



INTERNATIONAL VALUATION STANDARDS COMMITTEE

PROPOSAL FOR THE RESTRUCTURING OF THE IVSC

A Report of the International Valuation Standards Committee's
Governance Group issued for comment

Comments to be received by 9 March 2007

January 2007

CONTENTS

	Line
Invitation to Comment	1-20
Preamble	21-93
The Challenges	94-148
The Present IVSC	149-273
<i>Origin</i>	<i>152-161</i>
<i>Name Change and Incorporation</i>	<i>162-170</i>
<i>Standards Board</i>	<i>171-177</i>
<i>IVSC Strengths</i>	<i>178-192</i>
<i>IVSC Weaknesses</i>	<i>193-238</i>
<i>Other Models</i>	<i>239-273</i>
The Proposed IVSC Restructure	274-362
International Valuation Standards Board (“IVSB”)	363-436
<i>Membership</i>	<i>369-390</i>
<i>Meetings</i>	<i>391-399</i>
<i>Responsibilities</i>	<i>400-421</i>
<i>Due Process</i>	<i>422-436</i>
The Restructured International Valuation Standards Council	437-544
<i>Valuation Membership</i>	<i>449-477</i>
<i>Industry Membership</i>	<i>478-502</i>
<i>Member Advisory Participation</i>	<i>503-509</i>
<i>IVSC Annual General Meetings</i>	<i>510-523</i>
<i>Voting</i>	<i>524-538</i>
<i>IVSC Chair</i>	<i>539-544</i>

Board of Trustees	545-630
<i>Membership</i>	548-566
<i>Trustees</i>	567-583
<i>Meetings</i>	584-594
<i>Responsibilities</i>	595-616
<i>Standing Committees</i>	617-625
<i>Due Process</i>	626-630
International Valuation Development Board	631 -675
<i>Membership</i>	635-646
<i>Meetings</i>	647-652
<i>Responsibilities</i>	653-664
<i>Due Process</i>	665-675
IVSC Funding and Resourcing	676-699
Follow-Up Activities	700-714
Timetable for Change	715-737
Structure Review	738-748
Governance Summary Table	749-770

APPENDIX

Diagrammatic Illustration of Proposed Restructure



INTERNATIONAL VALUATION STANDARDS COMMITTEE
RESTRUCTURE PROPOSAL

1 **INVITATION TO COMMENT**

2 The key elements of this proposal were approved in concept at the Annual General Meeting
3 (“AGM”) of the International Valuation Standards Committee (“IVSC”) in Beijing in October
4 2006.

5 Additional details of the proposal are included in this document and are being released now for
6 comment. That said, it would be unreasonable to expect that every detail of a potential
7 restructure could be anticipated for inclusion in this document. Further refinements will
8 undoubtedly be necessary in the course of completing a restructure and as a consequence, this
9 document should also be viewed as advancing a conceptual framework. The final proposal for
10 restructuring the IVSC will be voted upon by the IVSC membership at a Special Meeting to be
11 held in San Francisco in April 2007.

12 Questions and/or comments are requested on any aspects of this proposal. For ease of
13 identification, please refer to the line number(s) of the text about which you are seeking
14 clarification.

15 Questions/Comments should be submitted no later than 9 March 2007 by email to
16 CommentLetters@ivsc.org or addressed to:

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18 12 Great George Street
19 London SW1P 3 AD, UK
20 Fax: +44 (0) 1442 879 306



21 **PREAMBLE**

22 The Management Board of the International Valuation
23 Standards Committee established a Governance Group to
24 examine the IVSC's current operations and governance
structure.

25 Following considerable discussion, the Governance Group
26 concluded its mandate was, simply stated, to put forward a plan
27 to ensure the following goals were achieved:

- 28 • The International Valuation Standards (“IVS”) and the
29 organization which delivers them, must be relevant; and
- 30 • The International Valuation Standards and the organization
31 which delivers them, must be sustainable.

32 In order to achieve these goals, the following objectives were
33 considered critically important by the Governance Group.

34 **With respect to being Relevant:**

- 35 • The International Valuation Standards must be expanded
36 beyond their historic real property focus to include the
37 entire “Valuation Profession”;
- 38 • The International Valuation Standards must be a robust,
39 independent and high quality set of global valuation
40 standards; and
- 41 • The International Valuation Standards and associated media
42 [website, reference documents and publications] must be a
43 “value added” resource.

