ASOCIACIÓN
ESPAÑOLA
DE ANÁLISIS
DE VALOR

CODE OF ETHICAL PRINCIPLES FOR MEMBERS OF THE
AEV SPANISH ASSOCIATION OF VALUE ANALYSIS
"AEV ASOCIACION ESPAÑOLA DE ANÁLISIS DE VALOR"

APPROVED BY THE GENERAL ASSEMBLY
JUNE 5th 2017

1. The AEV (*Asociación Española de Análisis de Valor*), was formally incorporated at the beginning of 2013. One of its essential objectives is to promote professional and irreproachable conduct amongst its members, particularly in the context of ethical conduct.

To such end, the AEV issues this Code of Ethics, whose aim is to establish the ethical values and principles which govern the behaviour of the AEV´s members and associates. It also lays down the behavioural guidelines that every administrator, manager, employee or linked person must follow in carrying out their functions.

This Code of Ethics was prepared by taking into account best international practices that exist for this area. In particular and as an initial base, it started with the ethical principles that are established by the International Valuation Standards Council (IVSC) under its “Code of Ethical Principles for Professional Valuers” and the “International Valuation Standards” that are published by said professional institution.

This Code of Ethics, as well, adheres and is fully consistent with the International Ethics Standards issued by the International Ethics Standards Coalition in December 2016.

In addition to the aforementioned principles, those established under Spanish Law for appraisal companies were also included, the essential contents of which are set forth under Royal Decree 775/1997 of 30th May for the standardisation of appraisal services and companies, the applicable articles of which are included as an annex hereto.

2. As with applicable Spanish Law, the principles and other ethical standards that are set forth below will be applicable to and compulsory for all companies that are associated under the AEV (mainly appraisal companies), as well as for every employee working for them, including the managing personnel, the members of their governing bodies and also their clients, suppliers and any other third persons with whom a professional relationship is set, as long as its application is feasible. Particularly, it will be applicable to all the professionals who prepare and sign valuation reports, or who participate in or control their preparation; that is to say, each association member must have the necessary internal rules to ensure this Code is complied with by the company itself and by all the people who render appraisal services to it on a regular basis.

In order to accomplish this objective, in addition to its publication in the Association’s Web Page and in those of its members and associated companies, a copy of this Code of Ethics will be handed out to all employees of the members and associated companies. A copy will also be distributed to any person linked to the company´s business activity, as long as his/her intervention may affect the member or associated company or, in any case, any of their collaborating professionals, either directly or indirectly.

3. Like the code upon which it is based, this Code is organised into several Fundamental Principles defined through specific explanatory commentaries. It also contains a brief outline of the issues that could pose a threat to the Code’s fulfilment and indicates how to deal with the conflicts that may arise from such threats.

4. The associated entities will arrange a plan of crime prevention, whose first premise will be the assumption of a Zero Tolerance Policy to crime. To this effect, every associated member will designate a crime prevention unit that will carry out functions of supervision, surveillance and control, in order to prevent the commission of crimes inside the company. This supervision unit shall be either unipersonal (Compliance Officer) or collective (Compliance Committee). In both cases, their functions will be the following:

I. Identify the activities during which crimes may be committed, in order to prevent them.

II. Intervene in the establishment of protocols or procedures that have influence in the processes of training and adoption and execution of decisions based on the mentioned protocols.

III. Establish the strictest controls over cash management in order to prevent crime.

IV. Set out the necessary channels to communicate identified risks, incidents or non-compliance of the Code to the Compliance Officer / Committee.

V. Establish a disciplinary system which correctly sanctions non-compliance with the measures and policies related to the Code.

VI. Verify periodically the accuracy of the policies, and propose the necessary modifications when relevant non-compliance takes place, or when the changes in the organisation, its business structure or its activities make it advisable.

In addition to the points mentioned above, the Compliance Officer / Committee will be responsible for the supervision of the correct application of this Code of Ethics, as well as for the management of any enquiries related to it.

Fundamental Principles

5. It is essential that the valuations that are prepared by the appraisal companies and other members of the AEV (hereinafter, the **members**) and by the people that report to them (who may be both companies or individual professionals that render their services to the members, hereinafter the **valuers**) are trustworthy and can be relied on completely by the direct users of the valuations or any other party that may have an interest in them.
Therefore, valuations must be provided by members who have the appropriate experience, professional skills and judgement to do so and that they are from any undue influence or bias when carrying out their professional duties.

