

## PART II

### Statutory Notifications (S. R. O)

#### Government of Pakistan

#### Securities and Exchange Commission of Pakistan

#### Notification

*Islamabad, September 2016*

S. R. O. No. ----- /2016 - The following draft of regulations, which in consultation with Policy Board are proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of powers conferred by clause (ii) of sub-section (1) of section 40 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) read with clause (ja) and (q) of sub-section (4) of section 20 thereof, are hereby published for the information of all persons likely to be effected thereby and notice is hereby given that the objections and suggestions thereon, if any, received within 30 days from the date of this publication will be taken into consideration by the Securities and Exchange Commission of Pakistan.

### Chapter I

#### Preliminary

**1. Short title and commencement.-** (1) These Regulations may be called the Valuers Registration and Governance Regulations, 2016.

(2) They shall come into force at once.

**2. Definitions.-** (1) In these Regulations, unless there is anything repugnant in the subject or context,-

- (i) "Act" means the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (ii) "Commission" means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (iii) "Fit and Proper Criteria" means the criteria specified by the Commission and annexed to these Regulations as schedule IV;

- (iv) "Ordinance" means the Companies Ordinance, 1984 (XLVII of 1984);
- (v) "Professional Accountant" means Chartered Accountants (CA), Cost and Management Accountants (ACMA), and CA and ACMA finalist;
- (vi) "Quality Control Review Rating or QCR rating" means rating issued by the Quality Assurance Board (QAB), under the Quality Assurance Framework specified under these regulations;
- (vii) "Qualified expert" means a person possessing necessary competence and qualification as may be notified by the Commission from time to time;
- (viii) "Regulations" means the Valuers Registration and Governance Regulations, 2016;
- (ix) "Reviewer" means a qualified professional valuer appointed by the Commission in line with the criteria specified in regulation 35 (1)(f), with requisite competence to carry out quality control review of the valuers;
- (x) "Schedule" means schedule annexed to these regulations;
- (xi) "Senior management officer" includes, chief executive officer/ managing director, deputy managing director/ chief operating officer and head of valuation services or holder of such positions by whatever name called;
- (xii) "Valuer" means a company, registered under these regulations as valuer, which is rendering services for valuation of physical assets, immovable property, intangible assets, securities, financial assets or liabilities etc.; and
- (xiii) "Valuation Standards" means professional valuation standards as may be notified by the Commission.

(2) All words and expressions used but not defined in these Regulations shall, have the same meanings as assigned to them in the Act, the Ordinance and the Securities Act, 2015 (Act No. III of 2015).

## CHAPTER II REGISTRATION

**3. Prohibitions.-** (1) No person shall act as a valuer unless such person is registered by the Commission under these regulations.

(2) On commencement of these Regulations any person providing services as a valuer shall seek registration in accordance with these Regulations within six months of such commencement.

**4. Eligibility criteria.-** A company incorporated under the Companies Ordinance, 1984 (XLVII of 1984), shall be eligible for applying to the Commission for registration provided its promoters or

sponsors, directors, chairman of the board of directors and senior management officers fulfil the Fit and Proper criteria as specified in schedule IV.

**5. Application for Registration .-** A company, meeting the eligibility criteria provided in regulation 4, may apply to the Commission on Form A, along with non-refundable processing fee as prescribed in schedule I, for registration as a Valuer for one or more of the categories mentioned below:

Category ó I: to carry out valuation of immovable property, land and buildings including all kinds or agricultural, residential and commercial land and all kinds of residential and commercial structures and buildings, excluding industrial plants and infrastructural construction;

Category ó II: to carry out valuation of plant and machinery, including industrial plants and machinery and infrastructural construction such as telecommunication networks, roads and highways, railway tracks, water and sewerage lines, etc.;

Category ó III: to carry out valuation of inventories of raw material, unfinished and finished goods, commodities and agricultural produce;

Category ó IV: to carry out valuation of securities, intangible assets (e.g. goodwill, intellectual property, technical or other services), financial assets, financial liabilities etc.; and

Category ó V: to carry out valuation of Information Systems and Infrastructure Assets including Hardware and Software etc.

**6. Grant of registration.-** (1) The Commission shall, after making necessary inquiries and obtaining such further information, as it may consider necessary, grant approval for registration as valuer, subject to the following conditions:

(a) The valuer shall employ following professionals for providing services at valuation committee, having working experience, on a full time basis, for a period of not less than five years and having membership of recognized professional bodies or the prescribed qualification, to conduct the valuation for:

(I) Category I

- a. An Engineer in relevant field such as civil engineer, architect, town planner having relevant experience;
- b. Professional Accountant; and
- c. A practicing lawyer having experience in documentation of property and ancillary matters.

(II) Category II

- a. An Engineer in relevant field such as Civil, Electrical or Mechanical Engineering; and
- b. Professional Accountant.

(III) Category III

- a. An Engineer (including an associate engineer) in relevant field such as Civil, Electrical or Mechanical Engineering having relevant experience; or
- b. A graduate in commerce, business, accounting, finance or any other related discipline and is in full time practice.

(IV) Category IV

- a. A Chartered Accountant or a Cost and Management Accountant; or
- b. Chartered Financial Analyst.

(V) Category V

- (a) Professional Accountant having background in Information Technology such as Certified Information Systems Auditor (CISA) / Certified Information Security Manager (CISM) etc.; or
- (b) Post Graduate in IT with CISA / CISM:

Provided that the Commission may, from time to time through notification in the official gazette, prescribe such other competence and qualification for registration on any of the above mentioned categories, as it may deem appropriate.

- (b) The valuer applying for category I, can render valuation services only in those geographical areas grouped in segments (as defined in schedule II), where it can demonstrate the establishment of duly operated offices.

Provided valuers shall be deemed to have duly operated office in a segment if they have an office duly staffed with qualified experts as prescribed in the regulations, owned or rented out by themselves or their director(s), and not established by way of an arrangement with a third party to handle correspondence and business and adequately staffed in any of the districts included in the segment;

Provided further that a valuer having duly operated offices in at least one third of the segments in a province shall qualify to act as valuer in the entire province.

- (c) the chief executive of the valuer shall not hold such office in any other valuer;
- (d) the company is not part of a group of companies (associated and subsidiary companies) already holding a registration, under these regulations, for valuer in that category;
- (e) the company has put in place necessary infrastructure including but not limited to adequate office space, equipment and human resource with sufficient education, experience and expertise to perform the functions of a valuer;
- (f) the company, promoters or sponsors, chief executive and directors shall furnish separate undertakings to the Commission that they shall comply in letter and spirit with the requirements of these regulations and the directions issued by the Commission.
- (g) all persons subject to fit and proper criteria shall submit an affidavit to the Commission affirming under the oath along with latest copy of CIB report that the person and the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director) and owner or partner etc. has no overdue payment of any financial institution.

(3) The valuer shall submit to the commission evidence of compliance of these regulations and conditions, along with non-refundable registration fee, within 90 days of the approval, extendable for 60 days, failing which the approval shall lapse;

(4) The Commission shall issue certificate of registration as per Form B and register the name of the valuer in the register of valuers and also place his name in the list of approved valuers on its website,

**7. Validity of Registration Period.-** (1) The certificate of registration shall remain valid for a period of two years from the date of registration unless it is restricted, suspended or cancelled earlier by the Commission.

(2) The valuer shall at all times display the certificate of registration in its registered office and all branches, at a prominent place and also place soft copy of the certificate on its website.

(3) The Commission shall at all times display an updated list of approved valuers on its official website, along with their particulars.

