

Pursuant to Article 44 paragraph 2 item 3 and in conjunction with Article 24 paragraph 1 of the Central Bank of Montenegro Law (OGM 40/10, 46/10, 06/13, 70/17), the Council of the Central Bank of Montenegro at its meeting held on 22 November 2021, passed the following

**DECISION**  
**amending the Decision on authenticity and fitness checking and recirculation of Euro banknotes and coins**

**Article 1**

In the Decision on authenticity and fitness checking and recirculation of euro banknotes and coins (OGM 35/11, 61/18) in Article 4 paragraph 1 the words” (traders, casinos, and the like), as well as the Central Bank of Montenegro in pursuing payment system operations (hereinafter: cash handlers)” shall be replaced by the following: “(traders, casinos, and the like) - (hereinafter: cash handlers), as well as the Central Bank of Montenegro in pursuing payment system operations “.

**Article 2**

After Article 4 a new article shall be added, worded as follows:

**“Article 4a**

Cash handlers shall establish procedures for complying with this Decision in their internal acts.”

**Article 3**

Article 5 shall be amended to read:

**“Article 5**

Cash handlers shall ensure that euro banknotes received and recirculated are subject to the procedure on authenticity and fitness checking.

The procedure on authenticity and fitness checking of euro banknotes is the confirmation that the euro banknotes are authentic and fit for circulation.”

**Article 4**

In Article 6 after paragraph 4 a new paragraph shall be added, worded as follows:

“After checking for authenticity, cash handlers shall submit suspect euro banknotes to the National Counterfeit Centre.”

**Article 5**

In Article 9 the words: “who have passed organised training carried out by the National Analysis Centre and the Coin National Analysis Centre”, shall be replaced by the following “who have attended organised training carried out by the Central Bank”.

#### **Article 6**

In Article 13 paragraph 3 the words: “of 5%” shall be replaced by the following “of 1%”.

#### **Article 7**

In Article 14 paragraph 1 the words: “and obtain information specified in Annex IV, which is enclosed to this Decision and makes an integral part thereof” shall be deleted.

After paragraph 1 a new paragraph shall be added, worded as follows:

“Cash handlers shall submit to the Central Bank, on semi-annual basis, information and data referred to in Annex IV of this Decision, which makes an integral part thereof”.

#### **Article 8**

Article 15 shall be deleted.

#### **Article 9**

In Article 17 after paragraph 4 a new paragraph shall be added, worded as follows:

“Manual authenticity and fitness checking of euro coins may be performed only by the staff members of the cash handler that have attended organised training carried out by the Central Bank”.

#### **Article 10**

In Article 20 in the introductory sentence, the words: “at least the following information” shall be replaced by the following: “at least the information and data referred to in Annex IV of this Decision, as well as data on”.

#### **Article 11**

Article 20a shall be deleted.

#### **Article 12**

In Article 24 at the end of paragraph 1 full stop shall be replaced by comma and the following shall be added: “which shall be signed by persons that have executed the testing”.

In paragraph 3 the full stop at the end shall be replaced by comma and the following shall be added: “which shall be followed by the new receipt for successful execution of testing issued by the Central Bank”.

#### **Article 13**

After Article 25 a new chapter: “IVa TRAINING FOR MANUAL AUTHENTICITY AND FITNESS CHECKING OF EURO BANKNOTES AND COINS”, with Articles 25a to 25d and chapter: “IVb INSPECTION AND MEASURES, with Articles 25e to 25k shall be added, worded as follows:

## **“IVa TRAINING FOR MANUAL AUTHENTICITY AND FITNESS CHECKING OF EURO BANKNOTES AND COINS**

### **Article 25a**

Training of staff members for manual authenticity and fitness checking of euro banknotes and coins shall be performed with the cash handlers and other interested participants handling euro banknotes and coins for the purpose of preventing counterfeiting and tracing counterfeits and identifying fit and unfit euro banknotes and coins (hereinafter: the training).

### **Article 25b**

Training shall be organised and carried out in accordance with the training programme passed by the Central Bank.

Training for manual authenticity and fitness checking of euro banknotes shall be carried out by the Banknotes National Analysis Centre, while the training for manual authenticity and fitness checking of euro coins shall be carried out by the Coin National Analysis Centre.

The Central bank shall organise and carry out training in the Central Bank premises, and in exceptional cases, in the cash handler’s premises, upon its request.

