CODE OF PROFESSIONAL CONDUCT

INSTITUTE OF REAL ESTATE PROFESSIONALS SRI LANKA

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Introduction

The Institute of Real Estate Professionals, Sri Lanka (the "**Institute**") is established for the purpose of promoting, developing and upholding the standards, professionalism, integrity and reputation of the real estate profession in Sri Lanka. The Institute is committed to advancing the principles, standards and best practices relating to the real estate industry, while safeguarding the interests of its Members, clients and the public.

The Institute seeks to promote the responsible, ethical and sustainable development of the real estate industry in Sri Lanka through education, professional development and the maintenance of high standards of professional practice, competence and conduct amongst its Members.

Membership of the Institute comprises professionals and practitioners engaged in various sectors of the real estate industry and profession. Members are expected to contribute towards the advancement of the profession and to uphold the dignity, standing and reputation of the Institute at all times.

This Code of Professional Conduct (the "Code") sets out the fundamental principles, ethical obligations and standards of professional conduct expected of Members of the Institute in the discharge of their professional duties and in their dealings with clients, fellow Members, other professionals, regulatory authorities, stakeholders and the public.

Membership of the Institute carries with it a continuing obligation to act with integrity, honesty, competence, objectivity, fairness, prudence, independence and professionalism. Members are expected to conduct themselves in a manner that maintains and enhances public confidence in the real estate profession and preserves the reputation and standing of the Institute.

The Institute, its Members and the public may refer to this Code as the benchmark against which the professional conduct and ethical behaviour of Members shall be assessed.

The Institute may from time to time issue Practice Guidelines to assist Members in understanding this Code. These Practice Guidelines are intended to provide a general indication of the Institute's interpretation of the meaning to be applied or implied to the Code. Members should remember that these Practice Guidelines are general in nature and are not intended to cover all situations.

The Core principles, values and behavior expected of Members of the Institute are as follows:

1. Compliance with the Code

Members shall at all times observe the requirements of the Code and any guidelines or standards of the Institute which are issued from time to time.

2. Professional Duty

It is the duty of Members to render service to their clients and employers with fidelity, to practice their vocation with integrity, honour and professionalism, to act impartially and objectively when providing independent advice, and to respect the public interest.

Members shall, in the discharge of their professional duties, have due regard to the public interest, consumer protection, public confidence in the profession and, where applicable, the responsible and sustainable use and development of land and property.

3. Competence

A Member shall not accept instructions in a matter where, based on a reasonable objective standard, the Member does not have the competence, skill and/or experience to complete the assignment to the acceptable professional standard in accordance with this Code and any guidelines or standards of the Institute which are issued from time to time, unless the assignment is completed in conjunction with a qualified and suitably experienced practitioner.

4. Conflict of Interest

Members shall consider and identify any actual or potential conflict of interest when carrying out their professional duties, and shall not act in a matter where such conflict or potential conflict has been identified by the Member or any other interested party unless all interested parties have been made aware of the situation and have consented to the Member continuing in the task.

5. Confidentiality

Members must observe the requirements of confidentiality in their dealings with clients, other stakeholders and the public.

6. The Profession

Members shall at all times conduct business in a manner befitting their profession and the requirements under this Code and in accordance with reasonable public expectations of professional persons.

ETHICAL PRINCIPLES

The Rules of Professional Conduct centre on a number of Ethical Principles which are the fundamental statements of acceptable professional conduct. These Ethical Principles are summarized below:

A Member of the Institute shall:

1. Conduct himself/herself at all times in a manner which will maintain the good reputation and integrity of the profession and the Institute and their ability to serve the public interest;

2. Not engage in conduct or perform any act that, having regard to all of the circumstances, would reasonably be regarded as disgraceful, dis-honorable or unprofessional;

3. Perform his/her professional services with integrity, good faith and due care, and sustain and maintain his/her professional competence by keeping informed of, and complying with, the Institute's Rules and the Code of Professional Conduct;