44 **With respect to being Sustainable:**

- 45 • The International Valuation Standards and the organization
46 which delivers them, must provide immediate and
47 recognizable benefits to users and stakeholders;
- 48 • The International Valuation Standards and the organization
49 which delivers them, must be able to respond to present day
50 realities, ie. provide “real time” solutions to users, IVSC
51 stakeholders and other interested parties;
- 52 • The International Valuation Standards and the organization
53 which delivers them, must be truly global in nature. That is
54 to say, the IVSC must take a global perspective of valuation
55 issues, must be global in terms of the regions represented



56 and must be global in its thinking and approach to seeking
57 solutions to valuation problems;

58 • The International Valuation Standards and the organization
59 which delivers them, must provide guidance to both
60 developed and developing markets and/or countries in
61 terms of education about International Valuation Standards,
62 increasing awareness of the Body of Knowledge associated
63 with International Valuation Standards and identifying
64 those persons or organizations best qualified in the use
65 and/or application of International Valuation Standards; and

66 • The International Valuation Standards and the organization
67 which delivers them, must be absolutely without bias.
68 Accordingly, the IVSC's standards setting activities must
69 ensure independence and be able to bring together
70 unparalleled professional and technical expertise.

71 Working from the premise that these goals and objectives are
72 achieved, the Governance Group anticipates the following
73 outcomes will be further advanced.

74 • That the Valuation Profession could come together around a
75 set of global valuation standards and the associated Body of
76 Knowledge and Best Practices, and in doing so, respond to
77 and dispel the current view of many regulators and standard
78 setters that valuation, as a profession, is highly fragmented;

79 • That the IVSC could more rapidly and better complete its
80 own three point Mission Statement paraphrased:

81 1. to be the global standard setter for the Valuation
82 Profession;

83 2. to establish and maintain high-quality international
84 valuation standards; and

85 3. to contribute to the development of the worldwide
86 Valuation Profession thereby serving the public
87 interest.

88 • That the IVSC could serve as a global and central
89 repository for valuation Best Practices and the valuation
90 Body of Knowledge; and

91 • That the IVSC could enable and assist the Valuation
92 Profession in its general quest to establish criterion for
93 professional accreditation.



THE CHALLENGES

Nothing will be gained by putting forward a Restructuring Proposal which does not recognize real world realities. In recognition of this circumstance, the Governance Group considered the following challenges in its formulation of this Restructuring Proposal:

- The International Valuation Standards and the organization which delivers them, has absolutely no authority. Use of, acceptance of, promulgation of and/or enforcement of International Valuation Standards is entirely voluntary;
- In order to be truly global, the International Valuation Standards must evolve from the contributions of a diverse group of persons with a wide range of valuation acumen, skills, backgrounds and knowledge;
- International Valuation Standards must originate from a source which is not only considered technically expert, but completely independent as well;
- In order to be both acceptable and accessible, the International Valuation Standards must be “deliverable” at nominal cost;
- The bringing together of the critically important technical expertise as well as management of the various resources through which the International Valuation Standards will be made available, must be organized in a cost effective manner;
- The current structure of the International Valuation Standards Committee, the Standards Board and the Management Board reflects historic attempts to be inclusive. As laudable an objective as this is, it has translated into an organizational and governance structure which can be cumbersome, which is overlapping or repetitive and as a consequence, is either more time consuming or less productive than it could be;
- The Valuation Profession is not well established or organized globally. Elements of the Valuation Profession may be found the world over, but globally, there is no consistency. The Valuation Profession is not present in some areas of the world. When it is present, the Valuation Profession is often viewed as disparate with respect to its membership, the education and qualifications of its



133 members, the numerous valuation organizations
134 representing it or even the valuation disciplines which
135 make up the profession.

- 136
- 137 • Demand for consistent definitions, standards and
138 approaches or methodologies for the valuation of assets and
139 liabilities is increasing. By way of example, International
140 Financial Reporting Standards (“IFRS”) advocate more
141 frequent valuation of assets and liabilities relative to
142 business combinations, intangible assets, employee options
143 and financial instruments. Moreover, sought after access to
144 the world’s capital markets will heighten demand from
145 investors, reporting entities and regulatory authorities for
146 delivery of consistent and reliable valuation services;
 - 147 • Education, both initial and continuing education, of both
148 users of valuation services and valuation practitioners is
critical.

149 **THE PRESENT IVSC**

150 The Governance Group attempted to examine the history as
151 well as the strengths and weaknesses of the current IVSC
operations and governance structure.

152 **ORIGIN**

153 The International Assets Valuation Standards Committee was
154 created in 1981 as a grouping of national professional
155 organizations initially bound together to harmonize UK and US
156 standards and in turn, hopefully lead to consistency between
157 national standards. Some of the early goals included working
158 with the accounting profession on standards for valuation for
159 financial reporting (“VFR”), laying the foundation for all
160 valuation disciplines, to define and differentiate “Market
161 Value” from other value types, and to distinguish “standards”
from guidance.

