

MONITORING POLICY

OF

ICMAI REGISTERED VALUERS ORGANISATION

(ICMAI RVO)

Contents

- 1) Introduction
- 2) Definitions
- 3) Objectives
- 4) Role and Responsibilities of Stakeholders
- 5) Monitoring Procedure
- 6) Manner / Format of submission of Information
- 7) Storage of Information and Records
- 8) Reports to be submitted to Authority
- 9) Use, Analysis of Information and Records
- 10) Monitoring Visits
- 11) Review of Information, Records and Documents
- 12) Review of Monitoring Policy
- 13) Obligations to comply with the Monitoring Policy

Introduction

The Companies (Registered Valuers and Valuation) Rules, 2017 require every Registered Valuers Organisation to constitute a Monitoring Committee under the Chairmanship of an Independent Director of the organisation.

As per Clause V of the Model Bye Laws of Companies (Registered Valuers and Valuation) Rules, 2017, the Organisation should have a Monitoring Policy to monitor the professional activities and conduct of members for their adherence to the provisions of the Act, rules, regulations and guidelines issued thereunder or under the byelaws or Code of Conduct and directions given by the Governing Board.

A member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment and valuation report.

The Monitoring Committee shall review the information and records submitted by the members in accordance with the Monitoring Policy.

Preamble and Objective

The Governing Board of ICMAI Registered Valuers Organization has adopted the Bye Laws on the basis of the Model Bye Laws of Companies (Registered Valuers and Valuation) Rules, 2017 and in compliance with the requirements of the Bye Laws of the Organisation, ICMAI RVO has formed Monitoring Committee.

ICAI RVO has also formulated this Monitoring Policy.

RVOs are obligated to monitor RVs with respect to Valuation under the Companies Act 2013. The Objective of this Policy is to monitor the professional activities and conduct of members for their adherence to the provisions of the Act, rules, regulations and guidelines issued there-under, the bye-laws, the Code of Conduct and directions given by the Governing Board. The Policy provides for:

- frequency of monitoring, performance evaluation of members, etc.
- the obligations of members to comply with the Monitoring Policy;
- member shall submit information, including records of ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year.
- Code of Conduct for Registered Valuers as per Annexure 1 of Chapter VI of Companies (Registered Valuers and Valuation) Rules, 2017 also provides inter-alia that the registered valuer should perform his work with honesty, integrity, objectivity and impartiality
- evaluation of performance of members; and
- any other matters that may be specified by the Governing Board.

Definitions

In this policy, unless the context otherwise requires, - “Act” means the Companies Act, 2013 (18 of 2013); ‘**Organisation**’ means ICMAI Registered Valuers Organisation (ICMAI RVO) recognised under sub-rule (5) of rule 13;

- (1) ‘**Authority**’ means an authority specified by the Central Government under section 458 of the Companies Act, 2013 to perform the functions under these rules (means the Insolvency and Bankruptcy Board of India (IBBI) established under the Insolvency and Bankruptcy Code, 2016).
- (2) ‘**Board of Directors**’ means Governing Board of ICMAI Registered Valuers Organisation; “Code” means the Insolvency and Bankruptcy Code, 2016.
- (3) ‘**Member**’ means a person enrolled with ICMAI RVO as Registered Valuers
- (4) ‘**Monitoring Committee**’ means a committee constituted in terms of sub-rule (3) of rule 12 and clauses (f) and (g) of rule 14 read with Model Bye Laws of a registered valuers organisation of Companies (Registered Valuers and Valuation) Rules, 2017
- (5) ‘**Policy**’ means the Monitoring Policy of ICMAI RVO.
- (6) ‘**Rules**’ Companies (Registered Valuers and Valuation) Rules, 2017
- (7) ‘**Registered Valuer**’ means Registered Valuers enrolled with the ICMAI RVO and registered with the Registration Authority under Rule 7(6) for carrying out valuation of assets belonging to an assets or classes of assets.
- (8) ‘**RVE**’ means Registered Valuers Entity

Role and Responsibilities of Stakeholders

Authority

The authority shall monitor the performance of Registered Valuers Organisation (RVO), Registered Valuer and pass any directions as may be required for compliance of the provisions of the Act/these rules and the Regulations issued hereunder.

ICMAI Registered Valuers Organisation (RVO) - Monitoring Committee

As per Model Bye-Laws of a Registered Valuers Organisation it is endowed with an obligation to formulate a “Monitoring Policy” to monitor the professional activities and Conduct of members for their adherence to the provisions of the Act, Rules, Regulations and Guidelines issued there under, the Bye-Laws, the Code of Conduct and directions given by the Governing Board.

Regulation 17 provides that the Monitoring Committee shall review the information and records submitted by the members in accordance with the Monitoring Policy.

Member

The Regulation 16 of Rules (Model Bye Laws of a registered valuer organisation) provides that a member shall submit information, including records of ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year stating inter alia, Unique Identification number, Name of the appointing authority, The Date of appointment, Asset class, Statutory provision for Valuation, date of completion of valuation, fees, and compliance with Valuation Standards.