4. Hold himself/herself free of any influence in respect of, or interest in, a client's affairs which may impair, or reasonably be seen to impair, his/her professional judgment or objectivity, except as specifically provided in this Code;

5. Hold confidential the affairs of any client or former client and not disclose information obtained in the course of his/her duties, except as specifically provided in this Code, or otherwise exploit any such information;

6. Conduct professional activities with due regard to sustainability, responsible land use, environmental considerations and the long-term interests of communities affected by real estate development and transactions;

7. Treat other Members with professional courtesy and consideration.

RULES OF PROFESSIONAL CONDUCT

1) MAINTAIN THE GOOD REPUTATION AND INTEGRITY OF THE PROFESSION

a) Compliance with Rules and this Code:
Members shall comply with the Rules, this Code and any guidelines or regulations of the Institute, as they may be constituted from time to time, and with any order or resolution of the Council of the Institute issued in pursuance of the objects of the Institute, the Rules or applicable law.

b) Maintaining Professional Competence:
A Member shall maintain his/her professional competence and shall keep informed of, and comply with, the Rules, this Code and any order, resolution, guidelines or regulations of the Institute.

c) Touting, Advertising And Endorsements

i. For the purposes of this Code, "touting" includes any act of soliciting, procuring or attempting to procure professional engagements or clientele through direct or indirect inducement, canvassing, personal approaches, intermediaries or other improper means and shall include:
   a. engaging, employing or rewarding any person, directly or indirectly, by way of commission, payment, consideration or other benefit for the purpose of soliciting or procuring clientele or professional engagements; and
   b. advertising, promoting or publicizing professional services in any manner for the purpose of attracting clientele.

ii. A Member shall not advertise, promote, market, or solicit professional engagements or services, directly or indirectly, in any manner whatsoever.

iii. A Member shall not engage in touting, improper solicitation, harassment, coercive canvassing, or the procurement of professional engagements through unethical, misleading or improper means.

Without prejudice to the generality of the foregoing, a Member shall not:

a) engage, employ or reward any person, directly or indirectly, for the purpose of procuring or soliciting professional work, clients or engagements;

b) publish, circulate or cause to be published or circulated any advertisement, announcement, endorsement, promotional material or communication intended to attract professional engagements;

c) offer, provide or receive commissions, rebates, referral fees, inducements or other consideration for the procurement of professional engagements, except as may be expressly permitted by the Institute;

d) make any misleading, exaggerated, comparative or self-laudatory statement relating to the Member's professional services, expertise, qualifications or experience.

d) After Retainer

i. On accepting any professional matter from a client or on behalf of any client, it shall be the duty of a member to exercise his/her skill with due diligence to the best of his/her ability and care in the best interests of the client in such matter as he/she may decide, and he/she should do so without regard to any unpleasant consequences either to himself/herself or to any other person.

ii. A Member shall make reasonable efforts to carry out the lawful instructions of the client in accordance with the agreed scope of engagement, applicable professional standards and the Member's professional obligations.

iii. A Member shall act with complete frankness and honesty in advice to and in all dealings with his client. A Member should never act in a manner detrimental and/or prejudicial to his client.

e) Withdrawal/Termination of Services

i. A Member shall not withdraw his/her services from a client except for good cause and upon such notice appropriate in the circumstances. In the event of such withdrawal the Member shall cooperate with reasonable requests of any successor on the engagement where a Member has withdrawn or been terminated from an engagement.

ii. Where a client refuses to accept an act on the advice of the Member, and such Member decides that thereby, it would be improper and professionally inappropriate for him to continue to act for his client, or where there is a loss of confidence between the Member and his client, he may cease to act.

iii. A Member may withdraw from any professional matter on the failure of the client to pay his fees or provide for disbursements in respect of such professional matter.

iv. A Member in the event of his ceasing to practice his profession is under a duty to give his client or clients reasonable notice of such cessation.

v. A Member shall cease to act on behalf of his client if so requested by the client.