162 **NAME CHANGE AND** 163 **INCORPORATION**

164 The International Assets Valuation Standards Committee was
165 renamed in 1994 to the International Valuation Standards
166 Committee. In 2003, the IVSC was incorporated as a not-for-
167 profit corporation in the State of Illinois, USA. Today, IVSC
168 members and observers represent 54 countries. The day to day
169 affairs of the IVSC are managed between Annual General
170 Meetings by its Management Board. The Management Board
has 18 directors, four of which are elected.



171	STANDARDS BOARD	In 2002, the IVSC Standards Board was established. Members of the Standards Board are currently appointed by the Management Board on an annual basis. The Standards Board consists of representatives from the broader IVSC member professional organizations/institutes and other standard setters such as The Appraisal Foundation in the USA or the ASEAN Valuers Association.
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178	IVSC STRENGTHS	The current structure of the IVSC has significant strengths: <ul style="list-style-type: none">• The IVSC has produced high-quality standards that have received international support;• The geographical reach of the IVSC membership has had a positive impact on adoption of International Valuation Standards – an important consideration for an organization that cannot compel countries or individual enterprises to adopt its standards;• Continuity of IVSC and Board memberships speeds progress, promotes consistency and builds an atmosphere of collegiality and trust which is critically important;• The involvement of a wide range of people in the IVSC, its Boards and other meetings of the IVSC membership, play an important promotional and educational role; and• The IVSC operates at remarkably low direct cost.
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189	IVSC WEAKNESSES	Changes in the environment in which the IVSC operates has highlighted the weaknesses of the IVSC. In order to face its future challenges, the IVSC weaknesses that must be remedied are: <ul style="list-style-type: none">• The current structure of the IVSC has the Standards Board reporting to the Management Board for approval. This process is repeated at the AGM. This is redundant and inefficient. Moreover, standards expertise at the Management Board and the AGM is not at the same high level as that of the Standards Board. The IVSC valuation standards setting process needs to be improved to ensure future standards are independent and of the highest possible quality;• The structure of the IVSC and the International Valuation Standards reflect the historic origins of the organization that lay in the valuation of real property assets only;
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- The IVSC was originally conceived by national valuation institutes as a vehicle through which “Best Practices” could be agreed upon and then shared with countries which did not have standard setting bodies. The IVSC work program concentrated on international harmonization of topics covered by existing national standards. The structure of the IVSC needs to be adjusted so that the original goal of coordinating “Best Practices” can be accomplished;
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- The majority of the positions on the IVSC Management Board were originally based on either or both a country’s or a valuation organization’s ability to pay. Director positions on the future Management Board should be based upon the needs of the IVSC and qualified persons best able to satisfy those needs;
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- Full membership in the IVSC is limited to professional valuation organizations or institutes. Other industry stakeholders are relegated to a subordinate member status. Stakeholders such as valuation companies, client groups, government agencies and institutions, academics and other interested parties could provide significant input, resources and funding to the IVSC; and
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- In recent years, changes in IVSC's environment have placed considerable strain on the organizational and financial resources of a body that relies extensively on the commitment and work by volunteers. It will be difficult for a group of volunteers to sustain the current level of IVSC activities, let alone respond to increasing demand for standards, advice and direction on valuation issues. As a consequence and in order to succeed, future funding of the IVSC must be increased substantially.

239 **OTHER MODELS**

240 The Governance Group also researched the background to and
241 current operating and governance models of a number of other
242 standards oriented organizations. This research included: the
243 International Accounting Standards Board (“IASB”); the
244 International Federation of Accountants (“IFAC”) and The
245 Appraisal Foundation (“TAF”) in the USA. Ultimately, two
246 approaches to achieving representational legitimacy were
considered.



247 The first was “political representative legitimacy”. This
248 circumstance occurs when an organization’s legitimacy is
249 derived from representation and voting by interest groups.
250 Political representatives are chosen to represent a constituency
251 [or interest group] and not because they are necessarily
252 independent experts. This is the current International Valuation
253 Standards Committee structure.

254 The second approach was the “independent expert” approach
255 adopted by the International Accounting Standards Board. The
256 idea behind this structure is that discretion resides with persons
257 who are (1) chosen because they have expertise for the task at
258 hand; (2) held accountable through an open, publicly
259 observable decision process; (3) required to be independent of
260 entanglements that could influence standard setting judgments;
261 and (4) expected to follow the precepts of a conceptual
262 framework in arriving at their judgments.

