

DECISION
ON AUTHENTICITY AND FITNESS CHECKING AND RECIRCULATION OF
EURO BANKNOTES AND COINS
(OGM 35/11 OF 21 July 2011, 61/18 of 14 September 2018)

I. BASIC PROVISIONS

Article 1

This Decision regulates the manner of authenticity and fitness checking of euro banknotes and coins, conditions and manner of recirculation of euro banknotes and the manner and procedure of replacement, withdrawal and destruction of unfit euro banknotes and coins.

Article 2

With a view to protecting the integrity of euro banknotes and coins, this Decision shall ensure the withdrawal from circulation of unfit euro banknotes and their replacement with new fit banknotes.

For the purpose of attaining objective under paragraph 1 above, authenticity and fitness checking of euro banknotes and coins shall be carried out in the manner set forth herein.

Article 3

Authenticity and fitness checking of euro banknotes shall determine fit, unfit, suspected and counterfeit euro banknotes and coins.

Fit euro banknotes and coins, within the meaning of this Decision, are euro banknotes and coins that have been checked for authenticity and fitness and classified as genuine and fit for recirculation.

Unfit euro banknotes, within the meaning of this Decision, are damaged and worn out euro banknotes and coins and original euro banknotes and coins with error and as such went in circulation, assessed as unsuitable for recirculation after authenticity testing in accordance with this decision.

Suspect and counterfeit euro banknotes and coins shall be defined by a special regulation governing handling suspect euro banknotes and coins.

Article 4

Reporting entities with regard to the authenticity and fitness checking of euro banknotes and coins shall be credit institutions and financial institutions and other entities providing services of processing and disbursement of euro banknotes and coins, authorised bureaux de exchange and any other entities engaged in processing and distribution of euro banknotes and coins to the public, including euro banknotes and coins transport companies, and other economic agents such as traders and casinos engaged on a secondary basis in the processing and distribution to the public of notes via automated teller machines (cash dispensers), within the limit of these secondary activities, as well as

the Central Bank of Montenegro in pursuing payment system operations (hereinafter: cash handlers).

Financial institution, within the meaning of paragraph 1 above, shall be legal persons providing financial services licensed and/or approved by the Central Bank for providing financial services.

Cash handlers, who entrust the processing, payment and disbursement of euro banknotes and coins by way of agreement to other legal person, shall ensure the implementation of this decision by legal person who has been entrusted with the service of processing, payment and disbursement of euro banknotes and coins.

II. AUTHENTICITY AND FITNESS CHECKING AND RECIRCULATION OF EURO BANKNOTES

Article 5

Cash handlers shall check euro banknotes for authenticity and fitness in the manner and in line with procedures laid down in this Decision.

Article 6

The authenticity and fitness checking of euro banknotes shall be carried out either by:

- 1) a type of euro note handling machine successfully tested by the Central Bank, or
- 2) manually by a trained staff member of the cash handler.

The Central Bank shall determine a list of successfully tested banknote handling machines and publish it on its web site.

The list under paragraph 2 above shall include only successfully tested types of banknote handling machines listed on the ECB's website.

The Central Bank shall not be held liable if a successfully tested type of banknote handling machine is unable to classify and treat euro banknotes in the manner specified herein.

Article 7

Euro banknote handling machines successfully tested by the Central Bank shall be classified into the following two categories:

- 1) customer-operated machines, and
- 2) staff-operated machines.

General technical requirements for the machines under paragraph 1 above and their classification shall be enclosed in Annex I, which is enclosed to this Decision and makes an integral part thereof.

Customer-operated machines and staff-operated machines may only be put into operation by cash handlers if they have been successfully tested by the Central Bank and listed on its web site.

The machines under paragraph 3 above shall be used only for the denominations and series of euro banknotes listed on the ECB's website for the corresponding machines, with the standard factory settings, including any updates thereof that have been

successfully tested unless stricter settings are agreed between the Central Bank and the cash handler.

Article 8

Euro banknotes checked by a customer-operated machine shall be classified and treated in accordance with Annex IIa, which is enclosed to this Decision and makes an integral part thereof.

