



March 15, 2007

Sent by email to director@fasb.org

Technical Director – File Reference No. 1520-100
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116
USA

Dear Sir/Madam:

Re: FASB Valuation Guidance for Financial Reporting – Invitation to Comment

The Canadian Institute of Chartered Business Valuators (“CICBV”) is pleased to reply to the FASB Valuation Guidance for Financial Reporting – Invitation to Comment (the “FASB ITC”) and provide you with our comments.

We would like to take this opportunity to provide you with information regarding the structure and operations of the CICBV, as well as responding to the specific questions posed in the FASB ITC.

The Canadian Institute of Chartered Business Valuators (“CICBV”)

The CICBV is nationally and internationally recognized as the pre-eminent business valuation organization in Canada. The CICBV was established in 1971 and develops and promotes high professional standards governing a membership of more than 1,100 professionals who provide business valuation and related financial services for commercial, business and financial matters, in the areas of compliance, disputes, financial reporting, corporate finance and consulting.

The CICBV and its members have achieved significant recognition and stature as a result of having a rigorous training and certification process, Practice Standards and a Code of Ethics. The professional designation Chartered Business Valuator (“CBV”) has become recognized as the premier credential for professional business valuers in Canada, with members providing a broad range of business valuation services to the Canadian and international business, legal, investment banking and government communities.

Members of the CICBV are recognized for their objectivity, expertise and experience. The CBV designation is recognized as the only “Valuation Specialist” designation by the Canadian Institute of Chartered Accountants (“CICA”). Our members are employed by Canada Revenue Agency and many Provincial Securities Regulators. CBVs are recognized by the Canadian judicial system and often appear as expert witnesses in relation to valuation and quantification of economic loss matters; our Practice Standards are also recognized by the Courts. Further, our members are internationally involved as representatives of international accounting firms on global committees and working with foreign

regulatory bodies, including the Chief Accountant's Office of the Securities and Exchange Commission ("SEC").

Since 2002 the CICBV has been addressing the evolution of Valuation for Financial Reporting ("VFR") as a consequence of FAS 141/142 and the Canadian equivalent CICA Handbook 1581/3062. In particular, the Board of Directors of the CICBV, along with its Professional Practice Committee, has undertaken the following:

- 1) Establishment of a subcommittee to deal with VFR (the terms of reference of this subcommittee are set out in Appendix A to this letter). It should be noted that this subcommittee liaises with the Canadian Accounting Standards Board, the Canadian Institute of Chartered Accountants and the various Canadian Provincial Securities Commissions;
- 2) Development of a new course entitled "Valuation for Financial Reporting" to be delivered on an online basis to our members and students, as well as any other interested parties. This course will be completed and accessible via the internet on May 1, 2007;
- 3) Amendment of the CICBV Practice Standards in reference to VFR engagements to ensure these engagements are adequately considered therein; and,
- 4) Development of an Appendix to our Practice Standards to provide our members with implementation guidance with respect to VFR engagements.

Globally, the CICBV has been active in working in conjunction with other U.S. business valuation organizations including the American Society of Appraisers – Business Valuation Committee (ASA-BV) and the AICPA – Business Valuation Committee (AICPA-BV). The CICBV is a member of the International Valuations Standards Committee (IVSC). The CICBV is also a member of the Toronto Valuation Accord which is an organization made up of North American and International Professional Valuation organizations that work together with legislative and regulatory bodies, standard setting groups and other professions to expedite the simplification and harmonization of financial reporting standards.

In summary, the CICBV is the business valuation organization in Canada, recognized internationally. While we have a strong working relationship with the Canadian Institute of Chartered Accountants, we are an independent self-regulating organization. We are recognized as the business valuation standard setters in Canada by the legal, business and regulatory regimes. We believe this has contributed to our broad market acceptance. We understand that FASB desires a similar level of acknowledgement and acceptance for valuation standards in the United States. In light of this, we consider the CICBV model an effective means by which standards can be set and regulated and, as such, is one which FASB may want to consider in establishing business valuation standards in the United States.

Given our business valuation experience and expertise, the CICBV would be pleased to assist in the establishment of U.S. business valuation standards.

The foregoing is an overview of the CICBV. Further details can be obtained at www.cicbv.ca.

Our comments on the specific questions included in the FASB ITC are as follows:

Need For Valuation Guidance

Question 1:

Is there a Need for Valuation Guidance Specifically for Financial Reporting?

Response:

The CICBV strongly believes that more guidance for Valuation for Financial Reporting is needed. Our ongoing efforts, which began in late 2005, are described above. We consider that additional guidance will lead to more consistency and this will, in turn, lead to broader market acceptance.

Question 1(a):

Should Valuation Guidance Include Conceptual Valuation Guidance, Detailed Implementation, or a Combination of Both?

Response:

Generally speaking we consider a conceptual valuation guidance approach to be most appropriate. Our Practice Standards are “principle-based” rather than prescriptive. However, there could also be an implementation guide such as an Appendix, Practice Guideline or Bulletin with respect to basic approaches, minimum requirements and specific areas where there are divergent practices.

Question 1(b):

What Should Be the Duration of Any Valuation-Guidance-Setting Activities?

Response:

The CICBV periodically reviews all of its Practice Standards, Practice Bulletins, etc. Therefore, we believe that as a matter of principle, ongoing reviews should be undertaken and there should be no limited duration to standards or standard setting activities. We also appreciate that standard setting takes a significant amount of time and effort.