Monitoring Procedure

The Organisation shall have procedural framework comprising of collection of the information and documents both from the Registered Valuers/Registered Valuers Entities to monitor the professional activities and conduct of its members.

The scope of procedure is as follows:-

The Registered Valuers are required to report each assignment of a listed entity undertaken under the Companies Act 2013. He shall submit information about ongoing and concluded

engagements as a registered valuer, in the manner and format specified Registered Valuers who has not undertaken any assignment are required to file static data only.

Classification of data required for Monitoring

1. Static Data

2. Dynamic Data

1. Static Data:

This consists of information furnished at the time of enrolment, which is less likely to change but is material in terms of the eligibility of the Member to continue as a Registered Valuer (RV)/RVE, e.g., Employment Status, Conviction, Change of Nationality, Suspension or Restoration of registration by IBBI, etc.

(i) Periodicity of Submission:

- (a) At the time of enrolment
- (b) At the time of renewal of membership
- (c) As and when called upon by ICMAI RVO

(ii) Periodicity of submission of Changes in Static Data

Immediately on any change in Static Data, as provided above, but in any case, not later than 15 days of the occurrence of the change.

2. Dynamic Data:

Every RV member/RVE is required to report details of each assignment twice a year i.e., as on 30th of September and 31st of March of every financial year in the prescribed format at Annexure- A and B.

Periodicity of submission

- a) Half Yearly Report as on 30th September and 31st March of every financial year within 15 days of the prescribed date.

Apart from the above, the RV member/RVE will be required to report within 24 hours:

- Any warnings or penalties or strictures imposed by the competent authority
- Initiation of legal action against the member

Use, Analysis and storage of Information and Records

Monitoring Committee shall appoint a Monitoring Officer whose role is to perform the following activities:-

- (a) Maintain the data / reports received from RV member/RVE.
- (b) Receive information and communicate with all stakeholders on behalf of monitoring committee as per authorisation.
- (c) Prepare summary reports as required under the Act/Rules for onwards submission to the Governing Board and Authority.
- (d) Prepare summary reports regarding non-compliance of the monitoring policy by the RV member/RVE and present before the monitoring committee.
- (e) Correspondence on behalf of the monitoring committee with members as per authorisation.

A designated email Id would be provided on the website on ICMAI RVO enabling members to submit all the information as required under this policy.

Report to be submitted to Authority

ICMAI RVO shall submit a report to authority in the manner specified by the authority as per Annexure A after compiling the information submitted by RV member/RVE.

Storage of information and records

The data so collected shall be stored and recorded in a physical and/or digital manner for a period of 5 years, having due regard for the following:

- (a) ensuring the privacy of members,
- (b) confidentiality of information received, except when disclosure of information is required by the Authority or by law and
- (c) in a non-discriminatory manner.

Monitoring Visits

For Registered Valuer member/RVE, the ICMAIRVO in pursuance of monitoring objective shall frame a policy to undertake monitoring visits of Registered Valuer member/RVE for inspection to review

compliance of obligations under the Act/Rules. The frequency of such visits will be determined using a risk-based approach and will have regard to the following:

- (a) Review of the information / documents received from the RVs
- (b) Any information received from Stakeholders and Regulators.
- (c) Information received from third party sources.
- (d) On the direction of the Governing Board.

The monitoring committee may direct the inspection to be carried out and also prescribe the scope of inspection by any member of the committee, officer / member of the Governing Board of ICMAI RVO, members (RV)/RVE individually or collectively or in any manner as determined by the Monitoring Committee.

On completion of a monitoring visit to the office/premises of a registered valuer member/RVE, the Monitoring Team shall submit its report setting out the scope of the monitoring visit, the extent to which the registered valuer complied with the terms of reference of Team and relevant law and practice and other legislation, the extent to which professional competence has been tested and achieved and any other information which the Monitoring Team would like to add in their report.

Review of Information, Records and Documents

The Monitoring Committee shall review the information and record(s) submitted by the Valuer Member(s) in its meeting. The Monitoring Committee shall take all adequate measures to preserve the privacy and confidentiality of all submitted information & record(s) unless required by the Authority or by law enforced in the Country. Based on the record(s) submitted by the Valuer Member(s), the Monitoring Committee will evaluate the performance of the Valuer Member(s) and categorize them into three categories: -

- (i) **Category A** – Compliant: Valuer Member(s) submitting the information regularly and fully complying with the provisions of the Act, rules, regulations, and guidelines issued thereunder, and the bye-laws, the Code of Conduct, and directions given by the Governing Board.

- (ii) Category B – Semi-Compliant:** Valuer Member(s) submitting information with delay or are irregular in complying with policy or partly comply with the provisions of the Act, rules, regulations, and guidelines issued there under, and the bye-laws, the Code of Conduct, and directions given by the Governing Board.
- (iii) Category C – Non-Compliant:** Valuer Member(s) who are not filing any information with the Monitoring Committee at all are considered as Non-Compliant.

