CONSULTATION FEEDBACK

**RICS Feedback on the EBA Consultation: *Handbook on the Role of Independent Valuers for Resolution Purposes***

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The Royal Institution of Chartered Surveyors (RICS) welcomes the opportunity to provide feedback on the European Banking Authority's (EBA) consultation concerning the *Handbook on the Role of Independent Valuers for Resolution Purposes*. As a global professional body setting international standards for valuation practice through the *RICS Global Red Book*, we commend the EBA’s efforts to create a comprehensive framework for independent valuation in the context of bank resolution. RICS recognizes the critical role independent valuers play in ensuring effective, accurate, and transparent asset valuations during financial crises, and we believe this handbook will contribute significantly to strengthening resolution mechanisms across the EU.

**1. Independence and Impartiality of Valuers**

RICS strongly supports the emphasis on the independence and impartiality of valuers, which is vital to ensuring objectivity in the resolution process. The *RICS Global Red Book* sets rigorous standards for valuers regarding conflict of interest, professional integrity, and objectivity. We recommend that the EBA consider adopting similar provisions, including mandatory disclosures of any potential conflicts of interest and the use of independent review mechanisms to further safeguard impartiality. RICS would welcome the opportunity to collaborate with the EBA in establishing clearer protocols to ensure independence is maintained, particularly in high-stakes resolution contexts.

**2. Qualifications and Expertise of Valuers**

RICS endorses the EBA’s focus on ensuring that valuers involved in resolution processes possess the appropriate qualifications, experience, and expertise. The *RICS Global Red Book* provides a well-defined qualification pathway for professional valuers, including rigorous education, experience requirements, and continuous professional development. We recommend that the EBA recognize professional qualifications, such as those offered by RICS (e.g., Chartered Valuation Surveyor), as meeting the requirements for valuers involved in bank resolution. Additionally, we suggest the inclusion of specific continuing professional development (CPD) requirements to ensure valuers remain up-to-date with evolving methodologies and regulatory expectations in the financial sector.

**3. Valuation Methodologies**

RICS appreciates the detailed attention given to valuation methodologies in the handbook. Valuing assets in distressed or volatile markets is inherently complex, and the *RICS Global Red Book* offers detailed guidance on methodologies suitable for these challenging conditions. We recommend that the EBA adopt valuation approaches that align with internationally recognized bases of value, including market value, fair value, and forced sale value, as defined in both the *RICS Global Red Book* and the *International Valuation Standards (IVS)*. Furthermore, RICS suggests that the EBA encourage valuers to use sensitivity analysis, stress testing, and scenario-based modelling when market data is limited or unreliable, ensuring that the valuations remain robust in the face of uncertainty.

**4. Transparency and Reporting**

RICS fully supports the handbook’s emphasis on transparency and thorough reporting. The *RICS Global Red Book* requires that valuation reports be clear, concise, and provide sufficient detail to allow users to understand the valuer’s methodology, assumptions, and conclusions. We encourage the EBA to establish standardized reporting formats that ensure consistency, transparency, and comparability across all valuation reports in resolution scenarios. RICS would also recommend including guidance on ensuring that valuation reports are accessible to both technical and non-technical stakeholders, which is crucial in the context of resolution actions where diverse parties rely on these valuations.

**5. Valuation under Distressed Market Conditions**

Valuation during periods of market distress requires specialized skills and knowledge. The *RICS Global Red Book* offers extensive guidance on the approaches to be used when valuing assets in distressed or illiquid markets. We suggest that the EBA integrate some of these principles into the handbook, particularly around the adjustment of assumptions and methodologies when conventional market data is unavailable or unrepresentative. RICS recommends the adoption of approaches such as discounted cash flow (DCF) models, income capitalization, and the use of proxies or benchmarks when valuing assets in crisis situations, ensuring that valuations are as reflective of real market conditions as possible.

**6. Application of International Valuation Standards (IVS)**

RICS strongly supports the alignment of the EBA’s handbook with the *International Valuation Standards (IVS)*, which serve as the global benchmark for valuation practices. The *RICS Global Red Book* is fully compliant with IVS, ensuring consistency in valuation practices across international markets. We recommend that the EBA handbook explicitly reference IVS as the preferred framework for valuation methodologies, helping to ensure that valuations carried out for resolution purposes meet globally recognized standards and are comparable across different jurisdictions and financial systems.

**7. Governance and Accountability of Valuers**

Ensuring the proper governance and accountability of valuers is crucial to maintaining the integrity of the resolution process. RICS has established clear professional conduct rules and disciplinary procedures to hold valuers accountable for their work. We recommend that the EBA consider adopting similar governance frameworks that include independent oversight mechanisms, periodic reviews, and clear procedures for addressing substandard performance by valuers. RICS would be willing to share its expertise in implementing effective governance structures that ensure accountability and maintain public confidence in the valuation profession.

**8. Regulatory Compliance and Legal Considerations**

Valuers operating in the resolution space must be fully aware of the regulatory and legal frameworks in which they operate. The *RICS Global Red Book* emphasizes the importance of ensuring that valuations comply with relevant legal and regulatory requirements. We suggest that the EBA handbook include specific guidance on how valuers should integrate regulatory compliance into their valuation processes, particularly when dealing with complex financial instruments, cross-border resolutions, or regulatory-driven outcomes. Ensuring that valuers are well-versed in the legal landscape will enhance the reliability and effectiveness of valuations during resolution actions.

**Conclusion**

RICS appreciates the EBA’s initiative in drafting this handbook and believes it will serve as a vital tool in enhancing the resolution process within the EU’s financial system. We encourage the EBA to consider the feedback provided above, which draws on RICS’s global expertise in valuation standards and practices. By aligning the handbook with internationally recognized standards such as the *RICS Global Red Book* and *IVS*, the EBA can ensure that valuations in resolution contexts are conducted with the highest levels of integrity, transparency, and accuracy.