**8. Renewal of registration.-** (1) A valuer shall, three months prior to the date of expiry of its registration, apply to the Commission in Form -Cø for renewal of its registration along with non-refundable renewal fee as prescribed in schedule I.

(2) The Commission if satisfied that the applicant continues to meet the requirements for registration laid down in these regulations, and is eligible for renewal of registration shall renew the registration of the valuer and issue a certificate of renewal of registration to the applicant in Form -Dø

(3) Where the application for renewal of registration is made within such time as specified in sub-regulation (1) but has not been decided by the Commission, the registration shall continue to be valid until the application for renewal is decided by the Commission.

(4) While granting renewal of registration to a valuer the Commission may, in addition to the criteria laid down for grant of registration, also take into account the past performance of the valuer.

**9. Rejection of application for registration or renewal and right of appeal.-** (1) The Commission, after giving a reasonable opportunity of being heard to the applicant, may refuse to grant a certificate of registration or renew a certificate of registration if in the opinion of the Commission-

- (a) applicant does not fulfill the requirements prescribed in these regulations; or
- (b) it is not in the public interest to grant or renew such certificate of registration.

(2) The applicant, if aggrieved by the decision of the Commission under sub-regulation (1), may, prefer an appeal to the Appellate Bench of the Commission under section 33 of the Act within such time period as provided therein.

(3) The applicant, if aggrieved by the decision of the Appellant Bench of the Commission under sub-regulation (2), may prefer appeal to the Court under section 34 of the Act within such time period as provided therein.

(4) A valuer whose application for renewal of certificate of registration is refused under sub-regulation (1) shall, from the date of receipt of the decision of the Commission, cease to act as valuer in any new valuation.

(5) A valuer whose application for renewal of registration is refused shall intimate all its existing clients of this fact within a period of seven days from the date of receipt of such decision of the Commission; decision of the Appellate Bench of the Commission referred to in sub-regulation (2); or decision of the Court referred to in sub-regulation (3), as the case may be.

### **CHAPTER III**

#### **RESTRICTIONS, DUTIES AND RESPONSIBILITIES OF THE VALUER**

**10. Restrictions on valuers:** (1) A valuer shall not:

- (a) use false, misleading or exaggerated claims in order to secure assignments;
- (b) advertise his or her professional services in a manner which is self-laudatory or which is not true or factual or which is derogatory to the dignity of the valuers profession;
- (c) maliciously or recklessly injure, whether directly or indirectly, the professional reputation, professional prospects, or business of any other registered valuer;
- (d) maliciously criticise or disparage the work of another registered valuer or discuss, except when required to do so in terms of the regulations or any other law, any allegation of improper conduct against another registered valuer;
- (e) supplant or attempt to supplant another registered valuer in a particular assignment after definite steps have to his or her knowledge been taken towards the engagement of such other registered valuer, except with the written consent of the latter;
- (f) accept remuneration for performing a valuation assignment from any valuer other than his or her client;
- (g) divulge verbally or in writing any information of a confidential nature which he or she has obtained in exercising his or her powers or performing his or her duties, except if required to do so in terms of the regulations or any other law; and

(h) either personally or through the agency of any other person, canvass or solicit an assignment by offering by way of commission or otherwise, to make payment for obtaining such assignment.

(2) In carrying on the valuers services, a valuer shall not:

(a) mislead any person, or allow any person to be misled, in respect of the registered valuer's professional qualifications and status, either by providing incorrect information or by withholding relevant information;

(b) without first qualifying himself or herself, undertake an assignment for the execution of which his or her training and experience have not rendered him or her competent;

(c) without full disclosure to all parties concerned, act for two or more parties in the same matter;

(d) accept an assignment that includes reporting of the outcome based on predetermined opinions and conclusions required by the client; and

(e) rely on critical information relevant to a valuation supplied by the client or any other person, without appropriate qualification or confirmation from an independent source, unless reliance on such information is specifically instructed by the client.

(f) conduct valuation assignment, where already valuation report has been produced by another valuer, provided that approval of the Commission has been obtained for re-valuation.

**11. Responsibilities of valuer.-** (1) A valuer in carrying out the valuation assignment shall:

(a) before accepting an assignment, disclose to the client the existence of any direct or indirect any interest which valuer may have in respect of such assignment, including but not limited to any other business relationship with the client, its director, officers or have been an employee of the client during the last two years;

(b) The Chief Executive shall sign all valuation reports and other documentation relating to valuation; and

(c) ensure that the valuation methodology adopted by it is in line with best practices prevalent in the valuation industry;



- (d) conform to the valuation standards prescribed by International Valuation Standards Council (IVSC) to the extent possible in terms of valuation report and shall certify the same in the valuation report; and
- (e) shall be realistic, relevant and adequately substantiated by reference to physical, functional and market factors.

**12. Internal control, compliance policies and procedures.-** A valuer shall.-

- (a) have internal control procedures or policies and financial and operational capabilities which can reasonably be expected to protect its operations;
- (b) establish policies, procedures and controls duly approved by its board of directors which shall define clear lines of responsibility, authority and tasks that are adequately assigned to employees as well as should require proper disclosures by employees and directors regarding their actual or potential conflict of interest.

**13. Independence and transparency.-** (1) The valuer shall ensure that:

- (a) directors and the chief executive shall not be involved in the valuation process and shall provide an undertaking to this effect at the time of appointment as directors on the board;
- (b) the qualified expert engaged for valuation must disclose his or her interest, whether directly or indirectly, to the chief executive of the valuer, in writing, before start of the assignment.
- (c) its valuation committee, formed in a manner provided in clause (e) of regulation 18 of these regulations, is able to perform its duties free of undue intervention or influence from its shareholders, its management or its board of directors;
- (d) it has included a statement in each valuation report that the valuer, members of its valuer committee do not have any conflict of interest relating to the valuation done by them. In case there is any conflict of interest, the valuer shall disclose the fact in the respective valuation report, nature of such conflict of interest and its impact on the valuation assigned;

**14. Duty of the valuer:** (1) A valuer shall have the following duties:

- (a) ensure that the valuation is determined by the qualified expert, for the relevant category, as prescribed in Regulation 5;
- (b) maintain the eligibility criteria provided in regulation 4 and notify to the Commission immediately if it ceases to fulfill any of the conditions prescribed in the said regulation;
- (c) remain compliant with the Valuation Standards as may be prescribed by the Commission;
- (d) remain compliant with the provisions of these regulations;
- (e) submit quarterly data of valuation conducted along with each valuation report (in scanned form) to the Commission, on a quarterly basis;
- (f) obtain satisfactory QCR rating on the first renewal of its registration and thereafter after every three years;
- (g) submit to the Commission, along with application for renewal of, an undertaking of compliance with the requirements of the prescribed valuation standards and the Code of Conduct as well as compliance with the provisions of these regulations in the form as specified in Form 5E in schedule III. The statement shall be specific and supported by necessary evidence held by the valuer.
- (h) The valuer must have sufficient current local, national and international (as appropriate) knowledge of the particular asset, and the skills and understanding necessary, in aggregate, to undertake the valuation competently; and ensure that the relevant aspect of the valuation shall be performed by the qualified expert having appropriate professional qualification.

**15. Fees and Charges.-** The valuer shall prepare a schedule of fees and charges relating to its valuation services and disseminate the same on its website.