To such end and at a minimum, valuers shall comply with the following ethical principles:

Accountability:

6. Meaning that valuers shall take full responsibility for the services they provide; shall recognise and respect client, third party and stakeholder rights and interests; and shall give due attention to social and environmental considerations throughout.

Management of Conflicts of Interest:

7. Meaning that valuers shall make any and all appropriate disclosures in a timely manner before and during the performance of a service. If, after disclosure, a conflict cannot be removed or mitigated, the valuer shall withdraw from the matter unless the parties affected mutually agree that the valuer should properly continue.

Financial Responsibility:

8. Meaning that valuers shall be truthful, transparent and trustworthy in all the financial dealings where he or the Valuation Company shall intervene.

Reflection:

10. Meaning that valuers shall regularly reflect on the standards for their discipline, and shall continually evaluate the services they provide to ensure that their practice is consistent with evolving ethical principles and professional standards

Transparency:

11. Meaning that valuers shall be open and accessible; shall not mislead or attempt to mislead; shall not misinform or withhold information as regards products or terms of service; and shall present relevant documentary or other material in plain and intelligible language.

Trust:

12. Meaning that valuers shall uphold their responsibility to promote the reputation of their profession and shall recognise that their practice and conduct bears upon the maintenance of public trust and confidence in Valuation Companies, in valuers and in their professional collectives.

Integrity:

13. Meaning that valuers shall be straightforward and honest in their professional and business relationships.

Integrity implies fair and truthful dealing and the valuer shall never act in a misleading or fraudulent manner. Thus, it must not prepare or make public any valuation or other communication related to a valuation that it believes to:

- Contain statements or information that are substantially false or misleading, or which were carried out in a reckless manner or without reasonable justification;
- Omit or obscure relevant information that must be included in the valuation.

If a valuer becomes aware that it has been associated with information of this type, it must take immediate steps to disassociate itself from such information; for example, by issuing a modification of said valuation or report.

Valuers shall not make misleading or false statements, nor shall they pretend to possess qualifications or skills that they do not just to obtain a valuation or any other type of assignment.

14. A valuer must act in accordance with the laws of the country where it operates and, particularly, its valuation reports shall include any information that is required under said laws or by the most transparent professional practice; in particular, and when the valuations are prepared for the purposes stipulated by order ECO 805/2003, it shall include all the information required by such law in its reports, following each and every one of its rules and criteria. The valuer is under the absolute prohibition of issuing any reports containing false information or data, or valuation results that are different from the ones that, as per his judgement, the report should show.

Objectivity:

15. Meaning the valuer shall not allow conflicts of interest or undue influence or bias to override or seriously damage the valuer’s professional criteria.

Valuers may be exposed to situations that could prejudice their objectivity and independent criteria. It is when these situations imply that the valuer cannot maintain a reasonably independent position and the objectivity of the valuation is impaired that the valuer must decline or abandon the assignment.

16. In particular, when the circumstances arise that are stipulated under Articles 6 and 13 of Royal Decree 775/1997, the parties that are subject to such laws must decline or abandon the valuation assignment in question. Furthermore, members shall act with the utmost diligence to obtain the appropriate information from their directors and professionals in order to ensure that they adhere to what is established under the aforementioned two provisions regarding conflicts of interest.

17. In other circumstances, it is impossible to define and prescribe all situations to which a valuer may be exposed that would create a threat to objectivity. Some of these threats cannot be avoided or mitigated; where this is the case, the valuer shall also decline or abandon the assignment.

In some cases, the potential threats to objectivity may be either eliminated or mitigated by safeguards. These safeguards can include appropriate disclosure of the threat to the relevant parties and obtaining their consent to proceed with the valuation assignment in question. If there are no satisfactory safeguards to eliminate or minimise a threat to its objectivity, the valuer shall decline or abandon the assignment.

18. Examples of situations that could imply a threat of the type that would make the valuer consider adopting safeguards to eliminate or avoid any perception of bias include:

- Valuations of the same asset for both the buyer and the seller in the same transaction;
- Requests to produce the same valuation by two or more parties that are competing for the same objective;
- Requests to produce a valuation by a lender when advice is also being provided to the borrower;
- Carrying out a valuation that has effects on third parties when the valuer has certain commercial relations with the client that requested the valuation (for example it receives commissions from them) or which is interested in the valuation for other reasons;
- Requests to provide periodic valuations of the same asset; or
- Situations where the valuer acts on behalf of an interested party and as an expert in the same matter.