### **Article 25c**

The request for carrying out training shall be submitted to the Central Bank.

The request referred to in paragraph 1 of this Article shall be submitted by the cash handler for their staff members, and by other interested participants in person.

### **Article 25d**

The Central Bank shall issue a certificate of successful completion of the training for manual authenticity and fitness checking of euro banknotes and / or coins to the staff member of cash handler who attended the training.

The Central Bank shall issue the certificate referred to in paragraph 1 of this Article for a period of four years.

The cash handlers shall submit to the Central Bank a request, no later than one month before the deadline referred to in paragraph 2 of this Article, for retraining of staff members for manual authenticity and fitness checking of euro banknotes and / or coins.

Staff members of cash handlers to whom the Central Bank has issued a certificate referred to in paragraph 1 of this Article shall attend training in less than the period referred to in paragraph 2 of this Article, when the Central Bank organises new mandatory training for issuing new euro banknotes and coins. counterfeiting or in other cases where the organisation of this training is considered expedient in order to ensure a comprehensive and effective authenticity and fitness checking of euro banknotes and coins, and the Central Bank shall notify cash handlers thereof no later than 15 days before the training.

## **IVb. INSPECTION AND MEASURES**

### **Article 25e**

The Central Bank may carry out on-site inspections, including unannounced ones (hereinafter: the inspection), of the machines for handling euro banknotes and machines for processing euro coins at cash handlers’ premises and/or their agents to monitor their banknote handling machines and coin processing machines, in particular the machines’ capacity to check for authenticity and fitness and to trace suspect counterfeit euro banknotes and euro banknotes that are not clearly authenticated; verify the procedures referred to in Article 4a of this Decision and treatment of

checked euro banknotes and coins, as well as to inspect the treatment of filling of cash dispensing machines, staff member's training, suspect and damaged euro banknotes and coins and reporting to the Central Bank in accordance with this Decision.

The Central Bank is authorised to take samples of processed euro banknotes and coins to check them at its own premises or at the premises of cash handler, if adequate conditions exist.

#### **Article 25f**

The inspection over cash handlers is performed by employees of the Central Bank authorised by the Central Bank to perform these tasks (hereinafter: inspectors).

By way of derogation from paragraph 1 of this Article, the Central Bank may authorise persons who are not employed by the Central Bank to perform certain tasks in the process of inspection of cash handlers.

#### **Article 25g**

The cash handler shall enable the inspector to carry out unhindered inspection, provide information and make available euro banknotes and coins, euro banknote handling machines and euro coin processing machines, procedures referred to in Article 4a of this Decision, as well as all other items and data required for the inspection.

The cash handler shall provide the inspector with the conditions necessary for uninterrupted work and identification of the factual situation and act upon the request of the inspector.

#### **Article 25h**

An inspector shall make a report on inspection of the cash handler on-site (hereinafter: the report), which shall contain the current factual situation related to the subject of inspection.

Upon completion of the inspection, the inspector and the cash handler shall sign the report on inspection (hereinafter: the report).

If the cash handler refuses to sign the report, the inspector will state the reasons for his refusal.

One copy of the original report shall be handed over or delivered to the cash handler.

A report need not be made on the inspection during which the found irregularities were eliminated, and in that case the inspector shall make an official note.

#### **Article 25i**

By way of derogation from Article 25h paragraph 1 of this Decision, when due to the scope and complexity of the inspection or its nature and circumstances, it is not possible to make a report on site, the report is made in the official premises of the Central Bank, within eight working days.

In the case referred to in paragraph 1 of this Article, the Central Bank shall submit the report to the cash handler, who may submit to the Central Bank objections to the report, within five working days following the date of its receipt.

The Central Bank may directly verify the statements of the cash handler contained in the objections to the report and in that case the Central Bank shall make an amendment to the report, to which the cash handler may submit objections within five working days following the date of receipt of the amendments to the report.

The Central Bank shall, within five working days following the day of receipt of the objections to the report or receipt of the objections to the amendments to the report, review the received objections and inform the cash handler in writing about the acceptance or non-acceptance of the given objections.

### **Article 25j**

As a part of an ongoing inspection process, the Central Bank shall maintain the communication with cash handlers, which is reflected in particular in issuing preventive warnings in order to ensure the operation of cash handlers in accordance with regulations.

### **Article 26k**

When the Central Bank in the inspection process determines actions contrary to the provisions of this Decision, it may, depending on the impact of the identified irregularities on the cash handler's operations, impose the following measures:

- 1) written warning, and
- 2) decision on imposing measures to eliminate irregularities.