**16. Services to be provided by the valuer.-** Only such valuer who is registered under these Regulations shall be eligible to provide the following valuation services in accordance with terms and conditions of their registration, in the area specified for each category of registration, namely:-

- a) valuation services to Banks including all scheduled or Commercial Banks, Islamic Banks, Microfinance Banks, Provincial Banks, Foreign Banks maintaining branches in Pakistan and Development Financial Institutions (DFIs), under the regulatory requirement of State Bank of Pakistan, laid down in Prudential Regulations issued by of State Bank of Pakistan;

- b) valuation services to NBFCs carrying out investment finance services, leasing, housing finance services under of Non-Banking Finance Companies and Notified Entities Regulations, 2008, issued by the Commission;
- c) valuation services to modaraba companies and modarabas, registered and floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980;
- d) valuation services to Real Estate Investment Trust (RIET), management company licensed by the Commission under Real Estate Investment Trust Regulations, 2008;
- e) valuation services to listed companies that are subject to public announcement of offer, under Securities Act 2015, where determination of price per share of such company, for the purpose of public offer, is to be calculated on the basis of net assets valued;
- f) valuation services to all Public companies registered with the Commission under the Ordinance, the rules and regulations made thereunder, wherever statutory bindings requires in terms of following,-
  - (i) issue of shares at discount to the existing shareholders as a right issue/otherwise then right offer under section 84 of the Ordinance, where discount exceeds ten 10 percent, for determination of break-up value of the company's shares based on such assets, stipulated in guidelines for issue of shares at discount;
  - (ii) Issue of shares for consideration otherwise than in cash under rule 8 of the Companies (Issue of Capital) Rules, 1996;
  - (iii) revaluation of fixed assets under section 235 of the Ordinance; and
  - (iv) In case of a winding up, compulsory or under the order of the court, for the valuation of assets and liabilities of the company.
- g) Valuation services to public companies under any other provisions of the ordinance or any rules and regulations framed thereunder.

**17. Valuation services to be notified by the Commission** (1) The valuer shall provide valuation services for any other purpose as notified by the Commission or any other body as recognized by the Commission, from time to time.

## **Chapter IV**

### **Valuation Process and Report**

**18. Quality of the valuation process.-** The board of director of valuer shall,-

- (a) develop and proactively update well defined valuation methodologies and procedures at least once in a year, and ensure that its qualified experts shall follow the defined valuation criteria and methodologies;
- b) establish a valuation committee, having qualification prescribed in regulation 6 (1) (a), consisting of at least 3 members. The board shall formulate policies and procedures for the valuation committee to ensure that the committee shall act with due care, skill and diligence in carrying out its duties and responsibilities. The quorum of the valuation committee shall be at least 2 members:
- (c) ensure that each valuation should be decided by the valuation committee; and
- (d) ensure that proper record of meetings of valuation committee is maintained;
- (e) when performing an assignment on the basis of specific instructions, record such instructions in any written submission in connection with such assignment; and
- (f) when performing a valuation in terms of any law, ensure to acquaint relevant staff with the provisions of such law relevant to valuation and comply therewith.

**19. Contents of Valuation Report.-** The valuation Report shall be issued within one month of the completion of the valuation assignment and shall at the minimum cover the following:

- 1. Name of the valuer and registration number;
- 2. credentials of the persons who have conducted the valuation;
- 3. Date of valuation;
- 4. General Information
  - (a) Purpose and scope of assignment;
  - (b) The Assets being valued and the client.
  - (c) The assumptions used; and
  - (d) User of the valuation report.
- 5. Inspection of the Assets
  - (a) The date of inspection, name of the qualified expert and the site inspected.
  - (b) Details, where inspection of any part of the asset was not possible and its impact on the valuation.
- 6. Description and Details of Assets
  - (a) Location map and the address of the assets along with the name of concerned authority / jurisdiction.

- (b) Photographs and drawings of the assets along with accessibility map.
- (c) Custodian of the title record
- (d) Description of improvements and the present condition of the assets.
- (e) Floor plan, maps, photos, and other visual aid.
- (f) For properties generating rental income e.g. shopping complex, office building, etc., details of occupancy rate, tenancy schedule, and types of income and operating costs etc.
- (g) Any hazards / risks observed in the building and surrounding

#### 7. Market and Neighborhood

- (a) A description of the surrounding area and developments, if any.
- (b) Availability of communications, amenities and utilities in the surrounding area.
- (c) The supply and demand situations affecting the Assets to the best possible extent.

#### 8. Approaches of valuation and opinion on relevant approach

The valuer shall state various approaches considered, provide an explanation of the relative strengths and weaknesses of various approaches and explicitly state the approach that is most appropriate for the valuation.

## CHAPTER V

### Maintenance of Record and Functional Website

**20. General .-** (1) These obligations and duties are in addition to the requirements of the Act, the Ordinance, rules and regulations and any directives issued thereunder in relation to books and records.

(2) The valuers shall maintain all necessary records of valuation services rendered, for at least ten years from the date of providing valuation services, to enable them to comply with information requests from the competent authorities and such records shall be sufficient in all respect to the valuation provided by such valuers, so as to provide for quality assurance review and evidence for any enquiry or investigation, if necessary.

(3) These record shall include, but not limited to,-

- (a) complete records of all valuation reports;
- (b) all correspondence with and instructions from the client or the client's representative; and
- (c) all other records and information upon which the valuation opinion was based, working papers, evidence obtained from various sources relied upon during the valuation and other records that may be prescribed from time to time.

**21. Mandatory Website of the valuer.-** (1) Valuer shall maintain a functional website from the date of application for registration, which shall disclose the following information at the minimum as well as all material information;

- a) Scanned legible copy of valuer Registration Certificate;
- b) National Tax Number;
- c) Address of registered office, head office and all other branch offices;
- d) Phone numbers, fax number of head office, registered office and branch offices;
- e) Email address;
- f) Composition of the board of directors;
- g) Profile of Senior Management Officers;
- h) Data for valuations conducted during last five years from the date of application/renewal;
- i) Fees and schedule of charges;
- j) Membership of industry associations and trade bodies, if any;
- k) Any other announcements or clarifications issued by the company;
- l) Last Date on which website was updated; and
- m) In case of any change in website address, maintenance, updating or any identified error that restricts access to website or prescribed information thereon for more than three working days, shall publish a newspaper advertisement in this respect in the widely circulated daily newspapers, one in English and one in Urdu, within seven days of the date of any change, error or updation.

## **Chapter VI**

### **Enquiry**

**22. Enquiry.-** (1)- The Commission may appoint one or more persons or officers as enquiry officer(s), to undertake an enquiry on any of the following,-

- (i) to enquire into the complaints received from any aggrieved person;
- (ii) referral from a professional body/association, recognized by the Commission and quality assurance board;
- (iii) to enquire, suo moto, on its own knowledge or information, any breach of the provisions of these regulations.

(2) A valuer whose conduct is in question shall be given an opportunity of hearing by the Commission before appointing enquiry officers.

**23. Conduct of Enquiry.**- (1) A person appointed as enquiry officer under regulation 22 shall have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (Act V of 1908), while trying a suit, in respect of the following matters, namely,-

- (i) enforcing the attendance of persons and examining them on oath or affirmation;
- (ii) compelling the discovery and production of books and papers and any material objects; and
- (iii) issuing commissions for the examination of witnesses;

(2) Every proceeding before such person shall be deemed to be a judicial proceeding within the meaning of section 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

(3) After the conclusion of enquiry, the enquiry committee shall report the findings of the enquiry to the Commission.