Euro banknotes checked by a staff-operated machine shall be classified and treated in accordance with Annex IIb, which is enclosed to this Decision and makes an integral part thereof.

Euro banknotes that are not authenticated as genuine euro banknotes following classification carried out in accordance with Annex IIa or IIb herein or following manual authenticity checking by a trained staff member of the cash handler shall be acted upon by cash handler in accordance with regulation governing handling suspect euro banknotes.

Article 9

Manual authenticity and fitness checking of euro banknotes may be performed only by staff members of the cash handler who have passed organised training carried out by the National Analysis Centre and the Coin National Analysis Centre.

Article 10

Manual fitness checking shall be carried out in accordance with the minimum standards laid down in Annex III herein, which is enclosed to this Decision and makes an integral part thereof.

Automated fitness checking shall be carried out by a successfully tested banknote handling machine according to the minimum standards which are published on the ECB's website and amended from time to time.

The Central Bank of Montenegro may lay down stricter standards for one or more denominations or series of euro banknotes if this is justified (for example by a deterioration in the quality of the euro banknotes in circulation). These stricter standards shall be published on its website.

Unfit euro banknotes shall be handed over to the Central Bank.

Article 11

Euro banknotes which have not been processed during the procedure of authenticity checking may not be recirculated, but they will be forwarded to cash handler or Central Bank for processing for the purpose of carrying out the procedure of authenticity checking.

Article 12

Euro banknotes may only be recirculated via customer-operated machines or cash dispensers if they have been checked for authenticity and fitness by a type of banknote handling machine successfully tested and classified as genuine and fit.

The provisions of paragraph 1 above shall not apply to euro banknotes that have been delivered directly to a cash handler by the Central Bank or by another cash handler that has already checked the euro banknotes for authenticity and fitness in this manner.

Article 13

Euro banknotes which have been checked for authenticity and fitness by trained staff members of cash handler but not by a type of banknote handling machine may only be recirculated over the counter.

Notwithstanding paragraph 1 above, recirculation of euro banknotes which fitness and authenticity was checked manually by trained staff members via customer-operated machines or cash dispensers shall be allowed in remote business units of the cash handler with very low level of cash operations.

The Central Bank shall determine the volume of euro banknotes to be recirculated in accordance with the provisions of paragraph 2 above individually for each cash handler in the manner that does not exceed a maximum of 5 % of the overall volume of euro banknotes which are distributed annually via customer-operated machines or cash dispensers by cash handler in its entire business network.

Where an exceptional event occurs as a result of which the euro banknotes supply is significantly impaired, cash handlers' trained staff members may, on a temporary basis, and subject to the relevant Central Bank's agreement that the event is exceptional, carry out manual authenticity and fitness checking of euro banknotes to be recirculated via customer-operated machines or cash dispensers.

Article 14

In order to monitor the compliance of cash handlers with this Decision and to oversee developments in the cash cycle, the Central Bank shall collect information from cash handlers, also by electronic means, before banknote handling machine is put into operation and obtain information specified in Annex IV, which is enclosed to this Decision and makes an integral part thereof.

Article 15

The Central Bank may, without announcement, carry out on-site inspections at cash handlers' premises to monitor their banknote handling 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 and to verify the procedures governing the operation and control of the banknote handling machines, the treatment of checked euro banknotes and any manual authenticity and fitness checking.

The Central Bank is authorised to take samples of processed euro banknotes to check them at its own premises.

When the Central Bank detects non-compliance with the provisions of this Decision, it shall require the adoption by the cash handler of corrective measures within a specified time limit. Until the non-compliance is rectified, the Central Bank may prohibit the cash handler from recirculating the banknote denomination(s) concerned.

If the non-compliance is due to a failure of the type of banknote handling machine, the Central Bank may remove it from the list referred to in Article 6 paragraph 2 herein.

III. AUTHENTICITY AND FITNESS CHECKING AND RECIRCULATION OF EURO COINS

Article 16

Cash handlers shall ensure that euro coins which they have received and which they intend to put back into circulation are subject to an authenticity and fitness checking procedure.