The Central Bank shall require, by imposing measures referred to in paragraph 1 of this Article, the cash handler to eliminate the identified irregularities within a certain period, and until the identified irregularities are eliminated, it may prohibit the cash handler return certain euro banknotes and coins into circulation.

If the action contrary to the provisions of this Decision is caused by a malfunction of the euro banknote handling machine or the euro coin processing machine, the Central Bank may delete that machine from the list referred to in Article 6 paragraph 2 or the list referred to in Article 17 paragraph 2 this Decision.”

### **Article 14**

In Article 31 paragraph 1 after item 8 a new item shall be added, worded as follows:

“9) a large bulk of euro coins exist which cannot be processed at the euro coin processing machines, which is damaged, has error or is unrecognisable.”

### **Article 15**

After Article 38 three new articles shall be added, worded as follows:

#### **“Article 38a**

Cash handlers shall adopt internal acts referred to in Article 4a of this Decision within six months following the date of entry into force of this Decision.

#### **Article 38b**

Until the adoption of the programme referred to in Article 25b paragraph 1 of this Law, the Central Bank shall carry out training as it has been carried out until the date of entry into force of this Decision.

#### **Article 38c**

Cash handlers shall, for staff members who have undergone training for manual authenticity and fitness checking of euro banknotes and coins in period of at least four years prior to the entry into force of this Decision, submit a request for retraining within one year following the date of entry into force of this Decision.”

### **Article 16**

Annexes enclosed to the Decision on authenticity and fitness checking and recirculation of euro banknotes and coins (OGM 35/11, 61/18) shall be replaced with the annexes enclosed to this Decision.

### **Article 17**

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

## **THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO**

**CHAIRMAN**

**G O V E R N O R,**

**Radoje Žugić, m.p.**

Decision number 0101-7940-3/2021  
Podgorica, 22 November 2021

## ANNEX I

### EURO BANKNOTE HANDLING MACHINES AND COIN PROCESSING MACHINES

#### 1. General technical requirements

- 1.1. To qualify as a banknote handling machine, a machine has to be capable of processing batches of euro banknotes, classifying the individual euro banknotes and physically separating the euro banknotes according to their classifications without the intervention of the machine operator, subject to Annexes IIa and IIb. With the exception of machines for euro coin payment, euro banknote handling machines need to have the required number of dedicated output stackers and/or other means in order to ensure the reliable separation of the euro banknotes processed.
- 1.2. Banknote handling machines have to be adaptable to ensure that they are capable of reliably detecting new euro counterfeits. Moreover, they have to be adaptable to enable, if needed, the setting up of more or less restrictive fitness sorting standards.

#### 2. Categories of euro banknote handling machines and euro coin processing machines

Banknote and coin handling machines are customer-operated machines or staff-operated machines.

Table 1  
**Customer-operated machines**

#### **A. Customer-operated machines where cash is deposited with customer tracing**

1.	Cash-in machines (CIMs)	CIMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts, but do not have any cash-dispensing function. CIMs check euro banknotes for authenticity and allow for traceability of the account holder; fitness checks are optional.
2.	Cash-recycling machines (CRMs)	CRMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts and to withdraw euro banknotes from their bank accounts. CRMs check euro banknotes for authenticity and fitness and allow for traceability of the account holder. For withdrawals, CRMs may use genuine fit euro banknotes that have been deposited by other customers in previous transactions.
3.	Combined cash-in machines (CCMs)	CCMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts and to withdraw euro banknotes from their bank accounts. CCMs check euro banknotes for authenticity and allow for traceability of the account holder; fitness checks are optional. For withdrawals, CCMs do not use euro banknotes that have been deposited by other customers in previous transactions but only euro banknotes loaded separately into them.

## B. Cash-out machines

4.	Cash-out machines (COM)	COMs are cash dispensers which check euro banknotes for authenticity and fitness before dispensing them to customers. COMs use euro banknotes loaded into them by cash handlers or other automated systems (e.g., vending machines)
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## C. Coin dispensing machines

5.	Coin dispensing machines (CDMs)	CDMs allow customers, by inserting euro banknotes, to obtain coins. Before dispensing coins, euro coins are authenticated by the CDM. These euro banknotes are not recirculated.
6.	Coin recycling machines (CRMs)	CRMs allow customers, to deposit euro coins in their accounts and to withdraw euro coins from their accounts. Euro coin that is not accepted as original by the machine will be kept and authenticated by the machine.