263 Recognizing the IVSC’s main priority is development of
264 independent high quality professional valuation standards, the
265 Governance Group felt the second approach was the most
266 appropriate. In order to facilitate population of the various
267 Boards and Committees utilizing a competency based
268 approach, the Governance Group proposes establishment of a
269 Nominations Committee in order to vet nominees and/or
270 applicants to the various Standards Board and Management
271 Board positions as they become vacant. The Nominations
272 Committee will be appointed by and make recommendations to
273 the Management Board.

274 **THE PROPOSED IVSC** 275 **RESTRUCTURE**

276 It became apparent to the Governance Group in the course of
277 attempting to complete its task that the IVSC’s relevance and
278 sustainability could only be assured by addressing three related
issues. These are, in order of priority:

- 279 • establishment of independent, multi-disciplinary, global
280 valuation standards;
- 281 • establishment of education materials about said standards;
- 282 • establishment of an accreditation syllabus for the Valuation
283 Professional.

284 Couple these issues with the practical reality that the current
285 IVSC is barely able to resource current demands with



286 volunteers, much less increasing future demand, and one is left
287 with no alternative but to expand. The needed expansion must
288 include the IVSC's valuation disciplines, expansion of the
289 IVSC's current perspective and expansion of the IVSC's
290 membership. In so doing, the IVSC will also expand the
291 resources it may call upon to succeed.

292 Put another way. The IVSC must provide the users of
293 valuation services, the providers of valuation services and
294 participants in the capital markets with reliable valuation
295 standards, education of standards and criteria leading to
296 consistent valuation practitioner accreditation. Doing this will
297 ensure the IVSC is considered relevant. It will also guarantee
298 the IVSC of sustainability.

299 To accomplish this however, the Governance Group concluded
300 the IVSC must move well beyond its current boundaries (real
301 property assets) to include the valuation of liabilities; must
302 move beyond its current skill set (real property valuation) to
303 include business and personal property valuation; and finally,
304 must move beyond its current resources (the traditional
305 "association of associations" approach to membership) to a less
306 restricted and more inclusive approach to drawing upon
307 expertise, skills and/or human resources. The latter would
308 include a shift away from volunteer resources in favour of
309 compensated positions or deliverables.

310 To this end and consistent with the related issues identified
311 [lines 279-283], the Governance Group advocates a
312 reorganization of the present day International Valuation
313 Standards Committee organization in favour of and involving
314 the following:

- 315 • Reorganize the IVSC Standards Board as an independent
316 standards body and rename it the International Valuation
317 Standards Board ("IVSB"). The IVSB will be responsible
318 for standards creation and its own technical agenda. An
319 Interpretations Committee should be created from within
320 the Standards Board membership to provide IVSB
321 approved interpretations of the International Valuation
322 Standards;
- 323 • Rename and reorganize the International Valuation
324 Standards Committee governance and operating structure.
325 The IVSC acronym will be rebranded the "International



326 Valuation Standards Council” to reflect the broader remit of
327 the organization as articulated in the IVSC’s mission
328 statement;

329 • The International Valuation Standards Council will remain
330 a membership based organization. That said, the criteria
331 for membership must be broadened beyond national
332 professional valuation organizations. Representation at
333 meetings of the IVSC will be via either one of two
334 membership groups. The one group will be entities that are
335 generally regarded as members of the Valuation Profession,
336 to include but not be limited to the IVSC’s current
337 membership. The second group will be made up of entities
338 which are generally regarded as users of, those influenced
339 by or those with an interest in valuation services and/or
340 valuation standards.

341 Both membership groups will be given ongoing
342 opportunities to share their knowledge with the IVSC on a
343 variety of subjects, to include standards. The Governance
344 Group believes users and providers of valuation services
345 will be more receptive to accepting the International
346 Valuation Standards if they have been provided
347 opportunities to contribute to and/or influence their
348 development;

349 • Reorganize the Management Board to enable it to act in an
350 oversight role and rename it the Board of Trustees. The
351 Board of Trustees’ mandate will be to directly or indirectly
352 formulate and manage the strategic functions of the IVSC
353 between Annual General Meetings. These responsibilities
354 will be in addition to the Board of Trustees’ primary role of
355 ensuring financial viability of the IVSC organization. It is
356 contemplated that Board of Trustees’ responsibilities and
357 IVSC resourcing may be accomplished through a Standing
358 Committee structure; and

359 • Create an International Valuation Professional Board to
360 research and advise the Board of Trustees on matters
361 related to the education of and professional criteria for
362 practitioners.



