



Date: June 2006
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**FINANCIAL ECONOMISTS GROUP
(ECONET)**

MANDATE

Background:

- 1) For a number of years an ad hoc group of economists (financial economists network) have met on a non regular basis, primarily for discussing inputs for the purpose of reporting economic trends in the Securities Markets to the Financial Stability table of the Economic and Financial Committee.
- 2) In line with the recommendations of the Priorities Task Force and in recognition of CESR's move to Level 3 work, it is now considered necessary to change this group into a more structural one. This will facilitate the ability of CESR to meet its increasing number of reporting commitments that require the input of financial economists.
- 3) The European Union is committed to a better regulation agenda which includes impact assessments. The White Paper of the European Commission "Financial services Policy 2005-2010" see benefit for CESR, to screen, where necessary, the advices given to the Commission in terms of impact and proportionality.

Objectives:

- 4) The objectives of Econet are to:
 - enhance CESR's capability to undertake analysis of market trends and key risks in the securities markets that are, or may become, of particular significance for its Members;
 - evaluate and, as appropriate, develop and maintain CESR's approach to the use of impact analysis.

Main tasks:

- 5) The specific tasks of Econet may include but are not limited to the following:
 - a) To analyse financial market trends and risks and prepare upon request by CESR, or external EU bodies, discussion papers or reports on specific matters, in particular:
 - written contributions on "current market trends and risks" for the European Financial Committee's Financial Stability Table (currently required twice per year);
 - written contributions in cooperation with CEBS and CEIOPS on cross-sector risks on ad hoc issues for the European Financial Committee's Financial Stability Table (currently required once per year);
 - written contributions for CESR's annual and semi annual reports.
 - b) To explore the benefits of impact analysis:



- review existing impact analysis methodologies regarding financial regulation and supervision evaluate the feasibility of developing such a methodology for use in CESR's work, and if considered useful and necessary to develop practical impact analysis principles for use on a case by case basis by CESR;
- discuss with the CEBS and CEIOPS the possibilities of a 3L3 common approach to impact analysis.

c) To establish contacts:

- with research departments of the EU institutions, academics, think tanks and other economic research centres in order, in particular, to gather information on the degree of integration of the EU Single Market for Securities.
- organise specific seminars with academics or industry representatives in fulfilling its mandate

Composition:

Econet will consist of one or more senior representatives of CESR members, experts in the field of economics of financial regulation, financial economic analysis or equivalent and having the authority to speak on behalf of their own authority.

The representatives will comply with the principles of expertise, awareness, authority, availability and continuity set out in the Representation section of the CESR guidelines for expert groups (CESR/03-149c). In addition, they should report and consult within their organisation on the progress of work in the Group.

Representatives from the Committee of European Banking Supervisors (CEBS) and the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) may also be invited to the meetings.

Sub-groups:

Econet may establish flexible structures, e.g. sub-groups, to undertake specific tasks.

Chair:

The Chair of Econet is appointed for a period of 2 years.

Secretariat:

The work of Econet will be fully supported by the CESR Secretariat