The extent to which any of the preceding examples might compromise the valuer's objectivity will depend upon the circumstances of each case; for example, the purpose of the valuation, the client's objectives and the viability of eliminating or reducing the threat to an acceptable level. In many cases the previous involvement with a real estate asset presents no threat to objectivity and, in fact, the knowledge it provides may actually enhance the ability of the valuer to provide a rigorous and impartial opinion.

19. When deciding whether a situation creates a non-avoidable threat to their objectivity, a valuator must recognise that often others actually consider or could consider that a possible bias exists in said situation. There will be situations where some past or current involvement with an asset to be assessed could lead to a perception of bias by third parties. In such cases, the disclosure of said participation under Scope of Work and the Report can be an effective means of avoiding any perception of partiality.

20. Examples of other safeguards for avoiding or reducing bias or the perception of bias include:

- Ensuring that the valuer and all those that participate in the valuation are functionally and operationally separate from the departments that could potentially render conflictive services within the same company; and
- Disclosing any relationship that provides revenue from one client to a third party that could be affected by the valuation.

21. In cases of recurring valuations of the same asset or for the same client, the following are possible methods to safeguard against bias:

- Provide periodic revisions of the valuations by a valuer that is not related to the asset or the client.
- Periodically change the professional that is directly responsible for the valuation.

22. If a valuer considers that disclosing the cause for the threat could contribute to resolving or mitigating the conflict of interest, it must be careful not to violate the Principle of Confidentiality. If past involvement with an asset or a party interested in the asset cannot be disclosed without breaching the continuing duty of confidentiality to another client, the assignment should be declined.

23. If a valuer considers that a threat to objectivity can be eliminated or effectively mitigated by reaching an agreement with two or more parties with potentially conflicting interests, care shall be taken to ensure that the parties are properly informed and aware of the potential consequences that may arise from their consenting to the valuer's assignment. Obtaining agreement that a valuation assignment can be accepted does not absolve the valuer from the duty to comply with this Code.

24. A valuer must not accept a valuation assignment if it has a pre-established opinion regarding the value of the asset or if it previously issued an opinion thereon.

The valuation fees should not depend on the outcome of a previous valuation or on the valuation itself. If the fees are linked in some other way to the asset that is being assessed, the client must be made aware of this.

25. The valuer must not use any other party's information as a basis for its valuation if it has not been verified previously, unless it states and discloses that said information from such other party constitutes a restriction that conditions the report. This rule also applies to accepting hypotheses, albeit, additionally, in such cases the valuer shall not accept a hypothesis that cannot be met in a reasonable period of time.

Any valuation report must reasonably justify and disclose in the simplest and most understandable manner possible the hypothesis and criteria that were used as a basis for the valuation.

Professional Competence:

26. Meaning that the valuer shall maintain the professional knowledge and skills that are necessary to ensure that clients and, in the case of self-employed professionals, the companies to which they render their services, obtain a valuation based on the most advanced practices, applicable legislation and the techniques and methodology that are most suitable to each case.

27. The principle of professional competence imposes the following obligations on the valuers:

- to maintain the professional know-how and skills necessary to ensure that clients or employers receive competent professional service; and
- to act diligently and in accordance with all the technical and professional standards when providing professional services.

Competent professional service requires that the valuer exercise the technical independence that is intrinsic to a professional authority when applying its professional know-how and skills in the performance of such service.

28. The maintenance of professional competence requires a continuing awareness and understanding of relevant technical, professional and business developments. Continuing professional development enables a valuer to develop and maintain its skills, in order to perform competently within the professional environment.

Diligence encompasses the responsibility to act in accordance with the requirements of an assignment; carefully, thoroughly and on a timely basis.

29. A valuer shall take reasonable steps to ensure that those working under the valuer's authority, or which collaborate with the valuer, have the appropriate professional skills and training to do so. In like manner, regardless of the context and the scope of their work, such individuals shall always work under suitable supervision and control.

A valuer that does not have the knowledge and experience necessary to competently undertake the valuation assignment in question shall decline it.

