



11107 Sunset Hills Road, Suite 310
Reston, VA 20190
(703) 478-2228 • Fax (703) 742-8471
www.appraisers.org

July 21, 2020

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Number S7-07-20 – Good Faith Determinations of Fair Value

Members of the Commission:

The American Society of Appraisers¹ appreciates the opportunity to comment on the above-captioned proposed rule. Based on our review of the proposal, we generally support the proposed actions the Commission wishes to take, and specifically wish to applaud the Commission for acknowledging something our over 5,000 members have known for a long time: That determination of the value of a hard-to-value asset is a complex process requiring diligence and care from all parties involved in making a value determination. The proposed rule not only harmonizes existing (and outdated) valuation guidance with more contemporaneous expectations but paints a clearer picture of what is expected from boards and advisors when a readily available market quotation is unavailable for a fund asset.

We believe the proposed rule sends a clear message regarding the Commission's expectations in connection with fair value determinations – that boards and advisors should, in all possible situations, consult with a valuation specialist when they need a fair value determination. So-called pricing services do not provide the level of detail or analysis necessary for boards to reasonably rely on their conclusions and fulfill their obligations under the Act. Modern asset valuation is a mature, nuanced practice that is regularly taught by ASA and other professional organizations in support of thousands of valuation professionals across the globe. With a robust body of knowledge behind the approaches, methods, and techniques used to produce a credible opinion of value, valuation professionals – and especially credentialed professionals – provide a level of confidence and reliability that can be credibly used by boards in determining asset values.

Our commitment to quality fair value measurements is not new, either. ASA, along with our compeers AICPA and RICS, have worked for years to develop and implement the Certified in Entity and Intangible Valuations™ (CEIV) credential at the urging of the Commission. This work, done in connection with fair value measurement for financial reporting purposes, has developed a range of tools for fair value practitioners in line with the Commission's stated goal of increased fair value measurement reliability. Our work in the CEIV project buttresses our belief – and one shared by the Commission – that reliable, credible fair value determinations are crucial to boards, advisors, and investors alike and should be performed by trained, credentialed professionals.

We support the direction being taken by the Commission in this proposal and look forward to other opportunities to work with the Commission on valuation-focused issues. If you have any questions or wish to discuss our views further, please contact John D. Russell, JD, Senior Director of Government Relations and Business Development at 703-733-2103, or by email at jrussell@appraisers.org.

Sincerely,
American Society of Appraisers

¹ The American Society of Appraisers (ASA) is a 501(c)(6) professional organization that teaches, tests, and credentials valuation professionals across all kinds of assets, including business valuation and intangible asset valuation.