Authenticity and fitness checking of euro coins means the process of verifying that euro coins are authentic and fit for circulation.

Article 17

Authenticity and fitness checking of euro coins shall be performed by:

- 1) coin-processing machines which have been successfully tested by the Central Bank; or
- 2) manually by cash handler's trained staff member.

The Central Bank shall determine the list of successfully tested coin-processing machines and publish it at its web site.

Coin-processing machines registered by the European Commission - Directorate-General for Economic and Financial Affairs (DG ECFIN)/ European Technical and Scientific Centre (ETSC) as successfully tested coin-processing machines may only be registered on the list under paragraph 2 above.

The Central Bank shall not be held liable if a successfully tested type of coin-processing machine is unable to classify and treat euro coins in accordance specified herein.

Article 18

Euro coins, which fitness and authenticity is checked in the manner specified in Article 17 herein, shall be recirculated.

Following authenticity checking, all suspected counterfeit coins and euro coins shall be submitted to the National Counterfeit Centre.

The Central Bank shall collect fee for treating euro coins unfit for circulation in cases and in the amount specified by special regulation.

Article 19

The Central Bank shall check submitted euro coins unfit for circulation as follows:

- the quantity declared shall be checked by weighing each bag or box;
- authenticity and visual appearance shall be checked on the basis of a sample of at least 10% of the submitted quantity.

In the event that anomalies following the checks referred to in paragraph 1 above are identified, the entire bag or box shall be checked.

Where the acceptance or processing of euro coins constitutes a health risk for handlers or a submission fails to meet packaging and labelling standards, the Central Bank may refuse to accept such coins.

Article 20

Cash handlers shall provide the Central Bank, on a six-month basis, with at least the following information:

- the types and number of coin-processing machines used;
- the location of each coin-processing machine; and
- the volume of coins processed per coin-processing machine, on a six-month basis and per denomination, for at least the three highest denominations.

Article 20a

The Central Bank may, without announcement, carry out on-site inspections at cash handlers' premises to monitor their euro coin-processing machines, in particular the machines' capacity to check for authenticity and fitness and to trace suspect counterfeit euro coins that are not clearly authenticated and to verify the procedures governing the operation and control of the euro coin-processing machines, the treatment of checked euro coins and any manual authenticity and fitness checking of euro coins.

The Central Bank is authorised to take samples of processed euro coins to check them at its own premises.

When the Central Bank detects non-compliance with the provisions of this Decision, it shall require from the cash handler to remove the irregularities disclosed within a specified time limit. Until the non-compliance is rectified, the Central Bank may prohibit the cash handler from recirculating the euro coins concerned.

If the non-compliance is due to a failure of the type of euro coin-processing machine, the Central Bank may remove it from the list referred to in Article 17 paragraph 2 herein.

IV. MACHINE TESTING

Article 21

Cash handlers shall, prior to the use of banknote handling machines and coin-processing machines, request the Central Bank to test them.

Article 22

The procedure of testing banknote handling machines and coin-processing machines by the Central Bank shall include, depending on the type of machine, verification of the manner of work of the machine during the control of quantity, authenticity and sorting of euro banknotes and coins.

The procedure of testing of banknote handling machines and coin-processing machines shall be performed by the Central Bank using palette of counterfeits, authenticated, fit and unfit euro banknotes and coins which it has at its disposal.

Article 23

The Central Bank shall carry out testing of banknote handling machines and coin-processing machines based on the requests submitted by cash handler or authorised representative or distributor of such machines for the territory of Montenegro.

In addition to the request under paragraph 1 above, cash handler or authorised representative or distributor of machines shall submit all relevant data with regard to banknote handling machines or coin-processing machines.

The Central Bank shall keep confidential data obtained under paragraph 2 above.

Article 24

Upon the testing procedure carried out, the Central Bank shall issue a receipt on the executed testing of the banknote handling machine or coin-processing machine.

The Central Bank shall issue the receipt for successful execution of testing of the euro banknote handling machine or euro coin-processing machine for period of one year.

