

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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First Meeting 2014

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1:00 PM – 3:00 PM

Great Room III & IV, The Langham Hotel
Auckland, New Zealand

Meeting Paper 8-A Promoting Internationally Recognized and Accepted Valuation Standards

International Valuation Standards Council

- PURPOSE** For consideration.
- ISSUE** Proposed activities to promote internationally recognized and accepted valuation standards
- BACKGROUND** In 2013, the Advisory Group considered the case for Internationally Recognized and Accepted Valuation Standards and the role of the International Valuation Standards Council (IVSC) as the global standards setter. Valuation plays an important role in financial markets as the basis for investment decisions, measuring performance and disclosure in financial reporting and contributes to the development and stability of financial systems. This role can be enhanced by addressing important challenges, including a fragmented professional and regulatory landscape, the multiplicity of bodies producing regulations related to valuation and the lack of professional infrastructure and common benchmark for the profession.
- PROPOSAL** In 2014, the Advisory Group aims to undertake discussions to develop recommendations on how to address these challenges, the ultimate objective being to develop a strategy to secure acceptance and recognition of IV Standards by all major regional and national regulatory authorities.

For this purpose a Task Force (TF) would be established bringing together interested parties from member economies represented on the Advisory Group as well as nominees from IVSC and the relevant national valuation institutions/organisations within APEC.

***DECISION
POINT***

Agree to undertake work to promote internationally recognized and accepted valuation standards

Promoting Internationally Recognized and Accepted Valuation Standards

In 2013, the Advisory Group considered the case for Internationally Recognized and Accepted Valuation Standards and the role of the International Valuation Standards Council (IVSC) as the global standards setter. Valuation plays an important role in financial markets as the basis for investment decisions, measuring performance and disclosure in financial reporting and contributes to the development and stability of financial systems. It is also a major factor in underpinning real economic growth by endorsing the value of the assets, both tangible and intangible, that support it. These roles can be enhanced by addressing important challenges, including a fragmented professional and regulatory landscape, the multiplicity of bodies producing regulations related to valuation and the lack of professional infrastructure and common benchmarks for the valuation profession as a whole.

In 2014, the Advisory Group aims to undertake discussions to develop recommendations on how to address these challenges, the ultimate objective being to develop a strategy to secure acceptance and recognition of international valuation standards as developed by IVSC by all major regional and national regulatory authorities.

For this purpose a Task Force (TF) would be established bringing together interested parties from member economies represented on the Advisory Group as well as nominees from IVSC, key regulatory authorities and the relevant national valuation institutions/organisations within APEC. Given Mainland China's role as chair of APEC in 2014, active support would also be solicited from the Ministry of Finance in Beijing.

Part of the initial work of the TF would be to explore the valuation landscape within APEC and to undertake, in effect, a gap analysis to identify where the strengths and weaknesses lie and where, in particular, there is a need to reinforce the valuation infrastructure. Themes would also be developed around public interest, unifying the profession and the need for policy reform and the suggested outcomes, namely a series of protocols, would be considered by a workshop to be held on the sidelines of a future ABAC meeting. Recommendations arising out of the workshop would then be put to the Advisory Group and ABAC for their endorsement.

IVSC is also investigating the possibility of holding a symposium in Hong Kong on the sidelines of the APEC Ministers of Finance meeting in September 2014. This would provide a platform for Asia-based stakeholders who may not be party to the APEC/ABAC discussions to share ideas, foster collaboration and identify from their perspective some of the challenges to be anticipated in developing a strong valuation profession in the region based on international valuation standards as developed by IVSC and these inputs could also be fed into the work of the TF.