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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the compliance of the European Banking Authority with the requirements regarding the location of its seat

1 INTRODUCTION

In the context of the United Kingdom's withdrawal from the Union, the other 27 Member States, meeting in the margins of the Council, selected Paris as the new seat of the European Banking Authoriry (EBA)[1].

The EBA's seat is stipulated in Article 7 of the EBA founding Regulation[2] (the EBA regulation), which therefore had to be amended to move the seat from London to Paris. In addition to the change of seat, the amendment to the EBA regulation[3] also introduced new requirements for EBA in relation to its seat and an obligation for the Commission to publish a report by 30 March 2019 and every 12 months thereafter on EBA's compliance with these requirements.

According to Art. 7 of the EBA Regulation: "*The location of the seat of the Authority shall not affect the Authority's execution of its tasks and powers, the organisation of its governance structure, the operation of its main organisation, or the main financing of its activities, while allowing, where applicable, for the sharing with Union agencies of administrative support services and facility management services which are not related to the core activities of the Authority*".

The EBA provided the necessary input to fulfill these reporting requirements. This first report under the new reporting obligation is published after 30 March 2019 since full operations in Paris did not start until 3 June 2019.

2 EBA HEADQUARTERS AGREEMENT

A Headquarters Agreement (hereinafter, HQA) was approved by the EBA Management Board on 4 March 2019 and signed at a ceremony in Paris on 6 March 2019. The EBA is awaiting confirmation of completion of the internal procedures required in France for the HQA to enter into effect. The signature of the HQA has not affected the EBA's operations and governance.

In addition to reflecting the requirements of Protocol No 7 on the privileges and immunities of the European Union[4], the HQA establishes the privilege for staff relocating from London to Paris of purchasing a car tax–free within twelve months of relocation, a privilege that has been extended to staff with French nationality. The HQA also commits the French government to engage in a process to establish a European School in the Paris Region. The Board of Governors of the European Schools has approved the dossier of conformity of the proposed European School, which is scheduled to open in Courbevoie in September 2019. These two measures of

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1 General Affairs Council (Art. 50), 20 November 2017: https://www.consilium.europa.eu/en/press/press-releases/2017/11/20/european-banking-authority-to-be-relocated-to-city-country/

2 Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority) (OJ L 331, 15.12.2010, p. 12).

3 Regulation (EU) 2018/1717 of the European Parliament and of the Council of 14 November 2018, amending Regulation (EU) No 1093/2010 as regards the location of the seat of the European Banking Authority (OJ L291, 16.11.2018, p. 1).

4 OJ C202, 7.6.2016, p. 266-272

support will assist staff in their relocation, particularly those with families with school-age children.

The EBA has also engaged with the Protocol office of the French Ministry of Europe and Foreign Affairs and with the French customs authorities to ensure a smooth process in relation to the arrival of staff and their families in France, the provision of special residence permits, and the application of tax privileges to the EBA.

3 EBA GOVERNANCE, OPERATIONS AND EXECUTION OF TASKS

The EBA's tasks and powers, the organisation of its governance structure, the operation of its main organisation, and its main financing were not affected by the relocation of the EBA's seat.

The EBA received special funding from the French government to assist with the relocation costs as follows:

- 1.5 million euros to be used as a contribution to the costs of fitting out the Paris offices. This has been received and paid;
- 7 million euros to be used as a contribution to the rent and building charges of the Paris offices. To date the EBA has received 2.5 million of this amount. The balance will be received over the duration of the lease on the offices in Paris.

Until the arrival of the EBA's new Chairperson on 1 May 2019, the EBA's alternate chairperson acted as the EBA's Interim Chairperson, including by signing the HQA on the EBA's behalf. As the new office premises in Paris were not available until the end of May 2019, specific arrangements were applied during the interim period April-May 2019 with the aim of keeping to a minimum the disruption for EBA staff and to fully maintain operational continuity. Senior management has been operative from Paris as of 30 March 2019 where EBA secured limited temporary offices in the Europlaza building (the building of the new premises of the EBA).

As of 1 April 2019 the EBA has started to arrange key meetings in Paris and other EU cities. The Banque de France has provided particular support, hosting the Board of Supervisors on 16/17 April 2019, while a public hearing was also organised in the Europlaza building.

4 EBA OFFICE RELOCATION

Intensive weekly meetings took place in Europlaza in the last few months to monitor and resolve issues related to the fit-out works. While the full completion of fit-out works by the landlord experienced a delay beyond the contractual deadline of 16 April 2019, there was sufficient progress to allow the EBA to keep its timeline for its full office relocation. The completion of the EBA premises in Europlaza (furniture, audio-visual equipment and end-user IT) by external contractors and EBA staff finished by 31 May 2019, while the deadline of the completion of the EBA office removal from London to Paris was 2 June 2019. Full operations in Paris started on 3 June 2019 when all staff took up their duties in the EBA's new headquarters in the Europlaza building.

5 EBA DATA CENTRE RELOCATION

With its data centre hosting contracts expiring in 2019, EBA decided to migrate its data centre to an Interagency Community Cloud environment, in line with its hosting strategy and ahead of the expected March 2019 Brexit date. In its 2018 Datacentre migration program, EBA, in close collaboration with the European Insurance and Occupational Pensions Authority (EIOPA), designed, planned, contracted and fully implemented the transfer of its hosted data and infrastructure services. This ensured no disruption to the Agency's activities, improved security and reduced cost for same or better quality of service.

The EBA has joined two inter-institutional procurement procedures led by the European Securities and Markets Authority (ESMA): for information and communications technology (ICT) consultancy services (framework contract signed on 8 October 2018), and for facility management consultancy services (framework contract awarded on 30 April 2019). Based on the ICT consultancy contract, knowledge from the existing UK based IT interims is being transferred to the contractor, in order to ensure that the technical knowledge of all IT applications and projects is retained at the EBA and stored in a structured manner.

5 CONCLUSIONS

Based on the available information, the EBA's execution of its tasks and powers, its governance structure, its main organisation, and the financing of its activities have not been affected by the relocation of the EBA's seat to Paris and by the administrative cooperation arrangements with ESMA and EIOPA described above, which are not related to the core activities of the EBA.