Upon the expiry of the deadline set forth in paragraph 2 above, cash handlers shall supply the Central Bank with the request for retesting of the euro banknote handling machine or euro coin-processing machine.

The results of the successful testing of the euro banknote handling machine or euro coin-processing machine shall be in force for period that is shorter than that specified in paragraph 2 above when it is determined that these machines cannot detect all known counterfeits of euro banknotes or euro coins within the specified period.

Banknote handling machine or coin-processing machines which have not been retested successfully may not be further used.

Article 25

Upon each upgrade or update of hardware and/or software of the banknote handling machines or coin-processing machines which have been successfully tested, the producer or authorised representative shall provide the Central Bank with the request for retesting of the respective machines.

V. REPLACEMENT OF UNFIT EURO BANKNOTES AND COINS

Article 26

The Central Bank shall replace unfit euro banknotes when more than 50% of euro banknotes have been presented.

In the event when less than 50% of euro banknotes is presented, the Central Bank may replace unfit euro banknotes provided that the applicant proves that the missing parts have been destroyed and if the Central Bank replaces such banknotes with the correspondent foreign bank.

Article 27

For the purpose of replacing euro banknotes in the manner specified under Article 26 herein, the following is required:

- 1) the applicant provides an evidence of his identity and/or an evidence that he is authorised applicant;
- 2) where doubt exists as to the authenticity of the euro banknotes, the applicant shall provide origin of suspected euro banknotes together with an evidence on his identity;

- 3) where ink-stained, contaminated or impregnated genuine euro banknotes are presented, the applicant shall provide a written explanation as to the kind of stain, contamination or impregnation;
- 4) where the genuine euro banknotes have been damaged by anti-theft devices, the applicant shall provide a written statement on the cause of neutralisation;
- 5) where the genuine euro banknotes have been damaged by anti-theft devices in connection with an attempted or actual criminal activity, the banknotes shall be exchanged only at the request of the owner or otherwise authorised applicant who is the victim of the attempted or actual criminal activity leading to the damage to the banknotes. In the latter case, the documentation of validly terminated proceedings before the competent authorities should be submitted together with the request;
- 6) if euro banknotes have been damaged by anti-theft devices and presented by credit institutions, other entities providing services of processing and disbursement of euro banknotes and euro coins as their main activity, including entities performing transport and security of transport of euro banknotes (hereinafter: professional cash handlers) shall provide together with the request, a written statement on the cause of neutralisation, labels and technical specifications of the anti-theft devices to a person presenting damaged euro banknotes and the date of their presentation;
- 7) when euro banknotes have been damaged in bulk due to the activation of anti-theft devices, they must be presented in sets of 100 euro banknotes, if they meet such requirement;
- 8) where professional cash handlers present for the exchange, in one or more transactions, damaged genuine euro banknotes with a value of at least EUR 7 500, the documentation on the origin of the banknotes and identification of the customer or, where applicable, of the beneficial owner as defined in regulations governing prevention of money laundering, shall be provided by those cash handlers. This obligation shall also apply in the event of doubt regarding whether the threshold value of EUR 7 500 is reached.

The Central Bank may verify the fulfilment of the requirements referred to in paragraph 1 above also in cooperation with other competent authorities or other persons within and outside Montenegro.

Article 28

The Central Bank shall replace unfit euro coins which changed some of its features due to circulation, worn out, rust or physical impacts, and which can be determined with certainty that is genuine euro coin.

Article 29

The Central Bank shall bear replacement costs of unfit euro banknotes and coins. Exceptionally, the Central Bank shall collect fee for the replacement of unfit euro banknotes and coins in cases of:

- replacement of unfit euro banknotes by professional cash handlers if euro banknotes have been damaged by the incorrect use of anti-theft devices;

- treatment and replacement of unfit euro coins provided that more than one kilogram of unfit euro coins has been treated by denomination for each year, whereby the fee may increase if individual delivery of unfit euro coins contains euro coins treated by chemical or other harmful substances to the extent they can cause health risk, and that legal and natural persons cooperating closely or regularly with the Central Bank on the withdrawal from circulation of unfit and counterfeit euro coins may be exempted from paying the fee.