CRMs may be used as a CIM or CCM if their detector systems, software and other components for the performance of their core functionalities are the same as the CRMs type listed on the ECB's website.

A CCM may be used as a CIM if their detector systems, software and other components for the performance of its core functionalities are the same as the CCMs type listed on the ECB's website

Table 2  
**Staff operated machines**

1.	Banknote processing machines (BPMs)	BPMs check euro banknotes for authenticity and fitness
2.	Banknote authentication machines (BAMs)	BAMs check euro banknotes for authenticity
3.	Teller assistant recycling machines (TARMs)	TARMs are cash recycling machines operated by cash handlers that check euro banknotes for authenticity and fitness. For withdrawals, TARMs may use genuine fit euro banknotes that have been deposited by other customers in previous transactions. In addition, they keep euro banknotes in safe custody and allow cash handlers to credit or debit the bank accounts of customers
4.	Teller assistant machines (TAMs)	TAMs are machines operated by cash handlers that check euro banknotes for authenticity. In addition, they keep euro banknotes in safe custody and allow cash handlers to credit or debit the bank accounts of customers
5.	Coin processing machines (CPMs)	CPMs check euro coin for authenticity and fitness.

Staff operated machines must process the banknotes in batches.

TARMs and TAMs may be used as customer-operated machines if the machine type has been tested and listed on the ECB's website as a CRM or CIM/CCM, respectively. In such a case, the machine must only be operated by cash handler's staff member.

### **3. Types of euro banknote handling machines**

The Eurosystem tests types of euro banknote handling machines. Types of euro banknote handling machines can be distinguished from each other through their specific detector systems, software or other components for the performance of their core functionalities. These are: (a) the authentication of genuine euro banknotes; (b) the detection and separation of euro banknotes suspected to be counterfeit; (c) the detection and separation of unfit euro banknotes from fit euro banknotes, if applicable; and (d) the tracing of objects identified as suspect counterfeit euro banknotes and of euro banknotes that are not clearly authenticated, if applicable.

### **4. Types of euro coin processing machines**

The European Commission tests types of euro coin processing machines. Types of euro coin processing machines can be distinguished from each other through their specific detector systems, software or other components for the performance of their core functionalities. These are: (a) the authentication of genuine euro coins; (b) the detection and separation of euro coins suspected to be counterfeit; (c) the detection and separation of unfit euro coins from fit euro coins, if applicable; and (d) the tracing of objects identified as suspect euro coins, if applicable

## ANNEX IIa

### **CLASSIFICATION AND TREATMENT OF EURO BANKNOTES BY CUSTOMER-OPERATED MACHINES**

Euro banknotes are classified into one of the following categories and are physically separated by category. Machines which do not check euro banknotes for fitness do not need to distinguish between categories 4a and 4b euro banknotes referred to in this Annex.

Table 1

#### **Classification and treatment of euro banknotes by customer-operated machines in which cash is deposited with customer tracing**

	Category	Properties	Treatment
1	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: <ul style="list-style-type: none"><li>- euro banknotes not supported by the machine,</li><li>- non-euro banknotes,</li><li>- euro banknote-like objects,</li><li>- wrong image or format,</li><li>- large folded corner(s) or missing part(s),</li><li>- feeding or transportation error of the machine,</li></ul>	Return by the machine to the customer
2	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance	Withdraw from circulation  To be handed over to the National Counterfeit Centre immediately for authentication, together with information related to the account holder, at the latest 3 working days after deposit in the machine.  Do not credit to the account holder
3	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine are recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes	Withdraw from circulation.  The euro banknotes are processed separately and handed over for authentication checking to the National Counterfeit Centre, at the latest 3 working days after deposit in the machine  Information on the account holder is stored for eight weeks after the euro banknotes have been detected by the machine. This information is made available on request to the competent national authorities. Alternatively, in agreement with the Central Bank, information allowing the traceability of the account holder can be handed over together with the euro banknotes to the Central Bank.