Level of Participation by Existing Appraisal Organizations

Question 2:

What Level of Participation Should Existing Appraisal Organizations Have in Establishing Valuation Guidance for Financial Reporting?

Response:

It is our view that Option c), “serving as the principal standard setter” should be the role of existing appraisal and business valuation organizations. This would most closely represent our current structure. However, if this is not acceptable, then Option b), with appraisal and business valuation organizations “serving as an advisor(s) to any standard setters” would be the next most desirable level of participation.

We believe that it is essential that the standard setter speak on behalf of and reflect the opinion of as many interested parties as possible. As such, we believe the standard setting process should include input from appraisers, business valuers, academics, accountants, auditors and regulators.

If Option (b) is chosen, the CICBV would be interested in participating as an advisor to the standard setter.

Process for Issuing Valuation Guidance

Question 3:

What Process Should Be Used for Issuing Guidance for Financial Reporting?

Response:

Option d) "A separate permanent standard setter could issue valuation guidance under the oversight of the FASB and the SEC". We believe the word "oversight" should be changed to "coordination" in order to better describe the role of FASB and SEC; particularly, given our view that the process should involve input from other stakeholders.

International Convergence

Question 4:

Should the Process of Valuation Guidance Be on an International or National Level?

Response:

The process of setting standards and valuation guidance should be undertaken on an international level, with no geographic boundaries.

The CICBV's VFR subcommittee membership consists partly of representatives from international firms and they have contributed significantly to our work in this area - including the development of our new course. In addition, given the general movement to development of harmonized international standards and regulations, this would be a good opportunity to advance valuation standards in this direction. We appreciate that this may result in the development of only "minimum" standards in other countries.

Other Potential Issues

(a) Who should grant authority to issue the valuation guidance?

Response:

In order to establish the necessary credibility and acceptance in the broad marketplace, FASB should endorse whatever organization issues the valuation guidance.

(b) What due process procedures should the standard setter follow in issuing valuation guidance?

Response:

There should be transparency in the standard setting process (exposure drafts, public discussions). All stakeholders, including reporting issuers, academics, accountants, regulators, auditors, etc. should be involved.

In this regard we note that CICBV By-Laws state:

"The Board of Directors shall publish proposed practice standards and recommendations in Exposure Drafts which shall include a statement of the scope and intention of the proposed practice standards and recommendations and shall set a date by which the members shall provide comments, if

any. The Board of Directors shall be entitled to circulate as many revisions to Exposure Drafts as it shall consider appropriate in order to obtain all relevant comments of the members."

"Practice Standards and Recommendations shall be effective on the date that they are approved by the members, which shall not occur until such Practice Standards and Recommendations have been circulated among members for comment and such Practice Standards and Recommendations have been approved by not less than two-thirds of the members of the Board of Directors."

(c) How should any other organization that issues valuation guidance be funded?

Response:

Funding can be provided from the reporting issuers, voluntary contributions from accounting and valuations firms, capital markets and other stakeholders. The general principle should be that funding should be equitable to the parties who are beneficiaries of the standard setting process, including preparers and users of valuations.

The CICBV is funded by member and students dues and proceeds from educational courses, seminars and materials. These dues fund the standard setting process along with the other operations of the CICBV. We also rely heavily on our member volunteers to assist in the process of standard setting.

Roundtable

We would like to be considered for inclusion at the upcoming public roundtable meetings.

Conclusion

We hope that this submission is insightful and helpful to you. We consider Practice Standards to be fundamental to ensuring the adequacy and standardization of valuation practices and communications, both of which are necessary for broad market acceptance.

As noted, the CICBV model, being a separate valuation standard-setting body affiliated with an accounting body and having input and membership representing different disciplines has proven to work very well. Our 36 years of experience as an organization has allowed us to understand the importance of Practice Standards and the process of standard setting. We think our structure and model should be given serious consideration for implementation by FASB. If an advisory role exists for the CICBV within the chosen U.S. standard setting process, we would be pleased to consider involvement therein.

If you have any questions regarding the above comments, or if we can assist you further in this process, please do not hesitate to contact the undersigned (direct phone number (519) 738-5013).

Yours truly,



Carl Merton, CA, CBV
Chair, Professional Practice Committee

APPENDIX A

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

FINANCIAL REPORTING SUB-COMMITTEE

Terms of Reference

1. **To examine whether the Institute needs to develop new or amend existing standards, practice bulletins, guidelines or appendices to assist CBVs who are involved in valuations for financial reporting (“VFR”) and to inform all Members and the public on the generally accepted business valuation principles to protect the profession and the public.**

2. **To discuss and recommend what needs to be done to educate the following groups:**
 - **Members**
 - **Students**
 - **Professional Accountants and Auditors**
 - **Management**
 - **Securities Commissions**
 - **The Business Community**
 - **The general public**

3. **To identify international issues and advise the Board in respect to the impact on the business valuation profession and recommend future actions.**

Timeline

A preliminary report will be presented to the Board at the June 22, 2006 meeting.

Structure

Consists of one Board Member who is also the Chair, Farley Cohen, and five appointed non-Board Members, along with the CICBV Professional Practice Coordinator and the President & CEO.

December 2, 2005