Chartered Business Valuators Institute | L'Institut des experts en évaluation d'entreprises

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April 30, 2026

Alexander Aronsohn, FRICS
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Via email: aaronsohn@ivsc.org

Dear Alexander:
re: IVS Exposure Draft for Consultation (2026)

Thank you for the opportunity to provide our views on the IVSC Exposure Draft titled "IVS Exposure Draft Consultation (2026)" (the "ED").

At the outset, we wish to express our ongoing strong support for the IVSC, its staff, and its global network of volunteers, including the IVSC Standards Review Board ("SRB"). The IVS play a critical role in advancing high-quality, consistent valuation practices worldwide, and we commend the IVSC for its continued efforts to enhance transparency, rigor, and trust in valuation. The ED reflects a thoughtful and comprehensive attempt to address evolving issues in valuation practice, including valuation risk, data considerations, and the use of emerging technologies. CBV Institute remains committed to supporting the IVSC and the IVS.

Our comments are intended to be constructive and are offered with the objective of ensuring that IVS remain principles-based, practical, and globally adoptable. We have focused our feedback on several high-level themes where we believe further refinement would enhance clarity, usability, and effectiveness.

On behalf of CBV Institute, and our Professional Practice and Standards Committee, our comments on the ED are as follows.

1. Valuation Risk
We agree with the IVSC's objective of improving understanding of valuation risk and educating users of valuations about valuation uncertainty in valuation conclusions. As acknowledged in prior IVSC perspective papers, valuation is a disciplined professional process that can involve professional judgment, often imperfect information, risk of errors, omissions or biases.

However, we have concerns regarding the introduction and framing of "valuation risk" within the IVS General Standards:

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- **Conceptual clarity and necessity**: It is unclear whether defining "valuation risk" within the standards themselves provides incremental benefit, particularly where related concepts (e.g., assumptions, limitations, disclosures) are already embedded throughout IVS.
- **Terminology**: References in the definition of valuation risk to valuations being "not appropriate," "not credible," or "not supportable" may have unintended professional and legal implications and could create confusion or concern among users without providing practical guidance.
- **Approach to standard-setting**: CBV Institute prefers to focus on positive requirements (i.e., what constitutes an IVS-compliant valuation, what is appropriate, credible and supportable) rather than attempting to define circumstances in which a valuation may be considered deficient.
- **Risk of over-prescription:** The current articulation risks introducing a level of prescriptiveness in a regulatory-style framework that may not align with the judgment-based nature of valuation practice.

We note that similar concepts are addressed in financial reporting frameworks (e.g., "measurement uncertainty" under IFRS), where the emphasis is on disclosure of key assumptions and sensitivities rather than defining a separate category of "risk". We believe this approach is more consistent with the nature of valuation.

CBV Institute Recommendation:
We prefer to address the concepts behind valuation risk in educational and thought leadership materials, rather than embedding the term in standards. Rather than formally defining "valuation risk" within the standards, we suggest requiring standardized disclosure language in valuation reports that clearly communicates that all valuations are subject to uncertainty. This would enhance user understanding while preserving the principles-based nature of IVS.

2. Data, Inputs, and Scope Limitations
We support the IVSC's efforts to strengthen guidance around data and inputs. In particular, we believe there is an opportunity to enhance clarity in the following areas:

a) Scope Limitations
We recommend explicitly incorporating the concept of scope limitations into IVS 104 (Data and Inputs) and IVS 106 (Reporting). In practice, valuers frequently encounter limitations such as:

- restricted access to management,
- incomplete or unreliable financial information, or
- client-imposed constraints.

These factors directly affect valuation outcomes and should be transparently disclosed and explained to users.

b) Use of Management-Provided Data

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We believe the IVS should emphasize **professional judgment and skepticism** when evaluating data provided by management. Overly prescriptive requirements may not be appropriate across all valuation contexts and could inadvertently limit professional judgment. For example, proposed paragraph 30.02 in IVS 104, which states "*If data provided by the management or the client includes performance projections, then the valuer must assess the historic record of fulfilling expectations and determine if an adjustment needs to be applied*" appears very specific. Instead, IVS should express the high-level principle of assessing management data using professional judgment and professional skepticism. For example, a simpler and broader articulation might be: "Data provided by management or the client, including performance projections, must be assessed for appropriateness or adjusted. Inputs and assumptions must be reasonable and appropriate for the intended purpose and intended use(s) of the valuation."