363 **INTERNATIONAL VALUATION**
364 **STANDARDS BOARD (“IVSB”)**

365 The International Valuation Standards Board will be an
366 independent decision making body; that is, the IVSB will have
367 full and final authority to set its own agenda and to approve
368 Exposure Drafts and standards.

369 **MEMBERSHIP**

370 This Restructure Proposal envisions a material change from the
371 current volunteer based approach to populating the IVSB, in
372 favour of what might eventually become a professional
(compensated in whole or in part) IVSB.

373 The IVSB will have up to nine members. In the immediate
374 term, the Nominations Committee will appoint all members of
375 the IVSB, including the Chair. As soon as practicable
376 however, the Nominations Committee shall commence a search
377 for a full time, compensated IVSB Chair, and in due course,
378 other IVSB members being retained and compensated for
379 specific tasks or assignments as required.

380 The Nominations Committee will act to ensure diversity of
381 geographic and professional backgrounds, with technical
382 expertise being the key criterion. Members of the IVSB will be
383 highly qualified, technically competent individuals who
384 function to serve only the public interest.

385 Given the IVSC’s current volunteer base, IVSB members will
386 be appointed for a mix of one (1) and two (2) year terms,
387 renewable no more than twice. It is contemplated that a shorter
388 term structure with staggered terms will facilitate the transition
389 from a volunteer Standards Board to a professional
390 [compensated] IVSB.

391 **MEETINGS**

392 The IVSB will meet two or more times per year. The IVSB
393 shall advise the Board of Trustees regarding its agenda and
394 anticipated activities. The IVSB will also confer with the
395 Valuation Member group and the Industry Member group
regarding their perception of needed standards.

396 Meetings of the IVSB will be open to public observation.
397 Agendas for the meeting should be published in advance;
398 summaries of technical decisions made at IVSB meetings
399 should be published promptly.



400 **RESPONSIBILITIES** The IVSB will have full discretion over the technical agenda
401 and standards project assignments undertaken. The most
402 important functions of the IVSB will be to prepare and issue
403 Exposure Drafts and the International Valuation Standards.

404 The IVSB will prepare a budget for presentation to and
405 approval by the Board of Trustees, which reflects the level of
406 activity and associated costs of implementing its technical and
407 standards agenda. Annual budgets will include all IVSB
408 compensation, technical and administrative staffing, and all
409 other costs incurred in order to facilitate production and
410 promulgation of the International Valuation Standards, manage
411 and co-ordinate all staff functions and/or the out-sourcing of
412 other organizational tasks.

413 Each IVSB member will have one vote, and the affirmative
414 vote of seven IVSB members will be required for any decision
415 to adopt, revise or withdraw a valuation standard.

416 The IVSB will establish from within its ranks, an
417 Interpretations Committee, which as the name implies shall
418 provide formal interpretations of the International Valuation
419 Standards. The IVSB shall approve, when appropriate and
420 prior to publication, final interpretations offered by the
421 Interpretations Committee.

422 **DUE PROCESS** The due process of the IVSB will be to ensure the development
423 of International Valuation Standards that are of the highest
424 quality. In general, the IVSB will work in ways it considers
425 most effective and cost efficient. It may elect to form or call
426 upon expert groups or other forms of advisory groups to seek
427 advice on major projects. The IVSB may also wish to
428 outsource detailed research or other work to national valuation
429 organizations and standard setters.

430 The IVSB will publish proposals for exposure prior to the
431 adoption of new or revised standards or guidance. An
432 exposure period of six months should normally be allowed.

433 The IVSB will advise the Board of Trustees and the IVSC
434 membership in general of its current activities as well as its
435 planned activities in order that the entire organization may be
436 and remain knowledgeable and informed.



437 **THE RESTRUCTURED INTERNATIONAL**
438 **VALUATION STANDARDS COUNCIL (“IVSC”)**

439 The International Valuation Standards Council (“IVSC”) will
440 be the global organization for the Valuation Profession and
441 related entities interested in or influenced by valuation
442 standards. The IVSC’s structure and governance will provide
443 for representation by diverse constituencies and interaction
444 with external entities or parties that rely on or are influenced by
445 the standards and work of professional valuers.

446 Membership in the International Valuation Standards Council
447 will be via one of two membership groups: IVSC Valuation
448 Members and IVSC Industry Members.

449 **VALUATION**
450 **MEMBERSHIP**

451 IVSC Valuation Members shall be comprised of not-for-profit
452 national valuation organizations, associations and/or institutes.
453 Standard setters recognized by law or general consensus within
a country will also qualify as a Valuation Member.

