

International Valuation Professional Board
41 Moorgate
London
EC2R 6PP

30 September 2010

Dear Sirs

**Re: Discussion Paper for Definition of a Professional Valuer and the Exposure Draft (ED)
on the Proposed Code of Ethics for Professional Valuers**

We are responding to your invitation to comment on the above discussion paper and exposure draft on behalf of PricewaterhouseCoopers.

Following consultation with several members of the PricewaterhouseCoopers network of firms, this response summarises their views. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

PricewaterhouseCoopers appreciates the International Valuation Professional Board's (IVPB) efforts in this process and welcomes the opportunity to provide comments on the respective documents. We have in this letter outlined our general comments with regards to both documents and then, as requested in the discussion paper for a Definition of a Professional Valuer, responded to the specific matters for comment in Appendix A.

We agree that alongside the need for high quality standards governing the preparation of valuations, there is a need for the valuation profession to have an appropriate framework for educational standards and guidance on professional practice. This would also be consistent, for example, with the accounting profession which provides such a framework via the International Federation of Accountants (IFAC).

We believe though that before any framework can be introduced or effectively implemented, further consideration needs to be given to how it might be standardised and regulated on a global basis and the IVSC's role in this alongside its member bodies or other national organisations to which professional valuers might be affiliated.

Discussion paper – Definition of a Professional Valuer

We are unsure as to what the IVPB is trying to achieve with the publication of this paper. In our view, the content of the paper is not clear. For example, the criteria for becoming a professional valuer include the passing of professional exams and licensing (when required). The implication of this appears to be that only members of a professional body can be a professional valuer although it is not clear which professional bodies would set exams that would meet this requirement and the nature of exams that would be appropriate. In addition, the requirement for licensing is vague and

further detail should be provided as to what form of licensing the IVPB has in mind. Presumably, any requirement for licensing or regulation of licensing would have to be at a national level but there is the question as to what benefit licensing would provide to the valuation community and how this could be appropriately regulated.

We believe it may be more appropriate for the IVPB to consider setting common training standards for professional bodies whose members seek to describe themselves as professional valuers. There are bodies (e.g. CICBV) that already have training/exams for certain types of valuation and the IVPB may wish to look to these as a starting point for the type of standard training that could be introduced.

We believe that any framework for education and training should be a combination of a technical and skills-based curriculum. We question the nature of the list of competencies on page seven of the discussion paper and whether the competencies and the detail behind each type of competency is necessary or appropriate.

Overall, whilst we agree in principle that a common framework for education and training would be helpful to the valuation profession, we do not believe that this paper in its current form provides meaningful guidance and is likely to result in confusion across territories.

Exposure Draft – Proposed Code of Ethics for Professional Valuers

We agree that having a Code of Ethics would be helpful to the valuation profession to encourage or promote good ethical practices globally. As outlined earlier in this letter, there still remains the key question as to how such a code can be regulated and what happens if the code is breached.

The introduction to this exposure draft outlining the objectives states that the IVSC makes a distinction between standard setting and best practice guidance. The exposure draft for the proposed new IVS states that it has removed the distinction between “standards”, “applications” and “guidance” on the basis that all pronouncements should carry equal weight. The IVSC needs to ensure that it is clear to users of the valuation standards, what might be the difference between the types of guidance or support that will be provided going forward. This is less relevant to the proposed Code of Ethics but will be an important distinction if the IVPB plans to provide best-practice guidance on technical matters introduced by the proposed new IVS.

We believe that the Objectivity section should start with paragraph 3.2.13 which sets out the overall principle and each of the threats listed should then be defined as appropriate. The International Ethics Standards Board for Accountants’ (IESBA) Code of Ethics has some definitions that could easily be adapted and there is some similarity with the list of threats outlined in the Code to the IESBA’s code. We would also recommend that there are appropriate definitions for some of the terms included within the Objectivity section. For example, the term ‘financial interest’ in paragraph 3.2.2 should be defined and again the IESBA could be used as a point of reference for this definition.

Section one of the document states that “a Professional Valuer’s responsibility is not only to the client or employer but also to the public interest”. We recognise that the valuer has a responsibility to those in the wider community who can be expected to rely on the valuation, but suggest that the reference to the public interest is rather too broad, particularly for all types of valuation. There are certain territories where valuers may take on a different role, for example in a litigation engagement, where they may argue that they have a duty only to their client. Whilst we believe the framework should apply to all types of valuation, the IVPB may wish to consider how the framework can best be structured to deal with various types of engagements where a valuer’s role might be different.

We question whether some of the paragraphs included in the ED’s Rules of Conduct are appropriate for a Code of Ethics. For example, paragraphs 3.2.9 to 3.2.11 appear to be more

relevant to professional competence than objectivity and certain paragraphs in section 3.5 appear to be relevant to the 'Terms of Business' or will depend on a particular scope of an assignment rather than the Rules of Conduct under which valuers will undertake their work.

Conclusion

We would be happy to participate fully in any round-table discussions that the Board may decide to hold to discuss the comments received on the Discussion Paper and Exposure Draft.

If you have any questions on the content of this letter, please do not hesitate to contact Andreas Mackenstedt, PwC Global Valuations Leader (+49 69 9585 5704), Peter Clokey, UK Valuations partner (+44 20 7804 5557) or John Glynn, US Valuations partner (+1 646 471 8420).

Yours faithfully,



PricewaterhouseCoopers LLP

Appendix A – Discussion Paper for the Definition of a Professional Valuer

Specific Matters For Comment

- 1. *Would this document benefit by including a more in-depth discussion of some of the topics introduced. For example, should the document contain discussion related to valuation specialties such as business interests, financial instruments, intangible assets and real estate?***

We believe there should be an overall framework to help provide common training standards and education. As outlined in our letter, we are unsure what is the exact purpose of the discussion paper is.

There is a need to consider the different valuation specialties and what differences might be required in respect of education, training or regulation but as a starting point the principles in the framework should be applicable to all specialties.

- 2. *Are there additional competencies that should be included in this document?***

The broad valuation specialties noted above in Q1 will cover most of the valuations that the IVSC's members are likely to perform but, as noted in Q1, we believe there is a need to consider the overall framework further and then consider individual specialties.

- 3. *Should a university degree be a pre-requisite for entering the valuation profession?***

It would seem reasonable to have a requirement consistent with the International Education Standard 1 in the International Federation of Accountants i.e. the entry requirement to a program of professional accounting education leading to membership of an IFAC member body should be at least equivalent to that for admission into a recognised university degree program or its equivalent.

- 4. *Consideration of IFAC entry requirements***

See answer to 3) above.

- 5. *Should there be an increased focus on a need for licensing/regulation?***

In order for either a Code of Ethics or a framework for common training standards to be effective, there does need to be appropriate regulation by relevant national bodies.

Based on the current structure of the valuation profession globally, we do not believe that licensing is likely to be appropriate. Further consideration should be given to how training standards might be improved globally and perhaps some form of accreditation might be appropriate.

- 6. *Should there be an increased emphasis of the importance of adherence to a code of conduct, such as the IVSC's Code of Ethics, and enforcement by a regulatory body?***

[Yes - We believe there should be further consideration to how a code of conduct or ethics can be appropriately implemented and enforced on a national and global level.