Review of the Monitoring Policy

The Monitoring Committee will take reasonable steps in seeking to confirm compliance on the part of Registered Valuers members/RVE with all relevant aspects of Act, Rules, Regulations and Guidelines issued under the Act, and other legislations that may impact an individual while acting as a Registered Valuer. The above includes the requirements of the Code of Conduct prescribed under clause (g) of rule 7 and clause (d) of sub-rule (2) of the Companies (Registered Valuers and Valuation) Rule, 2017, which have been adopted by the Organisation.

The implementation of the Policy will be monitored and reviewed by the Monitoring Committee and Governing Board of ICMAI RVO on yearly basis.

The Monitoring Policy may be amended from time to time by the Governing Board and will remain in force till further instructions of the Governing Board or Authority.

Obligations to comply with the Monitoring Policy

- (a) Every Registered Valuer member/RVE registered with ICMAI RVO is obliged to comply with the requirements of the Monitoring Policy.
- (b) The Monitoring Committee shall review the information and records submitted by the RV member/RVE with the objective of monitoring the professional activities and conduct of each member.
- (c) Falsification, misreporting or non-reporting of information required under the Monitoring Policy or sought separately by the Monitoring Committee or any other competent authority may lead to initiation of Disciplinary Proceedings against the member.
- (d) The guidelines set here should be strictly adhered to, failing which action against the RV member/RVE may be recommended by the Monitoring Committee to the Disciplinary Committee of ICMAI RVO.

Annexure A(i)

Reporting Format

Static Data

Name:

Enrolment Number:

Address for Correspondence:

Email/Mobile:

Reporting Format for Static Data:

Sr. No.	Static Data Change Particulars	Date of Change	Reason for Change	Implications, if any, for Current/ Concluded Assignments

Remarks:

Date:

Name and Signatures of RV

Explanatory Notes:

1. Static Data consists of information furnished at the time of enrolment, which is less likely to change but is material in terms of the eligibility of the Member to continue as a Registered Valuer (RV) , e.g., Employment Status, Conviction, Change of Nationality, Professional Address, Suspension or Restoration of registration by IBBI.

2. Any change in the Static Data will need to be advised immediately to the RVO, but in no case later than 15 days of the above change having occurred or its having come to the knowledge of the Member.

3. In all cases, the RV /Member will be required to submit a fresh Status report to the RVO at the time of his annual renewal of Membership.

4. Periodicity of Submission:

Static data shall be provided by the RVs in the following events:

- a) At the time of enrolment;
- b) Updation of static data annually
- c) Updation of static data if there is a change and
- d) At the time of renewal of membership

5. Periodicity of submission of **Changes** in Static Data

Immediately on any change in Static Data, as defined earlier, but in any case, **not later than 15 days** of the occurrence of the change on the format given above.

Annexure A (ii)

Reporting Format

Dynamic Data

Name:

Enrolment Number:

Address for Correspondence:

Email/Mobile:

Half Yearly Monitoring Report of

Registered Valuers

as on 30th Sept/31st March

SI n o.	Name of Appoint ing Entity (Not for Public Domain)	Date of Appoint ment	Ass Et Cla Ss	Purpose of Valuati on^	Expecte d date of Completi on\$	Adver se remar ks, if any@	Fee (Not for Public Domai n)	Transact ions with Stakehol ders*	Transacti ons with Third Parties#
1.									
2.									
3.									
4.									

^Purpose of Valuation includes Valuation under Companies Act, 2013, IBC, 2016 etc.

*Stakeholders include Corporate Debtor, Financial Creditors, Operational Creditors, Resolution Applicants etc.

Third parties includes parties other than stakeholders. \$ Expected date of Completion includes date of completion

@ Adverse Remarks refers to the remarks of the Registered Valuer.

Date:

Name and Signatures of RV

Periodicity of Submission:

Half Yearly as on 30th of Sept and 31st of March of every financial year

Note: copy of valuation report need not be enclosed.

Annexure B

Report to IBBI

ICMAI RVO shall submit a report to the authority in the manner specified by the authority with information collected during monitoring, including information pertaining to -

**Half Yearly Report as on 30th Sept/31st March on Monitoring of
Registered Valuers
(To be submitted by all RVOs within one month of the half-yearly closing)**

SI n o.	Name of Appoint ing Entity (Not for Public Domain)	Date of Appoin tment	Asset Class	Purpose of Valuati on^	Expecte d date of Comple tion\$	Adver se rema rks, if any@	Fee (Not for Publi c Doma in)	Transacti ons with Stakehold ers*	Transacti ons with Third Parties#
1.									
2.									
3.									
4.									

^Purpose of Valuation includes Valuation under Companies Act,2013, IBC,2016 etc.

* Stakeholders includes Corporate Debtor, Financial Creditors, Operational Creditors, Resolution Applicants etc.

Third parties includes parties other than stakeholders. \$ Expected date of Completion includes date of completion

@ Adverse Remarks refers to the remarks of the Registered Valuer.

Date:

Name and Signatures

Periodicity of Submission:

Half Yearly as on 30th of Sept and 31st of March

Note: copy of valuation report need not be enclosed.