Confidentiality:

30. Meaning that the valuer shall respect the confidentiality of information acquired as a result of professional and business relationships and not disclose such information to third parties without the express authorisation of the client or the company for which it is rendering its services (unless there is a legal or professional obligation to disclose such information). Neither shall the valuer use the information it receives to its own advantage, to the advantage of the company to which it is rendering its services or to the benefit of any third party.

31. The principle of confidentiality imposes an obligation on all valuers to comply with the rules for professional secrets that are set forth under Article 11 of Royal Decree 775/1997 and, in general, refrain from:

- Disclosing outside the firm any confidential information obtained as a result of the valuer's professional and business relationships, unless the valuer has obtained a specific authorisation to do so, or if there is a legal or professional right or duty to disclose it; and
- Using the confidential information obtained from its professional and business relationships to its own advantage or to that of third parties.

32. A valuer shall maintain confidentiality, including in a social environment, and take care in order to avoid inadvertently breaching this obligation with collaborators, friends or relatives.

33. A valuer shall also maintain confidentiality regarding information that is disclosed to it by prospective clients.

34. A valuer shall keep the information existing within the firm or business organisation confidential.

The need to comply with the principle of confidentiality continues even after the relationship between the valuer and the client or the employer has ended. When a professional changes employment or acquires a new client, the valuer is entitled to use its prior experience. However, valuers shall not use or disclose any confidential information that was acquired or received as a result of a previous professional or business relationship.

35. Members must take suitable steps to ensure that the staff under their responsibility duly complies with the principle of confidentiality.

36. The following are examples of circumstances where the valuers are or could be required to disclose confidential information or where such disclosure may be appropriate.

- Disclosure is permitted by law and is authorised by the client or the employer.
- Disclosure is required by law as a consequence of the following, for example:

    - The production of documents or presentation of evidence in the course of legal proceedings;
    - Disclosure to the competent public authorities, particularly to the supervisor;
    - Disclosure to the authorities that are responsible for punishing legal offences.

There may also be a professional or legal duty to disclose information, when not prohibited by law, for example:

- To comply with the quality review of a professional organisation or to collaborate in an investigation that may be carried out by this type of organisation.
- To protect the professional interests of a valuer in the context of legal proceedings, or to comply with the technical standards and ethical requirements that are applicable.

37. In deciding whether to disclose confidential information, relevant factors to consider include:

- Whether the interests of all parties, including third parties, could be affected or harmed;
- Whether all the relevant information is known and substantiated, to the extent it is practicable, when the situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, professional judgment shall be used in determining the type of disclosure to be made, if any.
- The type of communication that is expected and to whom it is addressed.

- Whether the parties to whom the communication is addressed are appropriate recipients.

Professional Behaviour:

38. Meaning the valuer shall act with the diligence that is appropriate to each case, deliver the work on time, in accordance with what is agreed and legally established, and meet the standards intrinsic to the profession. Acting in benefit of the wider public interest at all times and avoiding any type of action that could discredit the profession are also actions that form part of this behaviour.

39. Prior to accepting an assignment, the valuer shall make sure that it has received suitable instructions from the client regarding the type of work involved. Prior to delivering the assignment, the valuer shall ensure that the resulting valuation corresponds to what was requested.

40. Professional behaviour includes accepting the responsibility to act in the benefit of the public interest, notwithstanding the need to bear in mind the type of assignment it receives. The effect that professional decisions may have over interested third parties must also be considered. While the client's needs are normally paramount, a valuator should avoid accepting any assignment or valuation service that could be damaging to the wider public interest and which could discredit their own reputation and that of the profession in general.

41. In marketing and promoting themselves and their work, valuers should not bring the profession into disrepute and they shall, in all cases, be honest and truthful, therefore, they shall not:

- Make exaggerated claims regarding the services they are able to offer, the qualifications that they possess or the experience they have acquired;
- Make disparaging references or unsubstantiated comparisons to the work of others.

42. Suitable professional behaviour also implies acting responsibly and courteously in all relations with clients and the general public, as well as replying promptly and efficiently to any requests, assignments or complaints.

A valuer must avoid any action that could discredit the profession or which a reasonable and informed third party could consider as such.

43. When a valuer contracts the services of collaborators to carry out a specific project, it shall ensure that the collaborators have the necessary skills to do the work and highlight their degree of participation therein.