**24. Penalty for non-cooperation in Enquiry.**- If, on receipt of the report under Regulation 23 or otherwise, the Commission is of the opinion that the valuer or its officer has, prima facie, failed to furnish any document, paper or information which was required by the enquiry officer, may after affording an opportunity of being heard, make any of the following orders,-

- (i) impose penalty not exceeding five hundred thousand rupees; and
- (ii) suspend or cancel the registration;

## **Chapter VII**

### **DISCIPLINARY PROCEEDINGS**

**25. Restriction or suspension of registration.**- (1) Where a valuer contravenes or fails to comply with any provision of these regulations or is not in compliance with the conditions of registration or any directive issued or order passed by the Commission, the Commission may, after providing an opportunity of been heard, impose-

- (a) restriction on its activities as valuer or suspend its registration;
- (b) declare a valuation as null and void;
- (c) a penalty provided under section 40A of the Act;

- (d) Issue directions to refund the remunerations received as valuer to the person from whom the remuneration was received; and
  - (e) direct the valuer to pay for damages to the person who has suffered loss arising out of incorrect or misleading statements of particulars made in its report.
- (2) A valuer shall not proceed with the valuation unless it has removed the cause of restriction.
- (3) A valuer whose registration has been suspended shall not act as, or perform the functions of valuer for any new valuation during the period of suspension unless it has removed the cause of suspension.
- (4) The Commission while restricting or suspending the registration of a valuer may impose such conditions, as it deems appropriate.

**26. Cancellation of registration.-** (1) The Commission, after providing a reasonable opportunity of being heard, may cancel the registration of a valuer, if-

- (a) in the opinion of the Commission the valuer has been in violation of any provision of these regulations or restriction imposed under sub-regulation (1) of regulation 25; or
  - (b) its registration has been suspended and the causes of suspension have not been removed within ninety days from the receipt of suspension order or such earlier period as specified in the order of suspension;
  - (c) it has made misrepresentation or concealed material fact or provided incorrect / misleading information to the Commission; and
  - (d) has not complied with the requirements of the Ordinance and the Act;.
- (2) The Commission while cancelling the registration of a valuer may take such measures and issue such directions as it deems appropriate as are not inconsistent with the Act and the Ordinance.
- (3) The registration of a valuer shall stand automatically cancelled if such valuer-
- (a) voluntarily surrenders its certificate of registration to the Commission; or
  - (b) is wound up by an order passed by a court of competent jurisdiction.
- (4) Notwithstanding anything contained in sub-regulation (1), where the Commission is satisfied that a delay in the cancellation of registration of the valuer will be detrimental to the interest of investors or



the public in general, the Commission may immediately cancel the registration of the valuer till the time an opportunity of being heard is provided to the valuer and final order is passed:

Provided that where the Commission cancels the registration under sub-regulation (4), the final order must be passed within sixty days of such cancellation.

(5) Upon cancellation of the registration, the valuer shall with immediate effect cease its business as a valuer and transfer all the necessary record to other valuer appointed by its clients for the purpose.

**27. Dissemination of information of cancellation of registration.-** In the event of cancellation of registration of a valuer, the Commission shall notify the removal of valuer's name from the register of valuers on its official website and also update the list of registered valuers placed on its website and where necessary, direct the client of valuer to appoint any other valuer.

## CHAPTER IX

### Quality Assurance Board and its Framework

**28. Quality Assurance Board (QAB).-** (1) The Commission shall form the Quality Assurance Board (QAB) comprising of such number of members as prescribed in regulation 29 below.

(2) The QAB members shall be appointed by the Commission through a nomination process in accordance with the criteria established by the Commission.

(3) The members of the QAB shall be appointed from amongst the persons of eminence having experience in the field of engineering, accountancy, law, economics, business or finance.

**29. Composition.-** (1)The QAB shall comprise of five members in the following manner:

- (a) Two members nominated by the Commission;
- (b) One member nominated by the State Bank of Pakistan (SBP);
- (c) Two members nominated by the Commission from amongst the professional valuer working in the industry.

(2) The Chairman and the Vice Chairman of QAB shall be appointed by the Commission from among the members. The Chairman or the Vice Chairman shall not be full time employee of the Commission.

**30. Term of the Board and its Members.-** (1) The QAB shall be a perpetual Board without any tenure.

(2) Not less than 3 members shall retire initially on the expiration of two years and may be reappointed for a further term of three years. The remaining Board members shall remain the members of the Board for a term of three years and shall retire on the expiration of that term and may be reappointed for a further term of three years.

Provided that the commission may decide the terms of appointment at the time of initial appointment of the members.

(3) In case of any casual vacancy the new member shall be nominated by the original appointing body for remaining period of the member vacating his / her position.

**31. Cessation of Membership.-**A member of the QAB shall cease to be a member under the following circumstances:

- (a) He / she is replaced by his nominating body;
- (b) Upon acceptance of his resignation by the Commission given in writing addressed to the Secretary of the Commission;
- (c) He / she becomes of unsound mind;
- (d) has applied to be adjudicated as an insolvent and his/her application is pending;
- (e) He/she has been convicted by a court of law for an offence involving moral turpitude; and
- (f) He / she has displayed lack of fiduciary behavior and a declaration to this effect has been made by a court at any time during the preceding five years.

**32. Meetings of the QAB.-** (1) The QAB shall hold at least four (4) meetings in a financial year.

(2) Procedure to call QAB meetings shall be as follows:

- (a) Meeting of the QAB shall be properly planned and notice of the meeting shall be issued at least fifteen (15) days before the date of the meeting;
- (b) Agenda and working papers shall be sent by Quality Assurance Secretariat (QAS) to all QAB members at least ten (10) days before the date of the meeting;
- (c) In the absence of the Chairman the members present at the meeting shall elect among themselves a Chairman, who shall preside the meeting of the Board.

(3) Except as otherwise specified in this framework, in all meetings of the Board, the vote of majority shall prevail and in the event of equality of vote, the Chairman shall have a casting vote in addition to his own vote.

(4) The secretary of the QAB shall be appointed by the Commission. The Secretary shall prepare minutes of the QAB meeting not later than 14 days after the meeting and shall circulate the minutes to all Board members.

(5) Minutes of meetings shall be signed by the Chairman of the meeting.

**33. Quorum.-** Minimum three (3) members of the Board, including Chairman or Vice Chairman shall form the quorum for a Board meeting.

**34. Duties and Powers of the Chairman.-**The Chairman shall be responsible to perform the following duties:

- (a) Chair the meetings of the Board;
- (b) Ensuring timely preparation and approval of agenda, working papers, minutes etc. of the meeting;
- (c) Making sure that meeting of the Board is planned effectively, conducted according to the Framework and that matters are dealt with in an orderly and efficient manner;
- (d) Exercise his casting vote where there is stalemate between members of the Board;
- (e) Evaluate performance of the Board annually;
- (f) Recommend removal of member(s) to the Commission / nominating authority in case a Board member is absent for three consecutive Board meetings;
- (g) Referring the matter to the Commission for filling up of casual vacancy;
- (h) Provide feedback to Commission office Bearers about the performance of staff members of QAS; and
- (i) Any other function as required/prescribed in the Framework.