The Central Bank shall determine the amount of fee under paragraph 2 above by way of special regulation.

Article 30

When the Central Bank determines that damaged euro banknotes and coins cannot be replaced regularly after their checking, but their checking requires activities outside normal procedures and special costs, it shall inform the client thereof.

If it agrees, the client shall give written statement accepting the application of extraordinary procedures and replacement costs of euro banknotes and coins.

If the client does not agree with the application of the extraordinary procedures, the Central Bank shall keep euro banknotes and coins under paragraph 1 above.

Article 31

The Central Bank shall not replace unfit euro banknotes and coins in the events where:

- 1) doubt exists in the authenticity of euro banknotes or euro coins;
- 2) doubt exists that euro banknotes and euro coins originate from the criminal activity;
- 3) euro banknotes are presented for exchange where doubt exists that they have been damaged when anti-theft device is activated, and the requirements under Article 27 items 5) and 6) have not been met;
- 4) Euro banknotes and euro coins have been intentionally damaged (e.g. punctured coins) or they have been damaged with unwary intentions, and where an important loss in weight of euro coins exists, whereas euro banknotes with smaller damage (e.g. with notes, numbers or short sentences), as a rule, are not deemed intentionally damaged;
- 5) sufficient reason to believe exists that the damaged genuine euro banknotes are ink-stained such that they pose a risk to health and safety, only in the event the applicant can provide a health and safety assessment by the competent authorities;
- 6) several euro banknotes have the same or very similar damages presented for replacement by one or several applicants;
- 7) applicant cannot prove identity, beneficial ownership or origin of money, whose replacements is required in accordance with Article 27 herein;
- 8) large bulk of euro banknotes and euro coins exists where doubt exists that are exported outside Montenegro.

In the events under paragraph 1 above, the Central bank shall keep unfit euro banknotes and coins as evidence with the statement of receipt and it shall submit it to

competent authorities for further procedure, whereas those euro banknotes and coins may be replaced if competent authorities determine that the doubt was ungrounded.

Article 32

Deleted. (Decision amending the Decision on authenticity and fitness checking and recirculation of euro banknotes and coins, OGM 61/18)

VI. WITHDRAWAL AND DESTRUCTION OF UNFIT EURO BANKNOTES AND COINS

Article 33

The Central Bank shall withdraw from circulation euro banknotes and coins unfit for circulation.

Unfit euro banknotes and coins shall not be put back into circulation but they must be destroyed.

The destruction of unfit euro banknotes and coins, within the meaning of this Decision, shall be the return of such euro banknotes and coins to foreign correspondent banks.

VII. HANDLING OF SUSPECT EURO BANKNOTES AND COINS

Article 34

Euro banknotes and coins which have not been verified as genuine during authenticity and fitness checking in accordance with the provisions herein, shall be deemed suspect euro banknotes and coins.

Cash handlers shall immediately withdraw suspect euro banknotes and coins from circulation and submit them to the National Counterfeit Centre.

Suspect euro banknotes and coins shall be handled in accordance with the regulations governing handling suspect euro banknotes and coins.

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 35

The provisions of Articles 5 through 25 herein shall apply from 1 January 2013.

Until the application of the provisions of Articles 5 through 25 herein, fitness and authenticity checking of euro banknotes and coins shall be made as follows:

- 1) Euro banknotes checking shall be made:
 - by machines that can recognise security characteristics contained by euro banknotes;
 - by feeling the “raised” print for the purpose of determining the quality of paper and its embossing (in the part of the signs of the European Central Bank, central motive and numerical sign in the left lower corner of front and reverse side of euro note);
 - by looking at the watermark, the security thread and the see-through register – matching detail;

- by tilting the banknote: on the front of the banknote to check the hologram foil stripe (on the banknotes of 5, 10 and 20 euros) or the brilliance of the iridescent stripe on the reverse side;
 - by tilting the banknote: on the front of the banknote to check the hologram foil patch (on the banknotes of 50, 100, 200 and 500 euros) or the colour-shifting ink on the reverse side;
 - by checking several protection characteristics (e.g. positive and negative micro print, ruptures on hologram foil or hologram, brilliance of iridescent stripes and colours on UV lights);
 - by applying accordingly minimum standards for manual authenticity checking of euro banknotes as set forth in Annex IIIb herein;
- 2) Euro coins checking shall be made:
- by machines that can recognise security characteristics contained by euro coins;
 - by visual control of relief design, sharpness of contrast on euro coins, margins and precision of its processing, colour and biasing, if cash handler does not have machine referred to in indent 1 above.