Specific legality and supervision:

44. Members shall strictly abide by the standards for conduct, professional secrecy and conflicts of interest that are established under the applicable laws and they shall require that the professionals rendering their services to them also abide by the standards that affect them.

In particular, they shall comply with the provisions regarding conflicts of interest and professional secrets that are stipulated for appraisal companies and their professionals under Royal Decree 775/1997, as well as collaborate in ensuring compliance with said standards and any others that affect the profession.

Internal rules of conduct:

45. Finally, and at least whilst valuing for any of the purposes specified in the Article 1 of the Royal Decree 775/1997, all the members must have an Internal Conduct Regulation in compliance with what is stated in the Law 2/1981 of 25th March, including the minimum content established in the Circular 7/2010 of the Bank of Spain amended by the Circular 3/2014, also published by the Bank of Spain.

Compliance with the Principles

I. This Code establishes a conceptual framework so that valuers can identify, evaluate, and address threats to compliance with the principles. However, and as was indicated previously, the circumstances in which valuers operate may create specific threats to compliance with these fundamental principles. Said threats could include cases such as those set out below:

Self-interest threat: the threat that a financial or other interest will inappropriately influence the valuer's judgment or conduct.

Self-review threat: the threat that a valuer will not appropriately evaluate results of a previous judgment it made or a service it performed, or which was made or performed by another individual within the same firm or employer organisation, on which the valuer may rely to issue a judgment when rendering its services.

Client-conflict threat: the threat that two or more clients may have opposing or conflicting interests in the outcome of a valuation;

Intimidation threat: the threat that a valuer may be deterred from acting objectively due to actual or perceived pressures, including attempts to exercise undue influence over the valuation opinion.

Familiarity threat: the threat that, due to a long or close relationship with a client or employer, a valuer may be too sympathetic to their interests or too accepting of their work.

II. When a valuer identifies a potential threat to their ability to comply with the Code, they shall evaluate the significance of the threat. To decide if it is appropriate to accept a valuation assignment or submit it to certain safeguards, the valuer shall take into account whether a reasonable and informed third party, weighing all the specific facts and circumstances available at the time, would be likely to conclude that the threat or threats would be eliminated or reduced to an acceptable level by the application of the safeguards and that compliance with this Code is not compromised.

If the threat or threats cannot be eliminated or reduced to an acceptable level, either because the threat is too significant or because appropriate safeguards are not available or cannot be applied, the valuation assignment shall be declined.

III. If a significant conflict cannot be resolved by declining the assignment or establishing the appropriate safeguards, the valuer shall consider the possibility of obtaining advice from its company or from the professional organisation to which he the company belongs, or from the relevant legal advisers or supervisor. This can generally be done without breaching the fundamental principle of confidentiality, if the matter is carried out anonymously by the party which is being consulted.

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, the valuer shall determine whether it is appropriate to withdraw from the team or the specific engagement, or whether it should resign altogether from the assignment, the company or the employing organisation.

IV. The extent to which any of the categories of threat listed above will impinge on a valuer's ability to comply with this Code will depend upon the specific circumstances surrounding the potential assignment. The same is true with regard to the effectiveness of the different safeguards that could be used to eliminate or mitigate such threats.

Safeguards can be created by the profession or the valuer's professional organisation, or by laws and regulations relating to the purpose for which the relevant valuation is undertaken, or because they are contained in the valuation company's internal working procedures and quality controls.

These safeguards may also be included in the internal rules of the companies that render appraisal services or by means of official licences to carry out certain types of valuations. The requirements regarding training and experience for the people who render appraisal services are also important to such end, as well as external reviews carried out by legally authorised third parties.

V. Examples of this type of safeguards include creating, for example, mechanisms to monitor compliance with professional standards and disciplinary procedures within the company.

- organisational structures that assign the valuations separately and apart from any other area of the company, or which keep the company's management separate from the access to the valuation data and support services;
- requirements for maintaining a register of the material or personal interests of the people involved in the valuation tasks;
- requirements for internal review and control of the valuations;
- periodically changing the valuer that is responsible for the valuation of an asset or the assets of a client; and
- controls on the acceptance of gifts by valuers.