Furthermore, we encourage IVSC to also explicitly address **potential bias** in management-provided data and projections, and to reinforce the importance of assessing such bias.

CBV Institute Recommendation:
Strengthen principles around transparency, professional skepticism, and disclosure, while avoiding prescriptive "how-to" guidance that is better suited to education and practice materials.

3. Artificial Intelligence (AI) and Technology-Based Tools

We appreciate the IVSC's proactive approach to addressing the growing use of AI and technology in valuation. We agree with the fundamental principle that the valuer retains ultimate responsibility for the valuation conclusion, regardless of the tools used.

However, we have some concerns regarding certain proposed requirements:

- **Disclosure requirements**: Mandatory disclosure of the use of AI or specific tools in valuation reports may not be meaningful to users and could create confusion.
- **Scope of work disclosures**: Requiring disclosure of proposed use of AI at the outset of an engagement may be impractical, as methodologies and tools often evolve throughout the engagement.
- **"Explainability" standard**: Emphasis on explainability or full verification of underlying logic may set an unnecessarily high bar and discourage the use of advanced analytics.

CBV Institute Recommendation:
Shift the focus from "explainability" to **reliability, validation, and professional accountability**. Valuers should be required to test, challenge, and corroborate outputs, rather than fully reverse-engineer complex tools.

4. Valuation Ranges and Reporting (IVS 106)
We support the inclusion of guidance on valuation ranges, as ranges are a common and appropriate way to express valuation uncertainty.

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However, the proposed requirements may be difficult to apply in practice:

- The requirement to precisely define the "purpose" of a range may not always be meaningful.
- Ranges often reflect multiple interacting assumptions and cannot be easily decomposed into discrete drivers.
- The proposed approach risks generating boilerplate disclosures rather than meaningful, engagement-specific explanations.

CBV Institute Recommendation:
Adopt a more principles-based approach emphasizing:

- explanation of key inputs and assumptions driving variability in a particular valuation,
- transparency regarding uncertainty, and
- the use of sensitivity analysis, where appropriate, to illustrate the impact of changes in key valuation inputs and assumptions on the valuation conclusion.

5. Prescriptiveness and Use of "Must" Requirements
A key overarching concern is the increasing prescriptiveness of the standards.

We note a significant increase in the use of "must" requirements in the ED relative to prior versions of IVS. While stronger requirements can enhance consistency, excessive prescriptiveness may:

- reduce flexibility and professional judgment,
- create barriers to global adoption,
- increase compliance burden and litigation risk, and
- make valuation engagements less practical or economically viable.

CBV Institute Recommendation:
Maintain IVS as **principles-based standards**, reserving "must" requirements for high-level concepts rather than detailed implementation steps.

6. Scope of Work Requirements
We believe certain proposed scope of work requirements are overly detailed and impractical, particularly where they require disclosures that may not be known at the outset of an engagement (e.g., whether a valuation will result in a range or the specific tools to be used).

CBV Institute Recommendation:
Allow flexibility for practitioners to define scope at a high level, with updates communicated as needed, rather than requiring exhaustive upfront disclosures.

7. Implementation and Global Consistency
Finally, we encourage the IVSC to support mechanisms to support consistent application of IVS globally. Given the increasing complexity of the standards, additional guidance, forums, or a body

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to aid in the interpretation of IVS could help practitioners, regulators, and users navigate practical application issues.

Conclusion
We commend the IVSC for its continued leadership in advancing global valuation standards. The ED represents a meaningful step forward in addressing emerging issues in valuation practice.

Our overarching recommendation is to ensure that IVS remain:
- principles-based,
- practical and scalable, and
- globally adoptable.

We would be pleased to discuss our comments further or participate in any follow-up consultations.

Yours sincerely,

Catalina Miranda

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