



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Nicolas Aubert
Chairman
London Market Group
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One Lime Street
London
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5 September 2016

Dear Nicolas

INSURANCE LINKED SECURITIES PROJECT

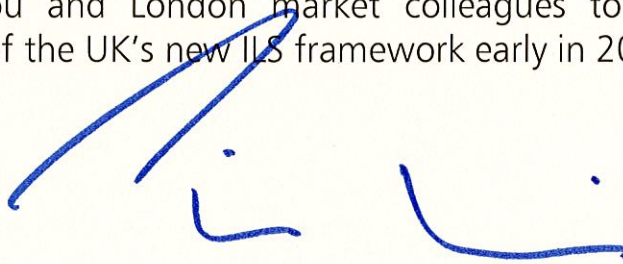
I am writing to thank you for the valuable contribution that the London Market Group has been making to the Insurance Linked Securities (ILS) project, and to ask for your continued support as we work to successfully complete the project.

The role that London plays as a global hub for specialist insurance and reinsurance is an important part of the UK's financial sector exporting strength. And the wealth of insurance expertise gathered in the capital contributes to the unique cluster of financial services expertise that makes London a truly global financial centre. The government will continue to work with the sector to ensure that London has the regulatory environment it needs to innovate and compete in the global market place.

Given the increasing importance of alternative risk transfer techniques, the Insurance Linked Securities (ILS) project aims to provide London with the framework it needs to remain a world leader in reinsurance. I am very grateful for the productive contribution that the London Market Group has made to this project through the Insurance Linked Securities Taskforce, and I hope you will agree that we have made good progress so far.

Following Treasury consultation on the overall approach to regulation and taxation of ILS special purpose vehicles, we now need to move to the next phase of the project: finalising the detailed regulations that will implement the new framework. I plan to issue draft regulations for consultation later this autumn, with a view to placing final regulations before Parliament early next year. I hope that the ILS Taskforce will continue to play a central role in developing these regulations.

The ILS project remains a priority for the Treasury and I look forward to working with you and London market colleagues to ensure successful implementation of the UK's new ILS framework early in 2017.

A handwritten signature in blue ink, consisting of several fluid, connected strokes that form the name 'Simon Kirby'.

SIMON KIRBY