

Certified in Entity and Intangible Valuations (CEIV™)

Frequently Asked Questions (FAQs)

What is the CEIV credential?

The Certified in Entity and Intangible Valuations (“CEIV”) credential was designed to enhance consistency and transparency in the fair value measurement process and will be issued to valuation professionals who perform fair value measurements for businesses, business interests, intangible assets, certain liabilities, and inventory for financial reporting purposes. Key components of this new credentialing program will include compliance with the Mandatory Performance Framework that will help define ‘how much’ work is necessary to provide supportable and auditable fair value measurements which will be reviewed through an ongoing Quality Control process.

To Which types of engagements does the CEIV credential apply?

The CEIV credential was designed to address fair value measurements for businesses, business interests, intangible assets, certain liabilities, and inventory for financial reporting purposes. Financial statements issued for financial reporting purposes include, but are not limited to, financial reports issued by the following:

- Entities required to submit registration statements or filings to the SEC
- Privately held entities that prepare and issue financial statements in accordance with United States generally accepted accounting principles (U.S. GAAP)
- Any other engagement where the individual is performing services as a valuation professional

Important: If a CEIV credential holder is engaged by a privately held entity that does not issue financial statements in accordance with U.S. GAAP (for example, financial statements issued in accordance with special purpose frameworks), the CEIV credential holder **should** follow the MPF documents for the engagement; however, if the CEIV credential holder elects not to follow the MPF documents, this fact and rationale must be prominently displayed on the first page of the final valuation report.

Who may obtain the CEIV Credential?

Valuation professionals who perform fair value measurements for businesses, business interests, intangible assets, certain liabilities, and inventory for financial reporting purposes – whether already credentialed or not are able to obtain the CEIV as long as they possess the requisite education and experience. Please visit each Valuation Professional Organization’s website for further information.

American Society of Appraisers – www.appraisers.org

American Institute of Certified Public Accountants (AICPA) – www.aicpa.org

Royal Institution of Chartered Surveyors (RICS) – www.rics.org

What is the Mandatory Performance Framework?

The Mandatory Performance Framework is a practical non-authoritative framework that defines ‘how much’ work is necessary to provide supportable and auditable fair value measurements for financial reporting. The Framework is designed to enhance consistency and transparency in the performance of fair value measurements, to the benefit of the public interest. CEIV credential holders are required to comply with the Mandatory Performance Framework.

What will the Quality Control process entail?

All CEIV credential holders will be required to submit to an annual, proactive ongoing engagement level Quality Control Program. The goal of the Quality Control Program is to provide confidence to markets and regulators that CEIV credential holders are performing high quality valuations in compliance with the Mandatory Performance Framework.

The Quality Control Program encompasses a combination of reviews of CPE requirements, a review of work performed and a review of complaints received (anonymous or otherwise) if applicable. Reviews will be structured to gather and evaluate the information needed to demonstrate core areas of the Mandatory Performance Framework are being properly followed.

Each credential holder will undergo an initial quality control review no sooner than nine months after obtaining the credential unless a complaint against the credential holder requires an investigative review. Following the initial quality control review, an annual risk-based approach will be implemented. The results of the risk-based return will determine the level of ongoing Quality Control review required for the individual, if any. More information on the review process and levels of the compliance will be conveyed after the initial roll-out of the CEIV credential.

What will happen if deficiencies are found in the Quality Control process?

If a review identifies one or more significant deficiencies, the file will be passed to a Review and Disciplinary Panel for further analysis. The professional under review will have the opportunity to provide additional information regarding aggravating or mitigating circumstances. When this information has been incorporated into the review record, the Review and Disciplinary Panel will decide what, if any, sanctions should be put in place. All individuals will have the right of appeal to a different panel.

What levels of review will be included in the Quality Control process?

At a minimum, all reviews will allow for three levels of review:

1. The first level of review will be completed by a reviewer either through a site visit or, if requested, through a remote review. The reviewer will be an independent third party. If major findings are identified, the report will be sent to a Review and Disciplinary Panel for a second level of review and potential sanctions.
2. The second level of review will be carried out by an independent Review and Disciplinary Panel (set up by each VPO), and the participating credential holder will be able to make

representations. This second level of review will consider findings, hear from the party concerned, determine whether the findings are valid, and determine what sanctions are necessary, if any.

3. The third level of review will involve some form of independent appeal. Independent appeal is necessary to provide sufficient due process to the practitioner under inspection. All individuals will have the right to appeal determinations made by the Review and Disciplinary Panel to an Appeals Panel made up of different participants.

I am not a member of a Valuation Professional Organization (VPO). Can I still obtain the CEIV credential?

You must be a member of an approved VPO to obtain the CEIV credential. Each VPO has its own membership requirements which may include compliance with professional ethical standards along with necessary experience, education and examination requirements.