Article 36

Cash handlers shall bring their operations into compliance with the provisions of Articles 5 through 20 herein until 31 December 2012.

For the purpose of bringing their operations into compliance with the provisions of Articles 5 through 20 herein, cash handlers shall pass Business Plan for the implementation of the Decision on fitness and authenticity checking and recirculation of euro banknotes and coins (hereinafter the Business Plan) and submit it to the Central Bank no later than within six months following the day this Decision enters into force.

Article 37

Business Plan shall include in particular the following:

- 1) list of business units handling cash;
- 2) volume of euro banknotes and coins processing anticipated for recirculation to clients during one year period by business units, in accordance with this decision;
- 3) organisation of the processing of anticipated volume of euro banknotes and coins and passing of procedures for processing, in accordance with this decision;
- 4) current condition of number and types of banknote handling machines and coin-processing machines installed and the distribution of the machines installed by locations;
- 5) plan and dynamics of procurement and instalment of machines by locations in preparation period;
- 6) overall planned capacity of all banknote handling machines and coin-processing machines installed after expiry of preparatory period (the capacity of machines installed increased by the capacity of machines planned to be installed by end of preparatory period), broken down by each type of machine;

7) list of business units where, exceptionally, manual fitness and authenticity checking will be performed in accordance with the conditions specified hereof and anticipated amount of small transactions per day.

If the Central bank establishes that the submitted Business Plan does not contain all data under paragraph 1 above, or if data are not compliant with this decision, cash handler shall, upon Central Bank's request, make additional elaboration of the submitted data.

Cash handler shall inform the Central Bank in writing every three months on the realisation of the Business Plan.

The Central Bank shall keep confidential data obtained under this Article.

Article 38

In period from the day this decision enters into force until deadline specified in Article 35 paragraph 1 herein, cash handlers shall apply this decision to the extent possible in accordance with the dynamics of the implementation of this decision presented in the Business Plan.

Article 39

The Decision on replacement of damaged banknotes and coins (OGRM 44/03) shall be repealed as of the day of entry into force of this Decision.

Article 40

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

NOTE:

The unofficially consolidated version of the Decision does not contain provisions of Articles 14 and 15 of the Decision amending the Decision on authenticity and fitness checking and recirculation of euro banknotes and coins (OGM 61/18), which are worded as follows:

“Article 14

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

Article 15

Cash handlers that have not submitted request for testing of the euro banknotes handling machines as of the day this decision enters into force (machines referred to in Annex 1 – Table 1 and Table 2) and euro coin processing machines, shall submit their request no later than six months as of the day this decision enters into force.”

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

ANNEX I

EURO BANKNOTE HANDLING 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. Banknote handling machines need to have the required number of dedicated output stackers and/or other means 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 the setting up of more or less restrictive fitness sorting standards, if applicable.

2. Categories of banknote handling machines

Banknote 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. Other customer-operated machines where cash is deposited with customer tracing		
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)

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

A CCM may be used as a CIM if the detector systems, software and other components for the performance of its core functionalities are the same as the CCM type listed on the Central Bank’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

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 Central Bank’s website as a CRM or CIM/CCM, respectively. In this case, a TARM is to be considered as a CRM and a TAM is to be considered as a CIM/CCM.

3. Types of banknote handling machines

The Central Bank 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.

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 herein.