VI. The effectiveness of a safeguard can often be enhanced by it being disclosed to the client or to any others who may rely upon the valuation. Consideration should therefore be given to the disclosure of any safeguards appropriate to the assignment that is to be carried out, particularly prior to rendering the service. Consideration should also be given to the possibility of including a reference to these safeguards in the valuation report, especially where the valuation is to have effects vis-à-vis third parties.

Finally, certain safeguards, like the duty to explicitly report any breaches of ethical requirements or the publication of complaints that allow attention to be drawn to unprofessional or unethical behaviour, can increase the likelihood of identifying or deterring unethical behaviour

VII. If a valuer encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, the valuer should consider the possibility of obtaining advice from its company or from the professional organisation to which it or its company belongs, or from its legal advisers or superior.

Responsibilities with respect to the Code of Ethics

The persons who are obligated to comply with this Code of Ethics must be aware of its contents, and to verify the comprehensive compliance with every one of its principles, values and rules of conduct.

In this sense, the main responsibilities of the employees of the associated members of AEV are to:

I. Know and comply with the principles and values described above.

II. Ask for advice or help in case of doubt when applying the Code.

III. Participate in the personal development activities organised by the associated companies of AEV or by AEV itself.

IV. Report any non-compliance or infraction of the Code.

V. Collaborate with the inspections and internal audits intending to identify and improve deficiencies or weaknesses of the Code.

For their part, and in addition to the points mentioned above, the managing personnel and the members of the directive bodies of the associated companies have the following obligations:

I. To lead by example.

II. Make sure that all employees comply with the Code.

III. Verify that the conduct of third parties related to the companies is in accordance with the spirit of the Code.

IV. Bring their support to the employees and professional valuers, to help them comply with the Code.

V. Spread the content of the Code among its intended recipients.

Reporting Procedure

All reports concerning the Code of Ethics, whether they be from employees or from third parties linked to the associated companies, must be addressed to the corresponding supervision or compliance unit (be it a Compliance Officer or a Compliance Committee). The reports will be treated in a confidential manner, and the company will adopt the necessary measures to guarantee the absence of reprisals for the complainant.

A written record will be maintained of the reception of reports, as well as of the opening, development and closure of investigation procedures about the reported facts.

Acceptance and compliance

The associated companies will make sure that this Code is correctly published and distributed. They must also verify its effective observance.

In the event that any employee of the company had notice of non-compliance with the Code by another employee or third party, he must immediately notify this fact to his superiors. For that, the associated companies will arrange for the above-mentioned reporting channel, under the control of the Compliance Officer or Compliance Committee, through which these reports may be issued confidentially.

The inobservance of what is established in this Code may lead the company to the adoption of the opportune disciplinary measures and, if appropriate, to the course of judicial proceedings against the offender.

The Compliance Officer / Committee of each company will issue a report annually concerning all aspects related to the application of the Code in the company, which will be referred to its board. .

No one, independently of his role or position in the company, is allowed to oblige someone else to act against this Code. In this way, an inobservance of the Code by an employee shall not be justified by the obedience of an order from a superior, or because of the ignorance of the contents of this Code.

Annex

PARTICULARITIES OF ROYAL DECREE 775/1997, OF 30 MAY, ON THE LEGAL SYSTEM FOR STANDARDISING APPRAISAL SERVICES AND COMPANIES

ARTICLE 6. CONFLICTS OF INTEREST FOR APPRAISAL COMPANIES

Notwithstanding what is established in other specific laws, appraisal companies may not assess assets, companies or property that are owned by individuals or companies with which the valuer cannot maintain a reasonable degree of independence and the objectivity of the valuation is impaired.

In particular, a valuation company must abstain from assessing assets, companies or properties that are owned by:

a) The valuation company itself or the companies in its own group.

b) Its shareholders, if they hold a direct or indirect stake in the valuation company's share capital of more than 10% or if they hold more than 10% of the voting rights, pursuant to agreements made with other shareholders.

c) Its directors, managers or similar.

d) Relatives to the persons cited above, to the second degree of consanguinity or affinity.

e) Collective investment institutions where the company has investments or whose managing company or depositories belong to the same group as the valuation company.

f) Pension funds where the company has investments or whose managing company belongs to the same group as the valuation company.

ARTICLE 10. CONFLICTS OF INTEREST FOR APPRAISAL SERVICES

Notwithstanding what is established under other specific laws, appraisal services may not assess assets that belong to individuals or companies with which they cannot maintain a reasonable degree of Independence and the objectivity of the valuation is impaired.