			May be credited to the account holder
4a	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be used for recirculation Credited to the account holder
4b	Euro banknotes that are identified as genuine and unfit	All authenticity checks carried out by the machine giving positive results. At least one fitness criterion checked giving a negative result	Cannot be used for recirculation and are returned to the Central Bank. Credited to the account holder

Specific rules regarding Table 1:

1. Category 2 and 3 euro banknotes are not returned to the customer by a machine if the machine allows the cancellation of a deposit transaction. Retaining such euro banknotes when a transaction is cancelled can be done by storing them in a temporary storage area in the machine.
2. Category 3 euro banknotes may not be physically separated from category 4a or 4b euro banknotes. If no physical separation takes place, the time limit for handling over the mixed category 3, 4a and 4b euro banknotes to the Central Bank and the requirements regarding customer tracing of the category 3 euro banknotes still apply.
3. Category 3 euro banknotes, also when mixed together with category 4a or 4b banknotes, may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine, whereby the traceability of the original category 3 banknotes to the original account holder needs to be maintained in case these banknotes are rejected by the second machine as euro banknotes that are not clearly authenticated.

Table 2  
**Classification and treatment of euro banknotes by cash-out machines (COMs)**

	Category	Properties	Treatment
1.	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: <ul style="list-style-type: none"> <li>- euro banknotes not supported by the machine,</li> <li>- non-euro banknotes,</li> <li>- euro banknote-like objects</li> <li>- wrong image or format,</li> <li>- large folded corner(s) or missing part(s),</li> <li>- feeding or transportation error of the machine</li> </ul>	Cannot be dispensed to customers

2.	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance.	Cannot be dispensed to customers  To be handed over for authentication to National Counterfeit Centre immediately, at the latest three working days after the detection by the machine together with information related to the account holder if available.
3.	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes.	Cannot be dispensed to customers  The euro banknotes are processed separately and handed over for authentication to the Central Bank immediately, at the latest 3 working days after deposit in the machine
4a	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be dispensed to customers
4b	Euro banknotes that are identified as genuine and unfit	All authenticity checks carried out by the machine giving positive results. At least one fitness criterion checked giving a negative result.	Cannot be dispensed to customers and are returned to the Central Bank

Specific rules regarding Table 2:

1. Category 1, 2 and 3 euro banknotes may not be physically separated. When mixed together, all three categories must be treated as category 2 euro banknotes. If category 1, 2 and 3 euro banknotes can be separated by using another banknote handling machine or, if agreed by the Central Bank, by trained staff members, they must be treated in accordance with Table 2.

2. Category 3 euro banknotes may not be physically separated from category 4a or 4b euro banknotes. If no physical separation takes place, the time limit for handing over the mixed category 3, 4a and 4b euro banknotes to the Central Bank as specified in category 3 still applies.

3. Category 3 euro banknotes, also when mixed together with category 4a or 4b banknotes, may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine.

**Table 3**

**Classification and treatment of euro banknotes by coin dispensing machines (CDMs)**

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CDMs must check the banknotes received for authenticity and retain those suspected to be counterfeits, but do not need to physically separate them by category.

Euro banknotes suspected to be counterfeits have to be handed over for authentication to the National Counterfeit Centre immediately, at the latest three working days after detection by the machine, together with information related to the account holder, if available.

Alternatively, the banknotes received by a CDM may be reprocessed on any successfully tested type of banknote handling machine and then treated as classified by this machine. The information related to the account holder of those pieces that have been classified as Category 2 or Category 3 during the reprocessing shall be maintained, if available.

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**ANNEX IIb**

**CLASSIFICATION AND TREATMENT OF EURO BANKNOTES BY STAFF-OPERATED MACHINES**

Euro banknotes are classified into one of the following categories set out in Table 1. Categories euro banknotes are to be physically separated from categories 1, 2 and 3 euro banknotes. Machines which do not check euro banknotes for fitness do not need to distinguish between categories 4a and 4b euro banknotes.

Table 1  
**Classification and treatment of euro banknotes by staff-operated machines**

	Category	Properties	Treatment
1.	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: <ul style="list-style-type: none"> <li>- euro banknotes not supported by the machine,</li> <li>- non-euro banknotes,</li> <li>- euro banknote-like objects,</li> <li>- wrong image or format,</li> <li>- large folded corner(s) or missing part(s),</li> <li>- feeding or transportation error of the machine.</li> </ul>	Return by the machine to the operator for further evaluation and treatment.  After visual evaluation by an employee these can be returned by the cash handler to the customer
2.	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance.	Return by the machine to the operator for further evaluation and treatment.  These are processed separately and handed over for final authentication to the National Counterfeit Centre immediately, at the latest 3 working days after processing by the machine.
3.	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine are recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes.	
4a.	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be used for recirculation.  Credited to the account holder
4b.	Euro banknotes that are identified as genuine and unfit	All authenticity and fitness checks carried out by the machine giving positive results. At least one fitness criterion checked giving a negative result	Cannot be used for recirculation and are returned to the Central Bank.  Credited to the account holder.