f) Use of Titles and Designations

i. The titles and designations shall be awarded as per the provisions of the Act.

ii. A Member may use the designation including on letterhead, business cards, reports, articles or other promotional and advertising material only in connection with his/her name.

iii. Any two or more Members who are partners of a firm and wish to use the designation "Chartered Real Estate Professional" in conjunction with the firm name of their partnership shall apply to the Institute for such permission. Permission will be granted only if (and for so long as) all of the following criteria are met:

a) where the partnership name is comprised of names of individuals currently or formerly practising with that partnership, the name must include only the names of active Members in good standing with the Institute and deceased or retired Members who were in good standing at the time of their death or retirement;

b) the majority of partners must be Members in good standing; and,
c) all reports prepared in accordance with the regulations, guidelines, orders or resolutions (if any) and issued after such permission is granted must be signed by a Member:
d) upon an evaluation by the Membership Committee based on such member's eligibility, performance and merits; and
e) subject to the approval at the annual general meeting of the Institute.

iv. A Member who is a member of another professional organization(s) may make reference to any designation issued by that other organization, provided that such reference shall be to the specific designation and not an altered version thereof.

g) Use of Professional Seals, Stamps and Designations

i. A Member shall not use, create, possess, permit the use of, or represent any fraudulent, forged, misleading or unauthorized professional seal, stamp, designation, certificate, membership identification, logo or mark purporting to be issued, approved or recognized by the Institute.

ii. A Member shall use only such seals, stamps, designations, logos or professional identifications as may be authorized by the Institute from time to time.

iii. A Member shall not permit any other person to improperly use the Member's seal, stamp, signature, designation or professional identification.

iv. Any misuse, falsification, forgery or unauthorized reproduction of any professional seal, stamp, designation or identification of the Institute shall constitute serious professional misconduct.

h) Honesty and Integrity

Members have a duty to uphold the highest standards of professional conduct including openness, fairness, honesty and integrity. They shall –

i. not involve themselves with any business or professional practice, which they know to be fraudulent or dishonest in nature and shall always uphold the reputation and standing of the profession;
ii. not act in incorporation with other persons, corporations or partnerships to conceal unethical acts;
iii. promote the principle of engagement of Real Estate Professionals upon the basis of merit;
iv. not attempt to supplant another Member, employed or consulting, who has been appointed, without the consent of such appointed person;
v. neither falsify nor misrepresent their own or other's qualifications, experience and prior responsibilities;
vi. respect others and not maliciously do anything to tarnish, directly or indirectly, the reputation, prospects or business of others;
vii. not use the advantage of a privileged position to compete unfairly with other Members;
viii. exercise due restraint in explaining their own work and shall refrain from unfair criticism of the work of other Members;

ix. give credit for professional work to those to whom credit is due;
x. not resort to any form of plagiarism in their work or use material of others published or otherwise without permission, acknowledgement or reference, as if it is the person's own work;
xi. act with due regard to intellectual property rights of others in their work;
xii. not engage in unfair or unethical fee practices which undermine the dignity, integrity or standards of the profession;
xiii. avoid deception and take steps to prevent or report corrupt practices or professional misconduct;
xiv. not give or accept bribes or cause unjust influence on others.

i) A Member shall not accept any professional matter which would involve him in the commission or in the furtherance of the commission of an offence.

j) A member shall act with all courtesy, respect, and fairness towards his fellow members of the profession in all professional matters.

2) ABIDE BY CODE

1. False or Misleading Documents and Oral Representations

a. A Member shall:

a) Not sign or associate himself/herself with any letter, report, statement or representation which he/she knows, or should know, is false or misleading;

Or

b) Issue professional opinions, reports, valuations, statements, marketing material or public representations only in an objective, accurate and truthful manner and shall not make any oral report, statement or representation which he/she knows, or should know, is false or misleading or omit material information where such omission would render the communication misleading.

