

**Yang Dipertua:**  
Sr Abdul Razak bin Yusak

**Pendaftar:**  
Sumarni Binti A. Rahman



Laman Sesawang: [www.lppeh.gov.my](http://www.lppeh.gov.my)

**Talian Perkhidmatan:**  
Telefon : 03-2288 8815  
          03-2288 8816  
          03-2288 8817  
Hunting : 03-2287 6666  
Faks : 03-2288 8819

## **CIRCULAR 7/2023**

**TO : All Registered Valuers, Appraisers, Estate Agents,  
Property Managers, and All Firms**

**DATE : 20 JUNE 2023**

Dear All,

### **CIRCULAR 21/2020, CIRCULAR 22/2020 AND CIRCULAR 9/2022**

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Kindly be informed that the Board had decided not to impose the retrospective effect of Circular 21/2020, Circular 22/2020 and Circular 9/2022 for firms that had already been registered prior to 20<sup>th</sup> June 2023.

Henceforth, any application to register a new firm, branch or subsidiary shall comply with the respective circulars.

The Board further informs that all renewals for branches or subsidiaries must be submitted by the headquarters of the group hereinafter commencing year 2024.

Please be guided accordingly.

Yours faithfully,

  
**SUMARNI BINTI A. RAHMAN**  
**Registrar**  
BOARD OF VALUERS, APPRAISERS,  
ESTATE AGENTS AND PROPERTY MANAGERS  
Circular/SAR/hs

## Guidance for the Registration of Firms

### 1.0 Introduction

The Board of Valuers, Appraisers, Estate Agents & Property Managers (BOVAEP) regulates the practice of property valuation, real estate agency and property management by virtue of the powers accorded to it by the Valuers, Appraisers, Estate Agents & Property Managers Act 1981 (the Act) and the Valuers, Appraisers, Estate Agents & Property Managers Rules 1986 (the Rules).

Any registered person wishing to practice in Malaysia must do so via a firm (section 23 of the Act). A firm can be a sole proprietorship, partnership or a body corporate.

### 2.0 Provisions in the Act

- Sec 23(1), (1A)** : All registered persons must practice via a firm.
- Sec 23(1B) (a) (b) (c)** :
- A sole proprietorship must be owned only by a registered valuer, a registered appraiser, a registered estate agent or a registered property manager, as the case may be
  - **Satisfies** all conditions specified when the firm is approved by BOVAEP
- Sec 23(2) (a) (b) (c)** :
- A partnership or body corporate can be owned solely by registered valuers, solely by registered appraisers, solely by registered estate agents, solely by registered property managers, as the case may be or a combination of registered persons and any other persons who are non-registered persons
  - **Satisfies** all conditions specified when the firm is approved by BOVAEP
  - **The shares**, in the case of a partnership or body corporate where all partners of the partnership or all directors and shareholders of the body corporate are a combination of registered persons and any other persons or body corporate shall:
    - (A) in the case of a **valuation practice**, by a majority of registered valuers who hold the **majority** interest and the voting rights;
    - (B) in the case of an **appraisal practice**, by a majority of registered appraisers who hold the majority interest and the voting rights;
    - (C) in the case of an **estate agency practice**, by a majority of registered estate agents who hold the majority interest and the voting rights; and

- (D) in the case of a **property management practice**, by a majority of registered property managers who hold the majority interest and the voting rights.

**Sec 23(4) (4A)** : No registered valuer, appraiser, estate agent or property manager may, unless the Board so approves in writing, become or remain as a sole proprietor, partner, shareholder or director **of more than** one sole proprietorship, partnership or body corporate, as the case may be, practising valuation, appraisal, estate agency or property management.

### 3.0 Provisions in the Rules

**Rule 25D** : **Consideration of application:**  
(a) **Satisfies** the **ownership** requirements specified in section 23 of the Act;  
(b) **Satisfies** the requirements as to its **name** specified in Rule 25K; and  
(c) the particulars and the documents submitted by the applicant **satisfy** the **requirements of the Board**

**Rule 25K** : **Name of firm:**  
(a) a name that is undesirable;  
(b) a name likely to deceive or cause confusion to the public or would be contrary to law;  
(c) a name that is identical;  
(d) a name that so nearly resembles a name belonging to a different registered firm as is likely to deceive or cause confusion

### 4.0 Forms

The following forms are to be used in the application to register a firm.

#### a) Form N (Rule 25B)

The form that has to be submitted for any application to register a firm under section 23 of the Act.

**DECLARATION TO BE COMPLETED AND SIGNED BY THE SOLE PROPRIETOR/ALL PARTNERS/ALL DIRECTORS AND SHAREHOLDERS**

- **For Sole Proprietor:** .... agree to abide by all the provisions of the Act and the Rules and will observe, perform and comply with **any conditions or restrictions** that may be imposed by the Board upon granting approval of this application and upon any time thereafter.

- **For Partnership/Body Corporate:** .... Jointly and severally agree that every Partner/Director/shareholder will abide by all the provisions of the Act and the Rules and will observe, perform and comply with **any conditions or restrictions** that may be imposed by the Board upon granting approval of this application and upon any time thereafter.

