



Mandate for the Committee for Economic and Markets Analysis (CEMA)

Over the least decades, financial markets have been transformed by the rapid development of new financial instruments, the rise of new categories of key market participants, and a supportive technological environment. CEMA's aim is to take account of these developments by carrying out suitable analyses that integrate financial, economic, and legal disciplines.

1. Responsibilities

CEMA has the responsibility to cover two broad areas:

- Financial markets monitoring and analysis: pro-active identification, monitoring, and assessment from a micro-prudential level of trends, potential risks and vulnerabilities in financial markets across borders and sectors, including a thorough focus on financial innovations, and incentives related to market practices both at the wholesale and retail level;
- Impact Assessment: contribution to better regulation by actively supporting CESR's commitment to Impact Assessments of existing and planned / proposed regulation and supervisory practice (ex ante and ex post Impact Assessments).

2. Tools and deliverables

The specific tools and deliverables of CEMA may include but are not limited to the following:

1. Identifying, monitoring and assessing existing and emerging trends, risks and vulnerabilities in financial markets, including
 - a. written contributions for the European Financial Committee's Financial Stability Table, EFC-FST, as requested, including, in cooperation with CEBS and CEIOPS, written contributions on cross-sector risks (currently required at least twice a year);
 - b. reporting to the Financial Services Committee, FSC, upon request;
 - c. reporting on a regular, and, as necessary, ad hoc basis, but at least once a year, to the European Parliament, the Council, the Commission and the European Systemic Risk Board (ESRB) ;
 - d. written contributions for CESR's annual and semi-annual reports.
2. analysing pro-actively the strategic and medium/long-term implications for CESR of the trends, risks and vulnerabilities identified and assessed;
3. making suggestions/ recommendations as to how these trends, risks, and vulnerabilities should be taken into account by CESR concerning regulation and supervision, as well as the organization of its activities;



4. supporting activities related to Impact Assessments by giving advice or carrying out Impact Assessments as appropriate on the basis of the 3L3 Impact Assessment Guidelines;
5. carrying out studies, conducting or promoting research and analyses in order to support and enhance the functions of CESR, and developing proper forms to disseminate these studies and analyses among the CESR members and market participants;
6. developing harmonized and centralized databases and channel information to the ECB/ESRB as appropriate;
7. acting as a center for expertise in quantitative techniques applied to financial markets analysis;
8. establishing contacts and develop projects with research departments of the EU institutions, academics, think tanks and other economic research centers in order, in particular, to enrich its function of financial markets analysis, as well to improve the impact assessment component;
9. providing training on new trends, developments and risks, and organising meetings and seminars with academics and/or market participants (industry and investor representatives, etc.) in fulfilling its mandate;
10. establishing a detailed work programme of CEMA for each calendar year, including agreement on the meeting schedule of CEMA and the GEA for at least the first six months of the year, and around the middle of the year for the last six months of the year.

Work may be carried out together with other SCs, groups and Task Forces of CESR.

3. Structure and governance

The responsibility of the Chair, rapporteur, and members for CEMA are set out in the Guidelines for CESR groups (Ref. CESR/09673c).

The Chair may be assisted by and/or delegate part of his functions to a Deputy Chair, also appointed by the Plenary.

CEMA will consist of senior representatives of CESR Members, who are experienced experts in the field of economics of financial regulation, economic analysis or equivalent (including expertise on the borderline between the economic and the legal analysis of regulatory and supervisory issues) and having the authority to speak on behalf of their own authority. They will be head of the research department or, if such a department does not exist, a high level economist.

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

CEMA may establish flexible structures, e.g. groups and task forces, to undertake specific tasks. The drafting and other preparatory work of CEMA will be conducted through temporary drafting groups and task forces that report to CEMA. No permanent groups will be established.

CEMA will establish a Group for Economic Advisors (GEA) to obtain external, qualified and independent advice in the areas of its responsibilities. The GEA will be a fixed group of about 10-12 persons (which are not supposed to represent institutions) composed of academics and heads of recognised research departments from financial market participants. Depending on a given topic, a limited number of recognized experts may be invited to join a meeting with the GEA.



4. Meetings

CEMA will meet as required by its work programme, but at least four times a year.

The groups and Task Forces will meet when needed.

The GEA will meet at least twice a year in connection with the meetings of CEMA.