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Presidents and membres titulaires of Full Member Associations of the AAE
Presidents and membres titulaires of Observer Members of the AAE

Dear Colleagues:

**Re: Second Exposure Draft of European Standard of Actuarial Practice 2 (ESAP2)
– Actuarial Function Report under Directive 2009/138/EC**

I am pleased to attach the second exposure draft of ESAP2. You will recall that a first exposure draft of ESAP 2 was promulgated at the beginning of November 2012. Further work was carried out by the Standards Project Team (SPT) and at the meeting of the Standards, Freedoms and Professionalism Committee (SFPC) in Vilnius on 24 April 2014 the SFPC agreed with the recommendation of the SPT that the then current version of ESAP2 be published as a working draft.

The working draft has been in the public domain for a year and some comments have been received from a few Member Associations. An amended version of ESAP 2 was presented at the meeting of the SFPC in Paris on 26 March 2015. It was agreed that, in the light of the finalisation of the Level 2 regulations under Solvency II and the relevant EIOPA Guidelines, we should now proceed to the issuance of a second formal exposure draft of ESAP2. The SFPC has now approved the enclosed second exposure draft of ESAP2 for promulgation to member associations and other stakeholders for a period of formal exposure and comment.

We have continued to offer an additional tabular version of ESAP2 which shows the legal basis for the various provisions and some commentary on why the model standard has been proposed as it has. The tabular version does not form part of the model standard itself.

The second exposure draft of ESAP2 will be exposed for three months from now to the start of September 2015. Any comments should be submitted at latest by close of play on 4 September, and if possible earlier. It should then be possible for the SPT to recommend a final version of the model standard for approval by the SFPC at the meeting in Bucharest on 24 September 2015 and then adoption by the General Assembly the following day.

ESAP2 is a model standard intended to be suitable for adoption or adaptation by Full Member Associations of the AAE, and other actuarial standard-setting organizations who wish to adopt it. It is the AAE's intent that by publishing model standards it will encourage the creation and convergence of national actuarial standards.

Any comments should be submitted to Michael Lucas (mlucas@actuary.eu) at the latest by Friday 4 September 2015

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chris Daykin', with a horizontal line underneath.

Chris Daykin
Convenor, Standards Projects Team
Actuarial Association of Europe
8 June 2015