What VPOs are currently approved to support the CEIV credential?

Currently the American Society of Appraisers (ASA), the American Institute of Certified Public Accountants (AICPA) and the Royal Institution of Chartered Surveyors (RICS) are approved to confer the credential.

I have a valuation credential from another organization. Will my credential count toward the CEIV requirements?

Each VPO determines independently how other valuation credentials factor into their membership and education processes. To attain the CEIV credential; however, everyone is required to take the Mandatory Performance Framework training course and pass the CEIV examination. Please check with the respective VPOs for information on credential requirements.

Is it possible to fulfill VPO membership requirements concurrently with CEIV education and experience requirements?

It is possible to fulfill VPO and CEIV requirements simultaneously. Please check with your VPO of choice for details.

What are the minimum experience requirements in order to apply for the CEIV?

To apply for the CEIV credential you must have a college degree or equivalent and a minimum of 3,000 hours of qualifying fair value measurement experience related to businesses, business interests, intangible assets, certain liabilities, and inventory over the five years prior to application for the CEIV credential. Experience must be attested to by a supervisor (or past supervisor if you changed employers). If a partner/supervisor is not available, peer attestation is acceptable. There are no exceptions to experience attestation.

Is there an Experienced Entry Pathway?

No. All CEIV credential candidates, regardless of years of experience, are required to undertake both the Body of Knowledge and the Mandatory Performance Framework training as well as successfully pass both the Body of Knowledge and Mandatory Performance Framework examination.

Will my qualifying fair value measurement experience also satisfy experience requirements for baseline VPO membership?

Yes, the 3,000 hours of required qualifying fair value measurement experience is part of overall experience you may need for your VPO and is *not in addition to* any baseline VPO requirements.

What does 'qualifying fair value measurement experience' mean?

Qualifying fair value measurement experience, for the purpose of the CEIV credential, may include: auditor specialists valuation reviews of fair value measurements prepared by a third party or by management; firm review of fair value measurements prepared by the firm's valuation team; reviewing and signing valuation reports; performing, mentoring, supervising or managing fair value measurement engagements; and consulting on, instructing, authoring, developing thought leadership and staff development on fair value measurement matters.

What type of educational courses will I be required to undertake in order to obtain the CEIV credential?

You may have education requirements specific to membership in a VPO, such as education on professional ethical standards and baseline valuation education. Please visit your VPO's website for additional information.

In addition to baseline VPO requirements, CEIV credential candidates will be required to undertake education/training related to the fair value measurement Body of Knowledge and the Mandatory Performance Framework training which will be delivered by the approved VPOs. The education will be available in either a classroom or in a virtual environment to accommodate different learning preferences.

The CEIV training has been developed to identify the competencies required to obtain the CEIV credential. This knowledge focuses on the four following components:

1. The accounting and regulatory environment as it relates to fair value measurement;
2. Fair value technical guidance related to public interest valuations;
3. Auditing requirements as they relate to fair value measurements and the use of the valuation report in the audit process; and
4. Mandatory Performance Framework requirements.

Will I need to take an Examination or Assessment in order to obtain the CEIV credential?

Outside of the baseline requirements for VPO membership, CEIV credential candidates must successfully pass a two-part uniform CEIV examination. Part 1 of the CEIV Examination relates to the Body of Knowledge, items 1 – 3 of the preceding question, and Part 2 relates to the Mandatory Performance Framework and its applications as related to the fair value measurements Body of Knowledge, item 4 of preceding question. Both parts of the CEIV Examination will be timed multiple choice assessments to be administered online for each of the Body of Knowledge items 1-3 and the Mandatory Performance Framework, item 4. All CEIV credential candidates must successfully pass both parts of the CEIV Examination in order to obtain the CEIV credential.

Are there ongoing requirements for maintaining the CEIV credential?

All CEIV credential holders must meet the following requirements to maintain the CEIV credential:

- 48 hours of fair value measurement-related Continuing Professional Education (CPE) over a rolling three-year period to commence on January 1st of the calendar year following the credential holder's join date. The CPE can include but is not limited to webcasts, conferences, classroom training, and other CPE events. An eight-hour fair value measurements update will be required annually;
- Compliance with the Mandatory Performance Framework;
- 1,500 hours of fair value measurements-related experience over a rolling three-year period; and
- Submission to ongoing engagement level quality review.

The content and the delivery of the eight-hour fair value measurements update will be coordinated by the VPOs. The remaining 24 hours of CPE (outside of the annual eight-hour fair value measurement VPO update) may be provided by VPOs, universities, participating valuation and accounting firms, etc. and may comprise general valuation topics, assuming the topics can be applied to fair value measurements. A log of individual CPE will be required by each VPO on a rolling three-year basis at which time scrutiny of the CPE activities will occur.