Specific rule regarding Table 1:

If euro banknotes in categories 2 and 3 can be physically separated by the machine itself or by another banknote handling machine, or, if the Central Bank agrees, by trained employees, then category 3 euro banknotes can be provided together with category 4b euro banknotes to the Central Bank. In such case the time limit for handing over category 2 euro banknotes to the National Counterfeit Centre and mixed category 3 and 4b euro banknotes to the Central Bank still apply as specified in the table.

### **Specific classification and sorting rules for some staff-operated machines**

1. BPMs classify and physically sort euro banknotes into categories 1, 2 and 3 one or more output stackers and euro banknotes of categories 4a and 4b into two separate output stackers as set out in Annex IIb, for which at least three dedicated output stackers are needed to avoid the intervention of the machine operator.
2. BPMs with only two dedicated output stackers may however classify and sort euro banknotes if the following requirements are fulfilled:
  - (a) The authenticity and fitness checks are conducted in the same pass. In this pass, category 4a euro banknotes must be sorted into one stationary output stacker, whereas euro banknotes of the other categories must be sorted into a separate stationary output stacker that does not have any physical contact with 4a category euro banknote.
  - (b) If a category 1, 2 or 3 euro banknote is identified as being present in the second output stacker, the operator must re-run the euro banknote(s) from the second output stacker. In this second pass, category 1, 2 and 3 euro banknotes must be separated from the category 4b euro banknotes by sorting the former into a dedicated output stacker and treated as specified in the table above. As the machine cannot physically separate category 1, 2 and 3 euro banknotes into different output stackers, they must all be considered and treated as category 2 euro banknotes.
3. BAMs classify and physically sort euro banknotes into categories 1, 2 and 3 into one output stacker and euro banknotes of categories 4a and 4b into a second output stacker, for which at least two dedicated output stackers are needed to avoid the intervention of the machine operator.
4. BAMs with only one dedicated output stacker may however classify and sort euro banknotes if the following requirements are fulfilled:
  - (a) Each time a category 1, 2 or 3 euro banknote is processed, the machine must stop the processing immediately and keep that euro banknote in a position that avoids any physical contact with authenticated euro banknotes.
  - (b) The result of the authenticity check must be indicated for any single euro banknote of category 1, 2 or 3 on a display. As the machine cannot physically separate category 1, 2 and 3 euro banknotes into different output stackers, they must all be considered and treated as category 2 euro banknotes.
  - (c) The machine must check for the presence of a category 1, 2 or 3 euro banknote when it stops processing, and processing can only be resumed after the physical removal of the category 1, 2 or 3 euro banknote by the operator.
  - (d) For each stop of the processing mode no more than one category 1, 2 or 3 euro banknote can be accessible to the operator.

## **ANNEX III**

### **MINIMUM STANDARDS FOR MANUAL FITNESS CHECKING OF EURO BANKNOTES**

This Annex lays down minimum standards for manual fitness checking of euro banknotes by trained employees.

In the course of the fitness checks, euro banknotes with any defect as set out in the table below, or with a clearly noticeable defect in one of the visible security features, are unfit. However, folded euro banknotes and euro banknotes with folded corners may be rectified by manual unfolding where possible. The fitness checks are carried out by a visual inspection of the individual euro banknotes and do not require the use of any tools.

#### **List of sorting criteria for manual fitness checking**

	Feature	Description
1.	Soil	Visually noticeable distribution of dirt across the euro banknote
2.	Stain	Visually noticeable localised concentration of dirt
3.	Graffiti	Visually noticeable added image or lettering written or marked in any manner on a euro banknote
4.	De-inked note	Visually noticeable lack of ink on part or whole of the euro banknote, e.g., a washed euro banknote
5.	Tear	Euro banknote with at least one tear at the edge
6.	Hole	Euro banknote with at least one visually noticeable hole
7.	Mutilation	Euro banknote with a part/parts missing along at least one edge (in contrast to holes), e.g., a missing corner
8.	Repair	Parts of one or more euro banknotes joined together by tape, glue or other means
9.	Crumples	Euro banknote with multiple random folds across it that strongly affect its visual appearance
10.	Limpness	Euro banknote with structural deterioration resulting in a marked lack of stiffness
11.	Fold	Euro banknote that is folded, including a euro banknote that cannot be unfolded
12.	Folded corner	Euro banknote with at least one clearly noticeable folded corner

## ANNEX IV

### DATA COLLECTION FROM CASH HANDLERS

#### 1. Objectives

The objectives of data collection are to enable the Central Bank and the ECB to monitor the relevant activities of cash handlers and to oversee developments in the cash cycle.