In particular, they shall abstain from assessing assets that belong to:

a) The credit institution to which the appraisal services belong or any companies in its group.

b) The shareholders of the credit institution to which the valuation service belongs, when said shareholders hold a direct or indirect stake in the institution's share capital of more than 10% or if they hold more than 10% of the voting rights

c) Directors, managers or similar.

d) Relatives of the persons cited in the above two paragraphs, to the second degree of consanguinity or affinity.

ARTICLE 11. OBLIGATION TO SECRECY

1. Authorised appraisal companies and credit entities with authorized appraisal services are particularly subject to fulfilling the duty of professional secrecy. Pursuant thereto, they may not disclose to any third party except their clients:

a) Any information that has been entrusted to them in relation to the requested valuation.

b) Any information that refers to the personal or financial circumstances surrounding the use or exploitation of the asset that is object of the valuation.

c) The outcome of the valuation.

2. Notwithstanding what is set forth in the number above, as well as what is stipulated by the laws relating to the information that must be stated in a valuation report, appraisal companies or services may disclose said information:

a) To the companies that may have been their clients' agents for the relevant assignment or delivery of the valuation.

b) To the owners of the assets, companies or property that are object of the valuation.

c) To the Banco de España (*Bank of Spain*), the Comisión Nacional del Mercado de Valores (*National Security Market Commission*) and the Dirección General de Seguros (*"Directorate General for Insurance Matters"*), so that they may perform their supervisory duties, as well as prepare and publish the statistics related thereto.

3. The directors, managers and similar in appraisal companies and credit institutions with appraisal services, the individual professionals that carry out valuation activities for such entities, as well as any other contracted staff, may not use to their own advantage or disclose to third parties any information that they become aware of as a result of performing their duties under a contract undertaken with said appraisal companies and services.

ARTICLE 12. OBLIGATIONS AND LIABILITIES

1. Authorised appraisal companies and credit institutions with authorised appraisal services must:

1º Keep an internal register in which the professionals that they use to render appraisal services are recorded. Said register shall contain, at a minimum, the following data:

a) Identifying information for the professionals in question.
b) Evidence of the professionals' qualifications and their relationship with the entity.
c) A professional background that evidences their expertise in the valuation business.

2º Present to the Bank of Spain:

a) An attested copy of the qualifying title or document that is recorded at the relevant professional valuers' association for the valuers/professionals associated therein.
b) Background of said professionals.
c) A document that evidences the professional relationship that exists between the company and said professionals.
d) The un-registration of professionals that are removed or substituted, with the relevant documents that record such changes.

3º Reflect their registration number at the Bank of Spain in any documents or correspondence that could affect third parties.

4º Keep a file of all the valuations that have been carried out in the past five financial years.

2. Appraisal companies shall notify the Bank of Spain, in the manner the latter establishes and as soon as the companies are aware, of any share transactions that imply an acquisition of at least 20% of said companies' share capital by a person or group.

3. Apart from the sanctions that may be applicable in accordance with what is stipulated under the Tenth Additional Provision of Law 3/1994, of 14 April, any civil liability that may arise from the valuation shall correspond to the credit institution or the valuation company in whose name the valuation was carried out, without prejudice to any liability that may correspond to the professionals who actually carried out the valuation.

ARTICLE 13. CONFLICTS OF INTEREST FOR PROFESSIONALS

1. Without prejudice to what is established under other specific laws, any professionals that carry out valuation activities for authorised appraisal companies and the authorised appraisal services of credit institutions may not assess assets, companies or property that belong to people with which the valuer cannot maintain a reasonable level of independence and the objectivity of the valuation is impaired.

Particularly, valuers must abstain from participating in the valuation of the following assets, companies or property:

a) Those where they participate professionally in the preparation of a project or the management thereof, or where they collaborate in the management of the works.

b) Those which belong to the valuers themselves, to their relatives with up to a second degree of consanguinity or affinity, or to the companies controlled by said individuals.

c) Those which belong to collective real estate investment institutions wherein any of the individuals mentioned in the paragraph above hold investments.

2. Associated professionals may not render their services as valuers to any credit institution or valuation company that is not the one they belong to, except for those registered under the appraisal services, who shall be entitled to assess assets for companies in the same group as the parent company of such services.