454 Two categories of Valuation Membership will be available:
455 Full and Associate. Criteria for membership will be more fully
456 developed but would encompass the following principles:

- 457 • **Full Membership** is open to national valuation
458 organizations acknowledged, either by legal decree or
459 general consensus, as being a national professional body
460 with responsibilities for the development of the Valuation
461 Profession. In the case of general consensus, the
462 organization must demonstrate evidence that it is national
463 in scope, has the support of government and the business
464 community and is a body in good standing in the
465 jurisdiction.
- 466 • **Associate Membership** may be granted to valuation
467 organizations that are at an earlier stage of their
468 development or operate within a regulatory and standard-
469 setting framework that presents challenges with respect to
470 the incorporation and implementation of International
471 Valuation Standards.

472 The IVSC supports the strengthening of valuation
473 organizations which do not currently meet the criteria for
474 Full Membership. Prospective organizations may apply and
475 be considered for Associate Membership in advance of



476 qualifying for or meeting all the Full Membership valuation
477 organization criteria.

478 **INDUSTRY**
479 **MEMBERSHIP**

480 IVSC Industry Members shall be comprised of entities
481 interested in the Valuation Profession and/or valuation
482 standards. These entities will be provided with the opportunity
483 to provide input and participate as a Full Member through a
committee structure forming the IVSC Industry Membership.

484 **Full Membership** will be available in one of four categories
485 effectively grouped by “type” or “interest” as follows:

- 486 • **Corporate Member** – companies and/or entities providing
487 valuation services. International networks of firms
488 practicing under the same name or whose member firms are
489 otherwise closely identified with one another, such as
490 through common elements in their name will be expected
491 to join as one entity.
- 492 • **Client Member** – for-profit entities such as lending
493 institutions, accounting firms, insurers, brokerage firms,
494 asset managers, investment bankers, and others with an
495 interest in valuation.
- 496 • **Institutional Member** – non-profit entities and
497 government agencies that represent valuers, users of
498 valuation services and government agencies.
- 499 • **Academic Member** – universities, colleges and other
500 education based entities or institutes that provide advanced
501 education to valuers or persons wanting to become
502 professional valuers.

503 **MEMBER ADVISORY**
504 **PARTICIPATION**

505 The Valuation Members and the Industry Members will have
506 opportunities to make formal recommendations to the IVSC
507 Boards on major issues. The Valuation and Industry Members
508 will assist the various IVSC Boards in their respective roles to
509 advance the IVSC generally and more particularly, in
identifying and cultivating support for the work of the IVSC.



510	IVSC ANNUAL	
511	GENERAL MEETINGS	The IVSC will meet once a year at an Annual General Meeting
512		and will be responsible for deciding constitutional
513		issues/questions, electing persons to the Board of Trustees and
514		ratifying [confirming by formal consent] decisions of the Board
515		of Trustees, appointing auditors, ratifying appointments to the
516		IVSB and International Valuation Professional Board, and
517		approve membership applications to the IVSC.
518		The IVSC will receive progress reports from the Chairs of the
519		operating Boards at each meeting and review developments in
520		such areas as:
521		<ul style="list-style-type: none">• international valuation standard-setting
522		<ul style="list-style-type: none">• operating and financial review
523		<ul style="list-style-type: none">• development of the profession
524	VOTING	Each Full Member and Associate Member will be entitled to
525		one vote at the IVSC Annual General Meeting.
526		With respect to Business Matters, an affirmative vote equal to a
527		simple majority (fifty percent plus one member) of those
528		members in attendance and eligible to vote will be required.
529		Business Matters shall include receipt of reports, ratification of
530		Board of Trustees' decisions and matters other than
531		Constitutional Matters.
532		With respect to Constitutional Matters, an affirmative vote
533		equal to not less than three quarters ($\frac{3}{4}$) of those members in
534		attendance and eligible to vote will be required. Constitutional
535		Matters shall include changes of any nature to the IVSC
536		bylaws, rules and regulations and/or incorporation documents
537		or any other change, the effect of which would be to change the
538		governance structure of the IVSC.
539	IVSC CHAIR	The Board of Trustees will appoint the Chair of the IVSC,
540		which appointment shall be ratified at the IVSC Annual
541		General Meeting. S/he will act as Chair of both the IVSC and
542		the Board of Trustees. The person appointed Chair can be
543		either a Valuation Member or an Industry Member but shall not
544		be considered to represent either member group.



545 **BOARD OF TRUSTEES**

546 The Board of Trustees will be comprised of individuals who act
547 with integrity and to the extent possible, in both the interest of
the IVSC and public interest.

548 **MEMBERSHIP**

549 The Board of Trustees will be comprised of a Chair and
550 fourteen (14) individuals serving as Trustees of the IVSC.
551 Trustees will serve for up to three (3) year terms, which shall
be renewable once.