#### 2. General principles

2.1. Data on banknote handling machines are only reported when the machines are used to comply with this Decision. Coin dispensing machines (CDMs) are exempt from reporting obligations.

2.2. Cash handlers regularly provide the Central Bank with the following:

- information on establishments where cash is handled such as branch offices, and
- information on euro banknote handling machines, coin processing machines and cash dispensers.

2.3. In addition, cash handlers that recirculate euro banknotes and coins via euro banknote and coin handling machines and cash dispensers regularly provide the Central Bank with the following:

- information on the volume of cash operations (number of euro banknotes and coins processed) involving euro banknote and coin handling machines and cash dispensers,
- information on remote branches of credit institutions with a low level of cash operations where fitness checks are carried out manually.

#### 3. Type of data and reporting requirements

3.1. Depending on its nature, the data collected are divided into master data and operational data.

##### **Master data**

3.2. Master data cover information on: (a) the individual cash handlers and their banknote and coin handling machines and cash dispensers in operation; and (b) remote branches of credit institutions.

3.3. Master data are provided to the Central Bank as at the date of application of this Decision and every six months thereafter. The data specified in the template set out in Annex 1 must be provided, although the Central Bank may require them to be provided in a different format.

3.4. The Central Bank may, for monitoring reasons, to collect data at local level such as branches.

- 3.5. The Central Bank may require the cash handlers to indicate CRMs that are used as combined CCMs or CIMs respectively, and that CCMs that are used as CIMs.
- 3.6. Data on remote branches specified in the template set out in Appendix 3 must be provided, although the Central Bank may require them to be provided in a different format.

### **Operational data**

- 3.7. Data originating from the processing and recirculation of euro banknotes and coins by cash handlers are classified as operational data.
- 3.8. The Central Bank may decide to exclude other economic agents, as referred to in Article 6(1) of Council Regulation (EC) No 1338/2001 from the obligation to report operational data if the number of euro banknotes they recirculate via cash dispensers is below a threshold determined by the Central Bank.
- 3.9. Data are provided to the Central Bank on a six-monthly basis. The data are reported to the Central Bank at the latest two months after the relevant reporting period, i.e., end-February and end-August. Data are provided using the template set out in Appendix 2.
- 3.10. Data are provided by cash handlers which physically handle euro banknotes and coins. If a cash handler has outsourced the checking for authenticity and fitness to another cash handler, the data are provided by the designated cash handler.
- 3.11. Data are reported by cash handlers in terms of pieces (volume), aggregated at national level and broken down by euro banknote and coin denomination. A breakdown by banknote series is not required. For remote branches of credit institutions, operational data is reported separately.
- 3.12. The Central Bank may decide, for monitoring reasons, to collect the data also at business units.
- 3.13. Cash handlers which have outsourced authenticity and fitness checking to other cash handlers may be requested to provide detailed information to the Central Bank on the latter, including the outsourcing arrangements.
- 3.14. Data on remote branches specified in the template set out in Appendix 3 must be provided, although the Central Bank may require them to be provided in a different format and may agree with cash handlers to collect more extensive data.

## **4. Confidentiality and publication of data**

- 4.1 Both master data and operational data are treated as confidential.
- 4.2 The Central Bank may decide to publish reports or statistics using data acquired under this Annex. Any such publication is aggregated in such a way that no data can be attributed to single reporting entities.

APPENDIX 1  
**REPORTING TEMPLATE**

**Master data**

**The information shall be submitted to the Central Bank of Montenegro, Vault, National Centres.**

**1. Cash handler information**

Cash handler's name:

Headquarters address:

Postal code:

City:

Street:

Type of company:

- Credit institution
- Bureau de change
- Cash in transit company which is not a payment institution
- Trader
- Casino
- Other, including payment institutions where not already categorised as one of the above

Contact persons:

Names:

Telephone Nos:

Telefax Nos:

E-mail addresses:

Outsourcing partner (if relevant)

Name:

Address:

Zip/postal code:

City:

## 2. Customer-operated machines

Type	Identification number (*)	Manufacturer (*)	Machine name (*)	Identification (*) (detector system / software versions)	Total number in operation
CIMs					
CRMs					
CCMs					
COMs					

(\*) These entries are completed following the corresponding entries on the ECB website.