**b) Form S (Rule 2K)**

Application for name search

**c) Form T (Rule 25L)**

Application for change of name/business address

**d) Form V (Rule 25M)**

Each applicant has to submit the Notice Cessation of Practise as a Registered Firm together with a copy of Statutory Declaration, when making an application for a new firm

**5.0 Name of Firm (Rule 25K – Form S)**

- a) Prior to making an application for the registration of a firm or before changing its registered name, an application must be made for a search as to the availability of the proposed name, using Form S:
- b) The processing fee is as per the Third Schedule, Part B

**6.0 Application for Registration of Firm (Rule 25B – Form N)**

- a) Every application shall be made via Form N
- b) Every application shall comply with Rule 25B, subsections (1) to (5)
- c) The processing fee is as per the Third Schedule, Part B

**7.0 Address of Firm**

- a) The address and location of the firm must only be at commercial premises.

**8.0 Letterhead of Firm**

- a) Every application shall be accompanied with the sample letterhead.

**9.0 Equity Shareholdings of Firm (refer Circulars 21/2020, 22/2020 and 9/2022)**

The set-up of a group practice must be structured either with branches or incorporated subsidiaries only and **not** in combination.

**a) Non-Liberalised Firm**

- i) A Practising Company (PC) can be a sole proprietor, partnership or body corporate.
- ii) Except for sole-proprietorship, the PC (HQ) must have a minimum of 2 shareholders who are registered persons.
- iii) The PC (HQ) can set up branch offices either in the form of Branches or Subsidiaries
- iv) In the case of a subsidiary, the PC(HQ) shall hold a minimum of 51% shareholding / equity in the subsidiary.
- iv) The registered person(s) as shareholder(s) in the subsidiary can also hold equity in the balance 49% of the PC(HQ).
- v) A registered person who practices as a sole-proprietor, in a partnership or body corporate shall not be permitted to hold any direct or indirect interest in any other partnership or PC or AHC or subsidiary(s) of any other PC.
- vi) A partnership can establish branches only.

**b) Liberalised Firm**

- i) A PC that is liberalised may establish an Approved Holding Company (AHC) whose shareholders/directors are registered persons only.
- ii) The AHC must have at least 2 shareholders who must also be directors of the AHC.
- iii) The PC (HQ) must be 51% owned by registered persons or AHC (if incorporated), whose shareholders/directors must also be directors of PC (HQ).
- iv) A majority of directors in PC (HQ) must be registered persons who are also shareholders/directors of AHC (if incorporated).
- v) The balance (maximum 49%) of the PC (HQ) can be owned by other persons either as individuals or via a company, which must have its objects as investment holding only.
- vi) If PC (HQ) sets up a branch in the form of a company, the PC (HQ) must hold at least 51% equity.
- vii) The registered person(s) as shareholder(s) in the subsidiary can also hold equity in the balance 49% of the PC(HQ).
- viii) The subsidiary(s) must have a majority of directors who are registered persons from PC(HQ) or shareholders/ directors of AHC (if incorporated).
- ix) The Chairman of PC (HQ) and subsidiary(s) must be registered persons from PC(HQ) or from a shareholder/director of the AHC (if incorporated).
- x) At any meeting, the quorum is at least 3 shareholders/directors, with a majority from PC(HQ) or AHC (if incorporated).
- xi) The management and key persons of the PC (HQ) and subsidiary(s) shall be vested in the hands of registered person(s) only.
- xii) The Key Executive Officer and Spokespersons for the PC (HQ) or subsidiary(s) shall be registered persons only.
- xiii) A Partnership must be 51% owned by registered persons.
- xiv) A Partnership can establish branches only.
- xv) A registered person who practices as a sole-proprietor, in a partnership or body corporate shall not be permitted to hold any direct or indirect interest in any other partnership or PC or AHC or subsidiary(s) of any other PC.

**c) Exception to the general rule (Liberalisation Firms):**

This exception is only for registered property managers who were registered during the "window period" and had been operating as a one-man show via sole proprietorships or companies where the spouse/relative may also be a shareholder. These are Small Enterprises which must now get approval as a PC and have at least 2 shareholders (who are natural persons), with one of the shareholders being a registered person holding 51% equity and the post of Chairman. When the small enterprise wishes to establish a branch or subsidiary, then all the above provisions for liberalised firms must be complied with.

**10.0 Checklist**

- a) Application for the registration of a firm must be made using the forms stated above
- b) The name of the firm requires approval from BOVAEP
- c) Address and location of firm must be at commercial premises
- d) Sample letterhead must be enclosed with the application
- e) Equity shareholding must comply with the provisions of the Act, Rules & Circulars b submitting the relevant SSM forms
- f) Equity shareholding at the PC (HQ) and the branch(s) must comply with Circular 21/2020, 22/2020 and 9/2022

- g) Objects/nature of business of the firm must clearly state – Valuation practice, EA practice or PM practice or in any combination of practices
- h) Below is the Malaysia Standard Industry Classification (**MSIC 2008 Ver.1.0**) for reference.

**DIVISION 8** : **REAL ESTATE ACTIVITIES**  
**GROUP 682** : **Real estate activities on a fee or contract basis**

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<b>CLASS</b>	<b>CODE</b>	<b>DESCRIPTION</b>
6820		Real estate activities on a fee or contract basis
		<b><u>For Real Estate Agency Practice</u></b>
	68201	Activities of real estate agents and brokers for buying, selling and renting of real estate
		<b><u>For Property Management Practice</u></b>
	68202	Management of real estate on a fee or contract basis
		<b><u>For Valuation Practice</u></b>
	68203	Appraisal services for real estate

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Note: For liberalised firms, the AHC (if incorporated) and the company holding shares of non-registered persons must state their main objects as investment holding only.

June 2023