552 All Trusteeships are personal; alternates and proxy voting will
553 not be permitted. Although IVSC Trustees may be a Valuation
554 Member or an Industry Member, when sitting as IVSC
555 Trustees they are responsible for and accountable to the IVSC.
556 For this reason, Trustees **can not** serve as the designated
557 representative of a valuation organization or an industry entity
558 to the IVSC.

559 The Nominations Committee shall ensure that a simple
560 majority of the Board of Trustees are representatives of the
561 Valuation Professional. Furthermore, the Nominations
562 Committee shall ensure valuation discipline diversity among
563 the valuers on the Board of Trustees. The Nominations
564 Committee shall also seek to ensure the Board of Trustees is
565 geographically representative as befitting an international
566 organization.

567 **TRUSTEES**

568 The Board of Trustees will consist of fifteen (15) individuals
including the Chair.

569 Given the IVSC's financial viability and strategic management
570 functions are conducted by the Board of Trustees, the
571 Nominations Committee may both seek and/or entertain
572 applications for the Board of Trustees from the Valuation
573 Members and the Industry Members, as well as from the Public
574 at large as deemed necessary by the Board of Trustees. The
575 make-up of the Board of Trustees, as far as is practicable, shall
576 reflect in the individuals selected, an understanding of the
577 needs of the IVSC and issues relevant to the viability and
578 management of a global standard setting organization. The
579 Nominations Committee shall notify the IVSC Membership of
580 scheduled vacancies in a timely manner.

581 Each Trustee will have one vote, and the affirmative vote of ten
582 (10) Trustees will be required for any decision of the Board of
583 Trustees to be adopted.



617 **STANDING COMMITTEES**

618 The Board of Trustees may carry out its responsibilities
619 through the following Standing Committees:

- 620 • Finance Committee:
- 621 • Nominations Committee:
- 622 • Membership Committee:
- 623 • Publications Committee:
- 624 • Marketing Committee:
- 625 • IVS Education Committee

626 **DUE PROCESS**

627 The due process of the Board of Trustees will be to ensure the
628 financial viability of the IVSC as well as the prudent and
629 proactive management of its operations. All Board of Trustees
630 decisions shall be reported to the IVSC membership at the
Annual General Meeting.

631 **INTERNATIONAL VALUATION**
632 **PROFESSIONAL BOARD**

633 The International Valuation Professional Board will carry out
634 the directives of the Board of Trustees in setting its agenda.

635 **MEMBERSHIP**

636 The International Valuation Professional Board will have up to
637 nine members appointed by the Nominations Committee. The
638 members of the International Valuation Professional Board will
appoint one member to serve as Chair.

639 The Nominations Committee will act to ensure diversity of
640 geographic and professional backgrounds, but technical
641 expertise will be the key criterion. Members of the
642 International Valuation Professional Board will be highly
643 qualified, technically competent individuals who function to
644 serve only the public interest. International Valuation
645 Professional Board members will normally be appointed for a
646 fixed term of five years, which shall be renewable once.

647 **MEETINGS**

648 The International Valuation Professional Board will meet not
649 less than two times per year. The International Valuation
650 Professional Board shall advise the Board of Trustees
regarding its agenda.

651 Meetings of the International Valuation Professional Board
652 may be open to public observation.



653 **RESPONSIBILITIES** The International Valuation Professional Board will survey
654 professional valuation organizations regarding their
655 educational requirements, their Body of Knowledge and their
656 Best Practices.

657 The International Valuation Professional Board will then:
658 1. develop an international education curriculum for
659 accreditation of professional valuers;
660 2. develop a multi discipline international Body of
661 Knowledge; and
662 3. develop a set of international valuation Best Practices for
663 the three valuation disciplines,
664 making same available to existing and developing nations.

665 **DUE PROCESS** The due process of the International Valuation Professional
666 Board will be to ensure development of criterion for
667 international valuation education, the valuation Body of
668 Knowledge and Best Practices that are of the highest quality.
669 Users and particularly providers of valuation services are more
670 likely to accept suggestions if they have opportunities to
671 contribute to their development.

672 The International Valuation Professional Board will not write
673 educational courses or materials, but will suggest educational
674 topics and concepts for professional valuation organizations to
675 use in developing educational programs.

676 **IVSC FUNDING**
677 **AND RESOURCING**

678 The Governance Group believes the IVSC must have
679 sufficient, suitably qualified staff to support the technical and
680 administrative needs of the International Valuation IVSB as
681 well as the secretariat and administrative needs of the Board of
Trustees and the International Valuation Professional Board.