## 3. Staff-operated machines

Type	Identification number (*)	Manufacturer (*)	Machine name (*)	Identification (*) (detector system / software versions)	Total number In operation
BPMs					
BAMs					
TARMs					
TAMs					

(\*) These entries are completed following the corresponding entries on the ECB website and DG ECFIN.

## 4. Cash dispensers not included in the list of customer-operated machines

Type	Total number in operation
ATMs	
SCoTs	
Others	

APPENDIX 2

**REPORTING TEMPLATE**

**Operational data**

**1. Cash handler information**

Cash handler's name	
Reporting period	

**2. Data**

Please provide data aggregated at the national or regional level pursuant to the Decision of the Central Bank, excluding remote branches.

	Total number of euro banknotes processed	Euro banknotes sorted as unfit	Euro banknotes recirculated
EUR 5			
EUR 10			
EUR 20			
EUR 50			
EUR 100			
EUR 200			
EUR 500			

In the above table, the column with the heading “Total number of euro banknotes processed” needs to contain the total number of banknotes whose authenticity and fitness have been checked on banknote handling machines, i.e., cash-recycling machines (CRMs), cash-out machines (COMs), teller assistant recycling machines (TARMs) and banknote processing machines (BPMs), and combined cash-in and cash-out machines (CCMs) with optional fitness checking. The following banknotes are not included in this data: (a) banknotes whose authenticity and fitness check is carried out manually, e.g., over-the-counter operations or back-office operations; (b) banknotes that have been checked for authenticity but not for fitness on banknote handling machines, e.g., banknotes authenticated on cash-in machines (CIMs), CCMs (without optional fitness checking), teller assistant machines (TAMs) and banknote authentication machines (BAMs).

The column with the heading “Euro banknotes sorted as unfit” is a subset of the total number of euro banknotes processed and needs to contain the number of banknotes that have been classified as genuine and unfit (i.e., category 4b) by the machines. This data item relates to CRMs, COMs, TARMs and BPMs, and to CCMs with optional fitness checking.

The column with the heading “Euro banknotes recirculated” is a subset of the total number of euro banknotes processed and:

(a) for CRMs, COMs and TARMs, needs to contain the number of banknotes that have been classified as genuine and fit (i.e., category 4a) by the machines and dispensed to customers as provided by the machines’ statistics;

(b) for BPMs and CCMs with optional fitness checking, needs to contain the number of banknotes that have been classified as genuine and fit (i.e., category 4a) by the machines and that have not been returned to the NCB, but kept with the intention of recirculating the banknotes back into the cash cycle.

Number of euro banknotes distributed via customer operated machines and cash dispensers	
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If the Central Bank applies and exception for remote branches laid down in Article 13 paragraph 2 of this Decision, these data are mandatory for credit institutions. The credit institutions must consult the Central Bank to ascertain whether these data must be reported.

	Total number of euro coins processed	Euro coins sorted as unfit	Euro banknotes recirculated*
EUR 0.01			
EUR 0.02			
EUR 0.05			
EUR 0.10			
EUR 0.20			
EUR 0.50			
EUR 1			
EUR 2			

In the above table, the column with the heading “Total number of euro coins processed” needs to contain the total number of coins whose authenticity and fitness have been checked on coin processing machines, i.e., CPMs.

The column with the heading “Euro coins sorted as unfit” is a subset of the total number of euro coins processed and needs to contain the number of coins that have been classified as genuine and unfit by the CPMs.

The column with the heading “Euro coins recirculated” is a subset of the total number of euro coins processed that have been recirculated.

\*Where the Central Bank decides so, this does not include euro coins to be returned to the Central Bank.

## APPENDIX 3

### REMOTE BRANCHES OF CREDIT INSTITUTIONS

This information is provided only by credit institutions which have remote branches as referred to in Article 13 paragraph 2 of this Decision.

#### 1. Credit institution information

Credit institution's name	
Reporting period	

#### 2. Data

Name of remote branch	Address	Number of euro banknotes distributed via customer-operated machines and cash dispensers