2. Duty to Report

a. A Member shall notify the Institute, in writing, of any apparent breach of the Rules, this Code and any guidelines or regulations of the Institute, as they may be constituted from time to time, and with any order or resolution of the Council of the Institute by a member, provided that this shall not apply to:

i. a trivial (inconsequential or nominal) matter; or
ii. a Member who is under a specific legal requirement imposed by law or any order of a court or other authority which would preclude reporting of the breach; or
iii. Matters which are known by the Member to already be under review by the Professional Conduct and Practice Committee or the Disciplinary Committee.

If a Member (the "Reviewing Member"), upon reviewing the work of another Member, is of the opinion that the other Member has not abided by the Rules, this Code and any guidelines or regulations of the Institute, as they may be constituted from time to time, and with any order or resolution of the Council of the Institute, *paragraph B(2)(a) of the Code places an obligation on the Reviewing Member to report this failure to the Conduct and Discipline Committee as a complaint.*

3) PROVISION OF PROFESSIONAL SERVICES

1. Issuance of Reports and Joint Reports

a. A Member shall not:
   i. append to a report a name or a signature of any Member who neither did the work himself/herself, nor had the work done under his/her supervision;
   ii. omit any dissenting opinions or reference thereto in a joint report prepared in accordance with the Practice Standards; or
   iii. issue a separate report prepared in accordance with the Practice Standards where two or more Members have collaborated in an assignment to prepare a joint report, except where such separate report is a dissenting opinion.

b. Two or more Members engaged by a single client to provide separate reports on the same subject shall not collaborate or consult with one another, or make use of another's findings, without the written consent of the client. Any such reports based on collaboration or consultation, or which make use of another valuer's findings, shall disclose the nature and extent of such collaboration, consultation or use.

2. Retention of Documentation and Working Papers

A Member shall retain, for a reasonable time after completing the engagement, but no shorter time than three years or required by applicable law, documentation and working papers which reasonably support the report and the conclusion of the Member.

4) INDEPENDENCE, FEES AND CONFLICT OF INTEREST

1. Independence

a. A Member shall be entitled to accept an engagement to provide professional services under circumstances where the Member performs the work on an independent or non-independent basis in accordance with the orders, resolutions, guidelines or regulations issued by the Institute from time to time.

   Any Member accepting an engagement where he/she is not acting independently should fully and clearly disclose in writing to the client all material facts which are known to the Member, or should be known, setting out why the Member is not acting independently in such engagement.

b. A Member providing independent professional services shall, in respect of the particular engagement, be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the Member or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the Member. Other regulatory bodies may impose independence requirements upon the Member and he/she should ensure that they have complied with any such independence requirements which may be applicable in the specific circumstances of the engagement.

c. As a minimum, when providing professional services on an independent basis, a Member shall not:
   i. Hold any financial or other interest which may affect directly or indirectly the ability or reasonably perceived ability of the Member to provide such services in an independent manner;
   ii. contract for or accept a contingent fee or a fee based on the outcome of the matter with regard to which the Member has been engaged;
   iii. contract for or accept compensation for services in the form of a commission, rebate, division of brokerage commissions, or any similar form; or
   iv. Receive any finder's or referral fees.

2. Fees and Remuneration

a. A Member shall not hold, receive, bargain for, become entitled to or to acquire any fee, remuneration or benefit related to a specific client without the client's knowledge and consent.

   Members are encouraged to obtain consent of the client in writing in respect of any fee, remuneration or benefit related to a specific client obtained from parties other than the specific client.

b. A Member who receives or handles monies, documents, property or assets on behalf of a client or third party shall:
   i. act honestly and with due care;
   ii. keep proper records;
   iii. account promptly for such monies or property; and
   iv. not misuse, misappropriate or improperly withhold such monies, documents or property.