**35. Responsibilities and Functions of the Quality Assurance Board.-** (1) The Board shall be responsible;

- a) To develop and improve standardized formats for valuation reports;
- b) To develop valuation standards for valuation profession in Pakistan and recommend to the Commission for notification;

- c) To develop and improve the Code of Conduct and recommend the Commission for notification;
- d) To decide on QCR rating of a valuer;
- e) To monitor the QCR Program to ensure its adequate and effective implementation in accordance with the framework;
- f) To prepare the qualifying criteria for the reviewers along with job description and job specifications;
- g) To assist, recommend or coordinate the training programs and workshops to help improve quality control system of the valuers and enhance the effectiveness of QAS;
- h) To set policies for the implementation of this Framework and to decide on all matters relating thereto;
- i) To carry out a comprehensive review of the operations of QAS of which among other things shall include evaluation of the QCR procedures and work carried out as regards to QCR of valuers, adequacy of resources available for the QCR Program and recommend appropriate steps to the Commission in this regard;
- j) To prepare and make available to the Commission the annual report summarizing the performance of the Board and the results of the QCR program. The annual report shall be published by the Commission for guidance and information of members;
- k) The Chairman and Vice Chairman shall meet the office bearers of Commission periodically, at least on half yearly basis to discuss the issues in implementation of QCR Program;
- l) The Board shall appoint a third party with three fourth majorities of the members present in a meeting to conduct a review of the adequacy and efficiency of QCR Program after every three years. The third party shall prepare a report for the Board and the Commission;
- m) The Board shall seek guidance of the Commission in respect of matters where the Board feels that explicit guidance is not available in the Framework. The Commission shall decide on the matter expeditiously within a period not exceeding three months of the receipt of such matter or enquiry; and
- n) To recommend appropriate guidelines in relation to valuation practice of the Companies or system of quality control within the valuers that are considered essential and in the interest of the profession and the public interest.

(2) In carrying out the above functions, the Board shall be assisted by the QAS.

**36. Appointment of Reviewer(s) and Quality Assurance Framework.-** (1) The Quality Assurance Board shall appoint qualified professional valuer(s) as reviewer (s) in line with the criteria specified in sub-regulation 35 (1) (f) above, with requisite competence to carry out quality control review of the valuers.

(2) The reviewer shall submit his report to the Quality Assurance Board, in a manner prescribed in the quality assurance framework as provided in schedule V to these regulations;

(3) The valuers shall be subject to quality assurance review to be conducted in accordance with Quality Assurance Framework provided in schedule V.

## CHAPTER VIII

### Miscellaneous

**37. Register of valuers and centralized record. -** (1) The Commission shall maintain a register of valuers.

(2) The register shall include the particulars of every valuer including, but not limited to, the following,-

- (a) Full name of the Company;
- (b) Name of Directors and Senior Management Officer along with their qualification and experience;
- (c) Company's Business / registered office addresses , Phone and Fax numbers, email and website address;
- (d) Date of incorporation, registration number, shareholding composition, and details of qualified experts along with their qualification; and
- (e) Date of entry in the register.

(3) The Commission shall at all times maintain an updated list of the valuers on its official website, along with any enforcement action taken against the valuers.

(4) Any registered valuer may, by writing addressed to the Commission, notify a new address or any other amendment, within 14 days of the change, and the Commission shall enter that amendment in the register.

(5) The Commission shall maintain a centralized database, in hard or soft form, of all valuation reports submitted by the valuers.

**38. Power of the Commission to issue directives, circulars etc.-** The Commission may, if it is satisfied that it is necessary or expedient to do so in the public interest or for the purposes of record, order in writing or give such directions or issue circulars, not inconsistent with the Act and these regulations.

**39. Valuation standards -** The valuers shall abide by the valuation standards and Code of Conduct as may be notified by the Commission.

**40. Relaxation.-** Where the Commission is satisfied that it is not practicable to comply with any of the regulations by valuers, the Commission may, for reasons to be recorded, relax the applicability of certain regulations in part to all the valuers or a category of valuers and their practices.

## SCHEDULE I

### Table of Fees

Sr. No	Nature of Fee	Amount in Rs.
1.	Registration	10,000
2.	For a certificate of registration	1,000
3.	For a duplicate certificate of registration	1,000
4.	For inspection of the Register	1,000
5.	Renewal Fee	5,000
6.	Late fee for renewal of registration	2,000
7.	QCR fee <i>(to be borne by the valuer reviewed)</i>	100,000

All the above mentioned fee shall be deposited in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited

## **SCHEDULE II**

### **Segment Coverage**

1 Entire Pakistan

2 Entire Baluchistan Province

3 Entire Sindh Province

4 Entire Punjab Province

5 Entire Khyber Pakhtunkhwa

31 Entire Gilgit Baltistan

6 Awaran District in Baluchistan

6 Gwadar District in Baluchistan

6 Kech District in Baluchistan

6 Lasbela District in Baluchistan

6 Panjgur District in Baluchistan

7 Chaghai District in Baluchistan

7 Kalat District in Baluchistan

7 Kharan District in Baluchistan

7 Khuzdar District in Baluchistan

7 Mastung District in Baluchistan



7 Nushki District in Baluchistan

7 Washuk District in Baluchistan

8 Quetta District in Baluchistan

9 Barkhan District in Baluchistan

9 Bolan District in Baluchistan

9 Dera Bugti District in Baluchistan

9 Jaffarabad District in Baluchistan

9 Jhal Magsi District in Baluchistan

9 Kohlu District in Baluchistan

9 Nasirabad District in Baluchistan

9 Sibi District in Baluchistan

10 Harnai District in Baluchistan

10 Loralai District in Baluchistan

10 Musakhel District in Baluchistan

10 Pishin District in Baluchistan

10 Qila Abdullah District in Baluchistan

10 Qila Saifullah District in Baluchistan

10 Sherani District in Baluchistan

10 Zhob District in Baluchistan

10 Ziarat District in Baluchistan

11 Karachi Districts in Sindh

12 Hyderabad District in Sindh

12 Jamshoro District in Sindh

13 Badin District in Sindh

13 Mirpurkhas District in Sindh

13 Tando Allayar District in Sindh

13 Tando Muhammad Khan District in Sindh

13 Tharparkar District in Sindh

13 Thatta District in Sindh

13 Umarkot District in Sindh

14 Benazirabad (Nawabshah) District in Sindh

14 Dadu District in Sindh

14 Matiari District in Sindh

14 Nausharo Firoz District in Sindh

14 Sanghar District in Sindh

15 Ghotki District in Sindh

15 Jacobabad District in Sindh

15 Kambar Shahdadkot District in Sindh

15 Kashmore District in Sindh

15 Khairpur District in Sindh

15 Larkana District in Sindh

15 Shikarpur District in Sindh

15 Sukkur District in Sindh

16 Dera Ghazi Khan District in Punjab

16 Muzaffargarh District in Punjab

16 Rahimyar Khan District in Punjab

16 Rajanpur District in Punjab

17 Bahawal Nagar District in Punjab

17 Bahawalpur District in Punjab

17 Lodhran District in Punjab

17 Vihari District in Punjab

18 Multan District in Punjab

19 Chiniot District in Punjab

19 Faisalabad District in Punjab

19 Jhang District in Punjab

19 Khanewal District in Punjab

19 Okara District in Punjab

19 Pakpattan District in Punjab

19 Sahiwal District in Punjab

19 Toba Tek Singh District in Punjab

20 Bhakkar District in Punjab

20 Khushab District in Punjab

20 Leiah District in Punjab

20 Mianwali District in Punjab

21 Kasur District in Punjab

21 Lahore District in Punjab

21 Sheikhupura District in Punjab

22 Gujranwalla District in Punjab

22 Gujrat District in Punjab

22 Hafizabad District in Punjab

22 Mandi Bahauddin District in Punjab

22 Nankana Sahib District in Punjab

22 Narowal District in Punjab

22 Sargodha District in Punjab

22 Sialkot District in Punjab

23 Attock District in Punjab

23 Chakwal District in Punjab

23 Jehlum District in Punjab

23 Rawalpindi District in Punjab

23 Islamabad & Federal District Areas

24 Bannu District in Khyber Pakhtunkhwa

24 Dera Ismail Khan District in Khyber Pakhtunkhwa

24 Hangu District in Khyber Pakhtunkhwa

24 Karak District in Khyber Pakhtunkhwa

24 Kohat District in Khyber Pakhtunkhwa

24 Lakki Marwat District in Khyber Pakhtunkhwa

24 Tank District in Khyber Pakhtunkhwa  
24 Kurram Agency in Khyber Pakhtunkhwa  
24 North Waziristan Agency in Khyber Pakhtunkhwa  
24 Orakzai Agency in Khyber Pakhtunkhwa  
24 South Waziristan Agency in Khyber Pakhtunkhwa  
24 Tribal Areas adjoining Bannu  
24 Tribal Areas adjoining Dera Ismail Khan  
24 Tribal Areas adjoining Kohat  
24 Tribal Areas adjoining Lakki Marwat  
24 Tribal Areas adjoining Tank

25 Charsadda District in Khyber Pakhtunkhwa  
25 Nowshera District in Khyber Pakhtunkhwa  
25 Peshawar District in Khyber Pakhtunkhwa  
25 Bajaur Agency in Khyber Pakhtunkhwa  
25 Khyber Agency in Khyber Pakhtunkhwa  
25 Mohmand Agency in Khyber Pakhtunkhwa  
25 Tribal Areas adjoining Peshawar

26 Buner District in Khyber Pakhtunkhwa  
26 Chitral District in Khyber Pakhtunkhwa  
26 Lower Dir District in Khyber Pakhtunkhwa  
26 Malakand District in Khyber Pakhtunkhwa  
26 Mardan District in Khyber Pakhtunkhwa  
26 Shangla District in Khyber Pakhtunkhwa

26 Swat District in Khyber Pakhtunkhwa

26 Tor Ghar District in Khyber Pakhtunkhwa

26 Upper Dir District in Khyber Pakhtunkhwa

27 Abbottabad District in Khyber Pakhtunkhwa

27 Batgram District in Khyber Pakhtunkhwa

27 Haripur District in Khyber Pakhtunkhwa

27 Kohistan District in Khyber Pakhtunkhwa

27 Mansehra District in Khyber Pakhtunkhwa

27 Swabi District in Khyber Pakhtunkhwa

29 Bagh, AJK

29 Bhimber, AJK

29 Hattian, AJK

29 Haveli, AJK

29 Kotli, AJK

29 Mirpur, AJK

29 Muzaffarabad, AJK

29 Neelum, AJK

29 Poonch, AJK

29 Sudhnati, AJK

30 Astore District in Gilgit Baltistan

30 Diamer District in Gilgit Baltistan

30 Ghanche District in Gilgit Baltistan

30 Ghizir District in Gilgit Baltistan

30 Gilgit District in Gilgit Baltistan

30 Hunza Nagar District in Gilgit Baltistan

30 Skardu District in Gilgit Baltistan

### **SCHEDULE III**

#### **Forms**

Application for Registration	Form -A
Certificate of Registration	Form -B
Application for Renewal of Registration	Form -C
Certificate of Registration	Form -D
Statement of Compliance	Form -E



Form - A

[see Regulation 5(1)]

APPLICATION FOR REGISTERATON

We, (full name of the company) hereby make application for registration as a valuer, under the Valuers Registration and Governance Regulations, 2016 (*the "Regulations"*). Required details are hereunder;

1. Company's Registered Office Addresses;
2. Phone and Fax numbers;
3. Email and website address;
4. Date of incorporation, and registration number;
5. Directors / Shareholding composition of the Company

Name of Directors / sponsors	No of shares held	Par Value	Amount (Rs.)	Percentage of shareholding
Total Paid-up Capital				

6. Name of Senior Management Officers along with their qualification and experience

Sr. N o.	Name(s)	Academic Education	Professional Education/ Training	Experience (Institutions, number of years)

7. The qualifications / experiences of the qualified experts retained by the company are as following

Sr.	Name(s)	Academic Education	Professional Education/ Training / Membership	Experience (Institutions, number of years)


8. Information on the following:

- a. Have the Company or any of its directors, Senior Management Officers or other employees been convicted or involved in an offence involving, fraud or breach of trust. Yes  No . If yes, please provide details:
  
- b. Penal action against the Company or any of its directors, Senior Management Officers or other employees for an offence under the Ordinance, Act or any other law administered by the Commission; Yes  No . If yes, please provide details:
  
- c. any other relevant information that may be important in respect of the application.

I declare that the information given in this Form is true to the best of my knowledge and belief. I also declare that if any change occurs in the information given in this application and the accompanying documents, I shall report the same to the Commission on the same day on which the change occurs.

The challan of prescribed fee of Rs. ---- is enclosed.

Dated at ----. this ---- day of -----, 20----.

Signature of Chief Executive [of the company]

Seal

**List of Documents to be attached:**

1. Copy of Certificate of Incorporation of the Company
2. Copies of Degrees/ proof of qualification of Directors , Senior Management Officers and qualified experts retained by the Company, as per eligibility criteria.
3. Copies of proof of membership of professional bodies prescribed in the eligibility criteria
4. Challen of application fee for registration.

Form ó B

[see Regulation 7]

CERTIFICATE OF REGISTERATON

This is to certify that (*Name in full*), having satisfied the Commission, pursuant to section 6 of the Valuers Registration and Governance Regulations, 2016, is duly registered, as a valuer on category (*I to V, whichever is applicable*), for the period starting from ----- to -----.

í í í í í ..

Registrar

Dated at Islamabad, this í í day of 20í í ..



Note: This certificate remains the property of the Commission, and must be surrendered on demand or cancellation.

Disclaimer: This copy is issued on the basis of information provided by the applicant.

Form - C

[see Regulation 8]

APPLICATION FOR RENEWAL of REGISTERATON

We, (full name of the company)

hereby make application for **renewal of registration** as a valuer, under the Valuers Registration and Governance Regulations, 2016 (*the "Regulations"*) . Required details are hereunder;

1. Company's registered office addresses;
2. Phone and Fax numbers;
3. Email and website address;
4. Date of incorporation, and registration number;
5. Directors / Shareholding composition of the Company

Name of Directors / sponsors	No of shares held	Par Value	Amount (Rs.)	Percentage of shareholding
Total Paid-up Capital				

6. Name of Senior Management Officers along with their qualification and experience

Sr. N o.	Name(s)	Academic Education	Professional Education/ Training	Experience (Institutions, number of years)

7. The qualifications / experiences of the qualified experts retained by the company are as following

Sr.	Name(s)	Academic Education	Professional Education/ Training / Membership	Experience (Institutions, number of years)


8. The compliance certificate as required under regulations and the evidence of satisfactory QCR rating valid for a period of three years, is attached.

I declare that the information given in this Form is true to the best of my knowledge and belief. I also declare that if any change occurs in the information given in this application and the accompanying documents, I shall report the same to the Commission on the same day on which the change occurs.

The challan of prescribed fee of Rs. ---- is enclosed.

Dated at ----. this ---- day of -----, 20----.

