



**RICS**

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International Valuation Standards Council  
41 Moorgate  
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By email: [ivsc@ivsc.org](mailto:ivsc@ivsc.org)

31 May 2012

Dear Sirs

**RE: IVSC Exposure Draft – Procedural Guidelines for Fairness Opinions**

RICS appreciates the opportunity to provide our views on the Procedural Guidelines for Fairness Opinions and we set out our response as follows:

**1. Do these Guidelines contradict any particular regulatory requirements in the jurisdiction within which you operate? If so please provide a brief description of the conflicting provision and a reference to the relevant law or regulation.**

We have focused on the application of the Guidelines in UK and Americas contexts. We do not believe that they contradict any particular regulatory requirements in the jurisdictions concerned.

**2. Do you agree with this conclusion? If not, what distinctions do you believe should be made in the Guidelines between the content of an opinion intended for the commissioning party and one intended for public disclosure?**

We believe that it is perfectly proper to differentiate between the content of an opinion for the commissioning party, which is intentionally more detailed, and that intended for public disclosure, since the latter is designed to inform the public of the most pertinent matters in language that is immediately accessible. But the key point is that nothing material should be omitted from the public version, even if only briefly stated. As it would not be practical to specify simple rules which could be applied in diverse situations we agree that a clear line cannot be drawn between the two, which do indeed form part of the same service.

**3a) Is this description consistent with fairness opinions delivered in those jurisdictions within which you operate?**

We believe that this description is consistent with fairness opinions delivered in both the Americas and UK.

**3b) Do you consider it helpful for users and in the wider public interest for the IVSC Guidelines to attempt to define the nature of a fairness opinion?**

Generally, a definition is helpful. However, we are concerned that it may be difficult to apply one globally, given the diverse requirements of different jurisdictions. We believe therefore that the high level statements in paragraphs 3 and 4 go as far as is reasonable in the circumstances.

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**4. Do you agree with the Board's decision to exclude guidance on criteria to be considered in determining whether a proposed transaction can be determined Fair or not? If you disagree, please indicate the types of additional guidance that you believe could usefully be included.**

We agree with the Board's decision to exclude such guidance.

**5. Do you consider that the Guidelines, when read in conjunction with the Code, adequately cover the threats to independence and objectivity that are likely to arise when considering whether an individual or firm should accept an appointment to provide a fairness opinion? If not please indicate either the additional threats that you believe should be identified or any threats that are identified in the draft that you believe should be modified or excluded.**

We consider that the IVSC Code of Ethical Principles for Professional Valuers adequately covers the main principles.

RICS members are required to adhere to both the RICS' global framework for professional and ethical standards and also RICS Valuation – Professional Standards 2012 VS1 (Compliance and Ethical Requirements) when carrying out valuation work, both which adequately deal with accepting appointments and potential conflicts of interest.

**6. Do you consider that the Guidelines, when read in conjunction with IVS 101, adequately identify the principal matters that should be considered in agreeing the scope of work and terms for the provision of a fairness opinion? Please identify any additional matters that you consider should be included.**

We agree that IVS 101 as supplemented by these Guidelines adequately identifies the principal matters that should be considered in agreeing the scope of work, albeit there are reservations over the enforceability of the guidelines.

Saying this, RICS members are also asked to comply with the RICS Valuation – Professional Standards 2012 when carrying out valuation related work and the terms of engagement (scope of works) are covered within VS2. RICS Valuation – Professional Standards 2012 is IVS compliant, thereby providing an element of recourse for compliance for our members.

**7. Do you consider that this list of recommended contents is a) helpful and b) sufficiently comprehensive? Are there any matters that you believe should be excluded, or additional matters included?**

Yes. Refer to answer for #6 above.

**8. Do you consider that these restrictions and limitations are a) reasonable and b) applicable in the jurisdiction in which you operate? Are there any additional restrictions and limitations that you believe could usefully be added to those recommended?**

Yes. Refer to answer for #6 above.

**9. Are there any additional matters that you believe should be addressed in the guidance in order to best meet this objective?**

IVSC may wish to consider the following:

i) Introduction, Page III, 1st paragraph, 3rd line: "...fair to the shareholders of the entity...".  
- Should consideration be given to the position of other stakeholders or security holders?

ii) IVSC Procedural Guidelines for Fairness Opinions, Page 3, paragraph 3, 3rd line: "...of the consideration to be received...".

- Can fairness relate to other elements, and not just consideration? RICS is mindful of paragraph 4e. However, in this regard, we note the ensuing comments in the last paragraph on page 3.

Should you have any further queries, please do not hesitate to contact RICS Valuation Professional Groups

Yours faithfully



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