3. Conflict of Interest

a. A Member shall not provide professional services, on an independent basis, in circumstances which result in, or could reasonably be perceived to result in, a conflict of interest between the interests of the client and the interests of the Member, his/her immediate family and any partnership or corporation of which he/she is a partner or shareholder or employee.

b. A Member shall inform his/her client of any relevant business connections, affiliations, or interest of the Member, his/her immediate family and of any partnership or corporation in which he/she has an interest or by which he/she is employed, of which the client might reasonably expect to be informed or which might bear upon the matter of a conflict.

c. A Member shall not accept or continue any engagement where the Member's personal interests, fiduciary duties, office, appointment, business relationships or other professional obligations impair, or may reasonably be perceived to impair, the Member's independence, objectivity, impartiality or professional judgment.

d. Where a conflict arises, or is reasonably likely to arise, between the interests of two or more clients for whom a Member is representing, the Member shall cease to act for all such clients unless:

    i. the Member reasonably believes that he/she is able to continue to act independently, objectively and professionally without prejudice to the interests of any client;
    ii. all affected clients are fully informed of the nature and extent of the conflict or potential conflict; and
    iii. all affected clients provide their informed consent to the Member continuing to act.

e. Members practising within the same firm shall not act for separate parties in the same transaction, matter, proceeding or related engagement where there is, or is reasonably likely to be, a conflict of interest between such parties, unless:
    i. the nature and extent of the actual or potential conflict, including the fact that the Members are practising within the same firm has been fully disclosed in writing to all affected parties;
    ii. the Members reasonably believe that they are able to act independently, objectively and professionally without prejudice to the interests of any affected party; and
    iii. all affected parties have provided their informed consent in writing to the Members continuing to act.

5) PRIVACY AND CONFIDENTIALITY

1. Confidentiality of Information

a. A Member shall hold in strict confidence all confidential information whether oral or documentary concerning the business and affairs of a client or former client, acquired in the course of the professional relationship. No such confidential information shall be disclosed to others except with the consent of such client or where required by law to do so. In addition, such confidential information shall not be used by the Member for personal advantage or the advantage of any other person.

b. Where a Member transfers from one firm to another, the Member shall ensure that he/she does not disclose confidential information regarding a former client and the Member shall not use such information to the detriment of the former client.

c. However, a Member shall be entitled to disclose information which is confidential to the client in the following specific circumstances, but only to the extent necessary for such purpose:
    i. to meet the peer review requirements of a professional practice as required either by legislation or by membership in the profession and where such peer reviewers appointed by such other body have accepted such appointment under terms which confirm the continued confidentiality of the client's information;
    ii. in order to defend the Member and/or his/her associates, partners or employees against alleged professional misconduct;
    iii. in any legal proceeding for recovery of unpaid professional fees and disbursements; or
    iv. upon order of a court of competent jurisdiction.

d. The obligations of a Member referred to above generally shall not apply to a disclosure of confidential information among clients who have jointly engaged the Member in a matter, where the clients' have jointly agreed that such information can be disclosed to the other parties to the engagement.

6) RELATIONS WITH OTHER MEMBERS

1. False or Malicious Statements

a. A Member shall not defame, slander, injure or attempt to injure by false or malicious statements, or by innuendo, the professional reputation or prospects of any other Member or other professional providing similar services.

2. Criticisms of A Member

a. Interaction among Members shall be conducted in a professional and non-confrontational manner, If a member is retained to analyze, review, or critique the work or views of another Member, such work shall be done in a professional, objective, and non-confrontational manner.

7) REGISTERED STUDENTS

1. Applications to Registered Students

a. All provisions in this Code shall apply to Registered Students of the Institute, and all references to Members shall apply to Registered Students.

2. References to Affiliation

b. Registered students of the Institute may make reference to their student affiliation with the Institute, but shall at all times distinguish clearly between student affiliation and membership status with the Institute.

Registered students are encouraged to disclose their student affiliation with the Institute without implying any form of membership, for example by simply stating that they are a Registered Student of the Institute.

3. Any Member violating this Code shall be subjected to disciplinary action taken by the Council.