Signature of Chief Executive / Director

Seal

**List of Documents to be attached:**

1. Copy of Certificate of Incorporation of the Company.
2. Copies of Degrees/ proof of qualification of Senior Management Officers / Qualified experts retained by the Company, as per eligibility criteria.
3. Copies of proof of membership of professional bodies prescribed in the eligibility criteria.
4. Undertaking of compliance with the requirements of the valuation standards / Code of Conduct / Regulations.
5. Evidence of maintaining a satisfactory QCR rating.
6. Challan of application fee for registration.

Form ó D

[see Regulation 8]

CERTIFICATE OF REGISTERATON

This is to certify that the registration of (*Name in full*), having satisfied the Commission, pursuant to section 7 of the Valuers Registration and Governance Regulations, 2016, has been duly renewed, as a valuer on category (*I to V, whichever is applicable*), for the period starting from ----- to -----.

í í í í í .,

Registrar

Dated at Islamabad, this í í day of 20í í ..



Note: This certificate remains the property of the Commission, and must be surrendered on demand or cancellation.

Disclaimer: This copy is issued on the basis of information provided by the applicant.



## **SCHEDULE IV**

[see Regulation 4]

### **Fit and Proper Criteria for sponsors, directors and senior management officers**

This Fit and Proper Criteria is perpetual in nature and its compliance is mandatory.

The Fit and Proper Criteria in relation to a valuer is applicable to the following persons:

- (i) Promoters and sponsors of the valuer;
- (ii) Directors;
- (iii) Chief executive of the valuer; and
- (iv) Senior Management Officers.

All persons subject to Fit and Proper Criteria shall report any change with reference to their fitness and propriety and information submitted earlier to the respective valuer within three working days of such change taking effect and the Chief Executive of the valuer shall within a period of seven working days from the date of receipt, report the same to the Commission.

The valuer shall monitor whether any change in the status of its chief executive, directors and senior management officers is contrary to the requirements of the Fit and Proper Criteria. In case of any change in status result in non-compliance with the Fit and Proper Criteria, the valuer shall immediately stop the person from performing his assigned functions and inform the Commission. He shall simultaneously initiate the process for replacement of the individual meeting the fit and proper criteria.

Any violations or circumvention of the Fit and Proper Criteria shall be dealt with under the relevant provisions of the valuers Registration and Governance Regulations, 2016 (*the "Regulations"*).

Eligibility of any person desiring to act as a director on the board of directors or senior management officer of a valuer, excluding sponsors of the applicant, shall be judged on the basis of following criteria, which, in the case of directors, shall be in addition to meeting requirements of the Companies Ordinance, 1984 relating to eligibility of a director:



Provided further that in case the sponsor and major shareholder is a body corporate, in addition to the relevant/ applicable clauses, corporate behavior of the said body corporate and its sponsors shall be duly considered at the time of scrutiny of application for registration.

**(a) Financial Status or Solvency**

(i) The person should not have been adjudged as an insolvent or he should not have suspended payment of debts or compounded liabilities with his creditors.

(ii) The person should not have been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a financial institution including banking company, a Development Financial Institution or an Non- Banking Financial Company.

(iii) The person, in his individual capacity or as director of a company, has not been in default of payment of dues owed to any, financial institution, or securities exchange, commodity exchange, clearing house, central depository and / or defaulted in payment of any taxes in the individual capacity or as a proprietary concern or any partnership firm or as director in any private unlisted and listed company.

(iv) The person should not have been a director and/or chief executive of any company or body corporate which has defaulted in payment of Government duties/taxes/cess.

(v). The person should be a tax payer and his name should be borne on the Active Tax Payers List regularly published by FBR.

**(b) Qualification and Experience**

(i) The person must be fully conversant with the duties of director or senior management officer, as the case may be, as prescribed under the statutes, rules and regulations, memorandum and articles of association and the code of corporate governance for listed companies.

(ii) The Chief Executive and the directors of a valuer must have a minimum experience of five years in a senior management position, preferably in a valuation firm or any other related activities.

(iii) The Chief Executive and directors of a valuer must hold at least a Masters degree or equivalent qualification (or bachelor's degree with 10 years post-qualification experience) in business administration, accounting, finance, commerce, economics, valuation or information technology, statistics; mathematics, or graduation in engineering from any university duly recognized by the Higher Education Commission of Pakistan.

(iv) The Chief Executive of the valuer must have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.

**(c) Competency**

(i) Membership or registration of the person or any company in which he was a director/senior management officer during the last three years has not been suspended/ cancelled by the Commission, any other regulatory authority, any professional body, association or relevant entity.

Provided that eligibility of a person may be considered on the basis of prior clearance obtained from any such organization that suspended/ cancelled the membership or registration.

(ii). The person should not been disqualified/ removed from the post of a key executive position of a company by the Commission or any other regulatory authority.

**(d) Integrity, Honesty and Reputation**

(i). The person should not have been convicted in any criminal offence or directly involved in any settlement in civil/ criminal proceedings in a court of law, particularly with regard to moral turpitude, investments, financial/business misconduct, fraud/ forgery, breach of trust, financial crime etc. and/ or it has not been concluded by any regulatory authority that he has been associated with any unauthorized financial activity.

(ii). No investigation/ enquiry, conducted under Section 139 of the Securities Act, 2015, Section 29 of the Securities and Exchange Commission of Pakistan Act, 1997, Section 21 of the Securities and Exchange Ordinance, 1969, Section 263 or Section 265 of the Companies Ordinance, 1984, has been concluded against him by the Commission with adverse findings, or penalty of Rs.500,000/- or more has not been

imposed on him by the Commission in the last three years, in respect of any laws administered by the Commission.

Provided that a person may be considered eligible in case a period of at least three years from the date of expiry of the period specified in the order for which such person has been restrained/ prohibited/ debarred has elapsed.

(iv). The person should not have provided false or misleading information either to the Commission or to any of the regulatory body, securities exchange, central depository or a clearing house.

(v) The person should not have been actively involved in the management of a company whose registration or license has been revoked or cancelled or which has gone into liquidation or other similar proceedings due to financial irregularities or malpractices.

(vi) The person must not be ineligible, under the Companies Ordinance, 1984 or any other legislation from acting as a director.

(vii) The person should not have entered into a plea bargain arrangement with the National Accountability Bureau.

**(e) Conflict of interest**

(i)The directors or senior management officers of a valuer shall not hold a similar position in any other valuers Company in a similar business in Pakistan.

(ii) Further, a key executive shall not hold directorship in his or her personal capacity in a business concern which is also a client of the valuer.

## SCHEDULE V

[see Regulation 14]

### Framework on Quality Control Review (QCR)

1. **Purpose.-** To define the quality control review program for awarding QCR rating to the valuers, as per Framework of Quality Control Review (QCR) Program.
2. **Scope.-** This program applies to all the work of valuers providing their valuation services on all valuers categories.
3. QCR rating would be mandatorily required for valuers who render their services to a single client beyond following thresholds of net value of assets to be valued;

" Category 1-Land & Building	Rs. 30 Million Rupees
" Category 2- Plant & Machinery	Rs. 20 million
" Category 4- Financial Assets	Rs. 20 million
" Category 5-IT Infrastructure	Mandatory
" Category 3- Other Assets	Mandatory

The Reviewer would be an experienced and registered valuer appointed by the Commission to carry out valuers quality control review (QA), thorough review of assignment files and related documents of valuers engaged in valuation.

The reviewers shall be remunerated for rendering their services towards QCR process, as notified in the schedule of fee in schedule I.

4. **Quality Control Review (QCR).-** includes Assignment review of valuation rendered by the valuer, to determine whether the valuation report(s) issued by the company in respect of the reviewed client(s) were made in compliance with these Regulations, valuation standards, and the basis /

assumptions which were relied upon in the valuation, were duly supported by the appropriate evidence relied upon/referred to during the valuation.