682 Accordingly, and in order for the IVSC to evolve successfully,
683 the Governance Group is of the view the International
684 Valuation Standards Board must eventually have sufficient
685 funding to compensate IVSB members, in whole or in part, in
686 addition to funding the general and administrative costs
687 associated with the proper operation of an international
688 standard setting organization.

689 It is contemplated that, with the exception of the International
690 Valuation Standards Board Chair [and in due course other



691 IVSB members], all persons serving the IVSC on the Board of
692 Trustees, Standing Committees and International Valuation
693 Professional Board will act in a voluntary capacity. All costs
694 of attending meetings of the International Valuations Standards
695 Board, the Board of Trustees and the International Valuation
696 Professional Board will be covered.

697 Representatives of IVSC member organizations will be
698 expected to meet their own costs of attending IVSC meetings,
699 Board and/or Committee meetings.

FOLLOW-UP ACTIVITIES

700 Assuming this Restructure Proposal is accepted by the IVSC
701 membership, the Governance Group recommends that a
702 Business Plan and new Bylaws and Regulations be drafted.
703 The Business Plan should include researching and developing
704 budgets for the staged transition from a volunteer based to a
705 professional based International Valuation Standards Board.

706 The Governance Group believes there will be substantial
707 international commitment to finding an acceptable structure to
708 develop a set of globally accepted valuation standards. The
709 Governance Group also anticipates its proposal for a more
710 independent international valuations standard setter, and
711 greater participation by the valuation profession and those who
712 rely on valuation advice, will lead to a commitment to provide
713 resources and sources of funding to support the restructured
714 organization.

TIMETABLE FOR CHANGE

715 The Governance Group recommends that the IVSC
716 membership use its best efforts to make the new structure
717 operational by the 1st of January 2008. The proposed timetable
718 is as follows:

- | | | |
|-----|-------------------------------|--------------------------------------|
| 719 | April 2007: | • IVSC Meeting - approve Restructure |
| 720 | | Proposal recommendations. |
| 721 | April-July 2007: | • Draft new By-Laws and Regulations. |
| 722 | | • Seek funding. |
| 723 | October 2007: | • IVSC AGM - Approve new By-Laws |
| 724 | | and Regulations. |
| 725 | 4 th Quarter 2007: | • Appoint IVSB Chair. |
| 726 | January 2008 | • New structure operational. |



727 It is acknowledged by the Governance Group that this is an
728 aggressive and challenging timetable.

729 The presumption is also made that an International Valuation
730 Standards Board Chair will be identified as well as names of
731 prospective individuals prepared to make the necessary
732 commitment to serve on the restructured IVSB and Board of
733 Trustees, which will allow IVSC members to decide whether to
734 approve the required constitutional changes at the October
735 2007 Annual General Meeting. The names of prospective
736 International Valuation Professional Board members would be
737 sought following approval of the Restructure Proposal.

738 **STRUCTURE REVIEW**

739 The Governance Group hopes this restructure of the IVSC can
740 act as a blueprint for achieving the ultimate desired structure
741 for an international body serving the whole of the Valuation
742 Profession. Considerable detail has yet to be worked out in
743 order for the IVSC to successfully evolve. For this reason,
744 review of the effectiveness of the new structure is a critical step
745 to achieving eventual success. The Governance Group
746 recommends that the Board of Trustees undertake a triennial
747 review following implementation of the new structure, to
748 ensure necessary revisions are put into place and that similar
reviews be conducted with the same frequency thereafter.



749 **GOVERNANCE SUMMARY TABLE**

750	<u>BOARD</u>	<u>NO.</u>	<u>TERM (RENEWAL)</u>	<u>REPRESENTATION</u>
751	International Valuation Standards Board	9	1 and 2 years (2)	Competency based.
752				Regional and Disciplinary diversity and balance sought, but not mandatory.
753				Members appointed by Nominations Committee.
754				Chair selected by the Nominations Committee.
755				
756				
757	Board of Trustees	15	3 years (1)	Competency based.
758				Valuation Member and Industry Member representation sought, but not mandatory.
759				Representatives of the Valuation Profession shall represent a simple majority.
760				Disciplinary diversity among Valuation Profession representatives.
761				Trustees appointed by Nominations Committee.
762				Chair elected from and by Trustees.
763				
764				
765				
766	International Valuation Professional Board	9	5 years (1)	Regional and Disciplinary diversity and balance sought, but not mandatory.
767				Members appointed by Nominations Committee.
768				Chair elected from and by Board members.
769				
770				

INTERNATIONAL VALUATION STANDARDS RESTRUCTURE