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">- euro banknotes not supported by the machine,- non-euro banknotes,- euro banknote-like objects,- wrong image or format,- large folded corner(s) or missing part(s),- feeding or transportation error of the machine,	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 competent national authorities, information allowing the traceability of the account holder

			can be handed over together with the euro banknotes to those authorities 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. Categories 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 4b euro banknotes. In such case the timeframe for handing over the mixed category 3 and 4b euro banknotes to the Central Bank – National Counterfeit Centre and the requirements for the customer tracing of the category 3 euro banknotes as specified for category 3 still apply.

Table 2
Classification and treatment of euro banknotes by other customer-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"> - euro banknotes not supported by the machine, - non-euro banknotes, - euro banknote-like objects - wrong image or format, - large folded corner(s) or missing part(s), - feeding or transportation error of the machine 	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, together with information related to the account holder if available, at the latest 3 working days after deposit in the machine.
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 National Counterfeit Centre 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.	Withdraw from circulation 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. Mixed, all three categories must be treated as category 2 euro banknotes. If category 1, 2 and 3 euro banknotes can be separated on 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 4b euro banknotes. In such case the timeframe for handing over the mixed category 3 and 4b euro banknotes to the Central Bank – National Counterfeit Centre as specified in category 3 still applies.

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"> - euro banknotes not supported by the machine, - non-euro banknotes, - euro banknote-like objects, - wrong image or format, - large folded corner(s) or missing part(s), - feeding or transportation error of the machine. 	Return by the machine to the operator for further evaluation and treatment. After visual evaluation by a staff member 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 staff members, 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 category 2 euro banknotes 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 staff members.

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 relevant international institutions 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.

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 banknote handling machines and cash dispensers.

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

- information on the volume of cash operations (number of euro banknotes processed) involving banknote handling machines and cash dispensers,
- information on remote branches of credit and financial 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 handling machines and cash dispensers in operation; and (b) remote branches of credit and financial institutions.

3.3. Master data are provided to the Central Bank at the date of application of this Decision and every six months thereafter. The data specified in the template set out in Appendix 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 business units, (e.g. branch offices).

3.5. The Central Bank may decide to exclude from the scope of the reporting requirements euro banknote handling machines only used to process euro banknotes distributed over the counter or that are not used for recirculation. The Central Bank may require the cash handlers to indicate CRMs and CCMs which are used respectively as CCMs/CIMs or 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 by cash handlers are classified as operational data.
- 3.8. The Central Bank may decide to exclude some cash handlers 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. 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 denomination. A breakdown by banknote series is not required. For remote branches of credit and financial 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. The Central Bank may decide to exclude from the scope of the reporting requirements euro banknotes that are processed on euro banknote handling machines and distributed over the counter.
- 3.14. 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.
- 3.15. 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

1. Cash handler information

Cash handler's name:

Headquarters address:

Postal code:

City:

Street:

Type of company:

- Credit institution
- Financial institution
- Bureaux de change
- Cash in transit company which is not a payment institution
- Trader (retailer)
- 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 Central Bank's 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 Central Bank's website.

4. Cash dispensers

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 national level, excluding remote branches.

	Total number of euro banknotes processed ⁽¹⁾	Of which sorted as unfit ⁽¹⁾	Of which recirculated ⁽²⁾
EUR 5			
EUR 10			
EUR 20			
EUR 50			
EUR 100			
EUR 200			
EUR 500			

(1) This item covers both staff-operated and customer-operated machines.

(2) Euro banknotes that are returned to Central Bank, and euro banknotes recirculated over the counter, if the Central Bank so decides, are excluded.

Number of euro banknotes distributed via customer operated machines and cash dispensers	
---	--

If the Central Bank applies an exception for remote branches laid down in Article 13 paragraph 2 herein, these data are mandatory for credit institutions. The credit institutions must consult the Central Bank to ascertain whether these data must be reported.

APPENDIX 3

REMOTE BRANCHES OF CREDIT INSTITUTIONS AND FINANCIAL INSTITUTIONS

This information is provided only by credit institutions and financial institutions which have remote branches as referred to in Article 13 paragraph 2 herein.

1. Credit institution and/or financial institution information

Credit and/or financial institution's name	
Reporting period	

2. Data

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

