of Market Value or not but calling a forced sale a “premise of value” serves no purpose and just creates unnecessary an obstacle to the clarity of the standards, not least because of its alternative meaning in the plural to refer to a piece of real property.

We recommend that the term “premise of value” is removed from the IVS. The concepts which are currently labelled as “premises” should be included in discussion about the application of bases to different scenarios, e.g. HABU should be an extension of the conceptual framework for MV not a standalone concept.

IVS 102 - Liquidation Value

This is listed as a bases of value in 20.02 but it is not a definition of a particular type of value but of the circumstances under which the assumed sale takes place. While it may be true that the value in a liquidation scenario may differ from that obtainable if the owner was selling the same assets as part of a going concern, any of the bases in 20.02 (a) to (e) could be the type of value required. A60 goes on to explain that the seller is deemed to being compelled to sell as of a specific date but then confuses the issue by says that there are two alternative “premises” of value, an orderly transaction and a forced transaction.

We have had significant experience of advising sellers, and more recently of reviewing valuations, in liquidation situations. In many jurisdictions the seller, whether that be the owner, a lender in possession or an insolvency practitioner is required by statute and/or civil law to act reasonably and obtain the best price they can. It is usual for there to be a duty of care to any residual creditors or guarantors. For this reason, it is also usual for sellers to require confirmation of the current Market Value to demonstrate that a sale is at the best price obtainable in the circumstances.

There can be situations where a specific asset has to be sold by a given date because, if not, the overall outcome would be worse, but until the consequences of not selling by that date are known it is not possible to confirm what would be a reasonable price to accept to achieve that. This point is correctly made in A120.01 on “Forced Sales”. Such is the range of circumstances that may exist in such situation that it is wrong to pretend that there can just one or two applicable valuation

definitions. If the reason for liquidation is known on the valuation date, MV or another of the bases listed in 20.02 (a) – (e) should be appropriate. If the reason for the need for liquidation is not known, then a specific scenario needs to be agreed with the client/user and made as special assumption.

We recommend that Liquidation Value is not included as a separate basis of value (or a “premise” see 13a). It could be replaced by guidance on matters that a valuer should consider if instructed to provide a valuation in either a current liquidation or on the special assumption that the seller was in liquidation on the valuation date.

IVS 102 Other Bases of Value A70 and A80

There will be hundreds or even thousands of different valuation bases or definitions in statutes, regulations or private contracts around the world. Including just IFRS 13 / Topic 820 Fair Value and then a vague reference to other types of “fair value” serves no useful purpose and is potentially misleading as it implies these are the only other valuation bases which may be required in an IVS compliant valuation. When the IVS included guidance for valuers on valuations for financial reporting (developed in conjunction with the relevant IASB and IFRS staff who saw the benefit of guidance for those who were not accounting experts) there was some relevance in including the former in the IVS but not now the definition stands in isolation. We recommend these two sections are removed.

IVS 102 50.04 Assumptions

The limitation of this requirement to only “significant” assumptions is inappropriate. It is also important to state that any assumption must be something that it is reasonable to accept as true without specific verification, e.g. you cannot assume that no repairs are needed to a building if it is clear from the most limited of inspections that it is dilapidated. Likewise, suggesting it must be supported by evidence means it must be something that is verified and is therefore not an assumption. We suggest 50.4 is replaced with:

An assumption is something it is reasonable to accept as true without specific investigation or verification. It must be relevant having regard to the nature of the asset or liability and the intended use of the valuation.

IVS 102 60 Special Assumptions

60.01 (a) is not a special assumption. If a property is freehold and with vacant possession that is a fact not an assumption. Other examples are also unclear. The paragraph also muddles assumptions and special assumptions which are completely different. The first relates to the scope of investigations; the second to what the value reported represents. We suggest that 60.01 is replaced with:

When facts are assumed that differ from those existing on the Valuation Date, they are referred to as “special assumptions.” Special assumptions are often used to illustrate the effect of possible changes on the value of an asset on the valuation date. They are designated as “special” to highlight to the intended user that the valuation is contingent upon a change in the current circumstances or that it reflects something that would not be considered by a typical market participant on the valuation date. Examples of such special assumptions include but are not limited to:

- (a) that an occupied property is vacant,
- (b) that a current lease of the property had been terminated,
- (c) that a proposed building had been completed on the valuation date,
- (d) that a proposed contract had been completed on the valuation date, and
- (e) that a different yield curve from that which would be used by a typical market participant has been used to value a financial instrument.

IVS 103 Valuation Approaches 10.10

Why “reconsider”? Surely the valuer should have considered 10.04 already?

IVS 103 Appendix

This Appendix has 20 pages of sometimes detailed description of different methods and goes as far as mandating that they be applied as described. However, we consider that this is misplaced in the standards, which should be confined to identifying the fundamental steps that should be followed in accepting, undertaking and reporting a valuation on which others will rely. The standards should not, and cannot become, a set of instructions on how every type of asset or liability in every market should be valued, and even less mandate how selected methods are applied.

There are many other methods or detailed variations in use in different markets and for different purposes from those identified and discussed in this Appendix. For example, we recall a professor at leading US University explaining at an IVSC conference over 15 years ago that there were more than 100 textbooks advocating detailed differences in how an “equity risk premium” should be calculated when valuing shares. Methods are continually evolving as markets develop and change. There are probably hundreds of different variations on DCF models in use across different markets and asset types. The IVS should not mandate just a sample. There is a real danger that if the IVS mandate how a specific method should be applied the market will move on and render the IVS irrelevant.

There is also an irony in proposing stronger requirements in IVS 104 and 105 for the valuer to exercise professional scepticism and to verify inputs and models used when these are generated by AI while IVS 103 Appendix takes away valuer judgement and oversight by saying that the “appendix must be followed when using the applicable valuation method.” Mandating that a method can only be applied as stated in the IVS and excluding valuer judgement and discretion opens the door to AI.

We strongly recommend that this Appendix be withdrawn from the standards and issued as standalone, non-mandatory information.

IVS 103 Appendix A10.05

Notwithstanding our preference to see the whole of this Appendix removed, A10.05 is poorly worded. How does a valuer consider the “level of commitment inherent in the price”? It also concludes by saying that an offer that represents a binding commitment to purchase or sell can be given more weight. This is true but if there is a “binding commitment” then it is no longer a listing or offer. Better would be:

When considering the weight that can be given to advertised prices to sell or offers to buy, consideration should be given to factors such as how long these have been listed, the level of activity in the relevant market and overall economic trends since any previous verified transactions.

IVS 104 30 Use of Data provided by management or client

Who or what is “management” in this context? We agree that the reasonableness and credibility of data provided by the client must be considered. However, the use of the word “or” indicates that it is not the client’s management that is meant here. We cannot see that this applies to anyone other than the client since AI tools and Service Organisations are already covered.

IVS 106 30 Valuation Reports

In 30.06 (o) the distinction between an assumption and a special assumption (see comments 13d and 13e above) is again obfuscated. These should also be separated in a report as they relate to different parts of the valuation process. We recommend the following rewording:

- (o) all agreed assumptions limiting the investigations made.
- (r) the value and rationale for the valuation, including any special assumptions made.

IVS 106 30 Valuation Reports

30.08 – We disagree with this inclusion – see answer to question 4 above.