

Template for comments

Consultation on the draft ECB Guidance for banks on non-performing loans

Institution/Company

RICS (Royal Institution of Chartered Surveyors)

ID	Chapter	Section	Page	Type of comment	Detailed comment	Concise statement why your comment should be taken on board
1	7 - Coll	7.2.4	88	Clarification	We agree with the requirements set out in terms of professional indemnity insurance. As a professional body, RICS already requires that all registered valuers and registered firms are covered by adequate and appropriate professional indemnity insurance. RICS Regulation actively monitors all registered members doing Red Book valuations as an independent quality assurance process, including the annual review of the adequacy and validity of the insurance. RICS operates under a self-regulatory model which means that members are monitored and scrutinised by their professional body against a comprehensive set of professional and ethical standards – the only EU-wide professional body for valuers to do so.	
2	7 - Coll	7.2.4	88	Amendment	We agree with the checklist provided in the draft guidelines to ensure the independence of the valuers. Concomitantly, we would recommend that banks could accept an RICS Registered Valuer as already meeting the above criteria of independence.	RICS requires valuers to be aware at all time and assess whether or not there is a potential conflicts of interests. Valuers should demonstrate that conflicts are avoided and managed when instructed and appointed. There is a general requirement to demonstrate that valuers or valuation firms have a clear policy stating the independence, objectivity, conflict of interest and disclosure of the valuation process.
3	7 - Coll	7.2.4	88, 89	Amendment	In our view a qualified valuer should satisfy the following criteria: appropriate academic/professional qualifications, demonstrating technical competence; membership of a professional body, demonstrating a commitment to ethical standards; sufficient current local, national and international (as appropriate) knowledge of the asset type and its particular market, and the skills and understanding necessary, to undertake the valuation competently; compliance with any country or state legal regulations governing the right to practice valuation and; where the valuer is a member of RICS, compliance with the RICS Valuer Registration (VR) requirements. Additionally, we believe that mandatory continuing professional development (CPD) as a commitment to continually update skills and knowledge is necessary in order for valuers to remain professionally competent.	RICS ensures that valuers are properly qualified and demonstrate the required professional experience as well as have the detailed local knowledge of the market in which they operate. RICS imposes mandatory requirements of Continuing Professional Development as a key part of demonstrating ongoing professional competence and expertise. Being member of a professional, self-regulatory body, means that compliance with the highest professional and ethical standards are actively met.
4	7 - Coll	7.4.1	90	Amendment	Amend the draft including the following: 'immovable property collateral should be valued adhering to <i>internationally recognised valuation standards</i> '.	The draft guidance maintains that 'immovable property collateral should be valued adhering to European and international standards'. We acknowledge the inclusion of the RICS Red Book in the footnote as one of such standards, however we would recommend to align the guidelines with Recital 26 of Directive 2014/17/EU which is the only EU Directive addressing valuation standards. We believe the distinction between 'European' and 'international' is unnecessary.
5	7 - Coll	7.4.1	90, footnote 52	Amendment	Amend the draft including the International Valuation Standards (IVS) , i.e. 'these include those developed by the International Valuation Standards Council, the European Group of Valuers' Associations and the Royal Institution of Chartered Surveyors'.	As above. As a general remark, it is the RICS view that – as for the IFRS model – it is desirable that high level valuation standards should continue to converge across the EU, and beyond, as real estate markets continue to expand across national and international boundaries. This process of convergence should be directed to raising standards, taking and melding the best elements of each. This does not rule out the possibility of supplementary standards or guidance at European or national level, and indeed the suite of RICS guidance for its members contains various country-specific elements.