**5. Procedure.-**

- a) Valuer will apply to the Chairman Quality Assurance Board (QAB) along with list of the clients where valuation and other related services have been carried out.
  - b) After approval of the Chairman QAB, the QAS, will maintain the list of such valuers.
  - c) QAS will prepare the schedule of the reviewer for conducting the review of the valuers.
  - d) QAS will intimate the concern valuers for schedule of the review.
  - e) Valuers to ensure that all record is kept ready for review by the reviewer.
  - f) Head of the QAS and Reviewer will visit the valuers offices for review. The QCR will be carried out by the reviewer as per the requests.
  - g) Valuer to ensure the Compliance of the record of each assignment as per QCR Check list approved by the QAB.
  - h) Reviewer to ensure that all the requirements prescribed in the valuation standards, Code of Conduct and Check list are complete and procedure defined are adhered by the valuers.
- a. Reviewer will prepare and finalize QCR reports after Carrying out QCR visits of the Valuers.
  - b. The report prepared by Reviewer will be presented to the QAB by the Reviewer.
  - c. The presentation of the report will not give any indication of the valuers name.
  - d. After approved of the report, the QAS will inform the concern valuer for the decision of the QAB.

6. **Frequency of QCR.-** (1) A valuer shall undergo a QCR organized by the QAB after every three years. However, an earlier review may be required under special circumstances. These circumstances may include cases where a member is found guilty of professional misconduct by the Institute, or any other circumstances, which in the opinion of the Board warrant an earlier review, in the public interest.

(2) A 10 days notice of a visit will be given to the practicing valuer/ member at the registered address of the valuer. However, in exceptional cases an earlier notice or a surprise visit is also permissible. Such circumstances will be decided by the QAB.

7. **Selection of valuation assignments for review.-** (1) Valuers shall submit to the QAS a list of valuation engagements for the purpose of QCR on the prescribed format as of June 30 each year. The list shall specify valuation engagements separately for all office locations of the valuer.

(2) Review of at least 25 % of the all valuation reports provided by the valuer during the period under review or five valuation assignments, whichever is higher, shall be made from all the locations of the valuer. Each office location of the valuer conducting audit shall be reviewed.

(3) The reviewer(s) shall select valuation assignment as per the criteria provided above, from the list of valuation assignments provided by the valuer under review. In making the selection, the reviewers shall use their professional judgment and give preference to Banks, Listed companies, large sized companies /companies with substantial operations, public interest companies or other public interest entities that are considered high risk engagements.

(4) The review shall be carried out preferably at the premises of the valuer.

8. **Review Process.-** (1) Assignment review involves a detailed review of valuation reports, correspondence with client or the client's representative, all other records and information upon which the valuation opinion was based, working papers, evidence obtained from various sources relied upon during the valuation, and other records that may be prescribed from time to time, pertaining to a specific valuation assignment selected.

(2) The reviewer shall review the valuer assignments in accordance with a check list to be prescribed by QAB.

(3) The reviewer will also verify whether or not the quality control policies and procedures are documented and communicated to the valuer staff as each individual has a personal responsibility for quality and is expected to comply with these policies and procedures.

(4) The procedures performed during the valuer review shall also include:

- (a) An assessment of the system of quality control relating to audit.
- (b) Sufficient review of the quality control policies and procedures and review of assignment working papers to evaluate;
- (c) The functioning of that system of quality control, and compliance with it; and
- (d) The compliance with professional standards and regulatory and legal requirements in respect of assignments.

(5) A key part of the valuer review methodology shall be the assessment of a valuer organizational monitoring policies and procedures. If these are judged to be effective, the reviewer may rely on them by performing tests of the conclusions of the applicable period's monitoring as a source of evidence.

(6) Assessment of other quality control policies and procedures, where appropriate, may include discussion with the valuer's office bearers / staff through interviews and focus group meetings, reviewing documentation, observation of the system of quality control in operation e.g. attending the valuer's training sessions for its staff.

(7) Any other procedure as may be prescribed by QAB.

9. **Review Finalization.**- (1) The reviewer shall discuss all issues identified during the review with the valuer. After completion of the review, the reviewer shall prepare a review report, which includes issues and weaknesses identified during the review, and recommendations for improvement. In cases where major weaknesses are found, a draft report shall be sent to the valuer requiring comments in writing within two weeks from the date of the draft report. The comments received shall be analyzed, in certain cases a second opinion may be obtained, before presenting both the report and the comments to the Commission.

(2) The overall conclusion of the valuer shall be satisfactory if 75% or more of the selected valuation assignments are found as compliant and satisfactory.

(3) All reports shall be presented before the QAB, for approval, except for urgent cases where the report may be finalized and approved by circulation to all the members. At least five members of Board including the Chairman and / or Vice Chairperson shall approve the report for finalization. Reports approved by circulation shall be ratified in the immediate next Board meeting.

10. **Review Report.**-(1) The reviewer after completing the review, shall submit its report alongwith following opinion, within 60 days of his appointment, to the QAB, as to whether or not;

- a. the valuation report issued by the valuer in respect of reviewed client(s), were made in compliance with these Regulations, valuation standards and code of conduct; and
- b. (ii) the basis / assumptions which were relied upon in the valuation, were duly supported by the appropriate evidence relied upon/referred to during the valuation.

Provided that QAB may extend the time for submission of review report for another 30 days, upon his request.

(2) In case where the conclusion of reviewer after review of the valuation assignments by a valuer is assessed as "not satisfactory/ not supported by appropriate evidence/ basis & assumptions" and the valuer apply for a review, the QCR committee may call for further review. The reviewer shall select more valuation engagements performed by the valuer and such review of additional files shall be carried out within a time period decided by the QCR committee.

11. **Satisfactory QCR Rating.**- After approval by the Board, the valuer shall be issued a report indicating its eligibility to be included in the list of valuer with satisfactory QCR rating.

12. **Review Procedure.**-(1) In case a valuer receives a "not supported by appropriate audit evidence" conclusion subsequent to review of additional files, they shall have a right to file a review application before the QAB through QAS, within 20 days of such conclusion having been communicated to them. The QAB may appoint a review committee, including the Chairman and two members of the QAB to go through the submissions of the valuer, and give a personal hearing.

(2) The Review Committee shall place its findings before the QAB suggesting any action in the matter or closing the same not later than 60 days of receipt of review application.

(3) The QAB shall discuss the report by Review Committee and take the appropriate actions.

13. **Withdrawal of Satisfactory QCR Rating.**- (1) If a valuer is already on the list of valuers with satisfactory QCR rating receives a "not supported by appropriate audit evidence" conclusion in a



subsequent review, the valuer's name shall be immediately withdrawn from the list of valuers having satisfactory QCR rating.

(2) Once a valuer is included in the list of valuers with satisfactory QCR rating, it shall get all its office locations reviewed after every three years.

(3) Where a valuer fails to get all its office locations reviewed after the expiry of aforementioned period, the name of the valuer shall be removed from the list of valuers with satisfactory rating. In case where there is a delay due to some genuine reason(s) or urgent engagements of the valuers, additional time, which shall not be more than six months, may be allowed by the QAB.

14. **Confidentiality and Independence.**-The review committee and the staff assisting such reviewers shall sign a "Statement of Confidentiality" and a "Statement of Independence" to confirm that they are both, free and appear to be free from interest, which may be regarded as incompatible with their objectivity, as far as the valuer being reviewed is concerned.