

Decree No 12/2011 (IX. 6.)

of the Governor of the MNB

on the processing and distribution of coins, and on technical tasks relating to the protection of coins against counterfeiting

Having regard to the authorisation by Article 60 (1) *e*) together with Article 60 (2) *b*) and *c*) of Act LVIII of 2001 on the Magyar Nemzeti Bank (hereinafter referred to as 'MNB Act'), and acting within my scope of duty laid down in Article 4 (2) of the MNB Act, I hereby decree the following:

1. Scope

Article 1 This Decree shall apply to the processing and distribution of:

a) forint coins, issued by the MNB, which are in circulation and forint coins withdrawn but remaining exchangeable for legal tender (hereinafter: forint coins); and

b) with regard to Article 3 (1), Article 3 (2) *b*) and *c*), Article 3 (2) *d*) *db*) and *dc*), Article 5 and Articles 6-9 (in issues not regulated by Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (hereinafter referred to as 'Council Regulation')), foreign coins, issued by foreign institutions authorised to issue cash, which are in circulation, and foreign coins withdrawn but remaining exchangeable for legal tender (hereinafter: foreign coins) [hereinafter the coins under points *a*) and *b*) collectively referred to as 'coins'] as well as to their protection against counterfeiting.

2. Definitions

Article 2 For the purposes of this Decree the following definitions shall apply:

1. *exchange deadline*: the date determined taking account of the deadlines in an MNB announcement published before 1 May 2004 (hereinafter referred to as 'MNB announcement') or in accordance with the deadlines set forth in Article 31 (3) of the MNB Act, and the deadline determined by a legal act or an official announcement of foreign institutions authorised to issue cash, until the coins withdrawn from circulation can be exchanged for legal tender;

2. *withdrawal deadline*: the date determined by an MNB announcement or by an MNB decree and the deadline determined by a legal act or an official announcement of foreign institutions authorised to issue cash, upon which the withdrawn coins lose their legal tender status;

3. *coin recirculation*: within the framework of cash distribution:

a) dispensing coins,

b) coin delivery,

c) coin transfer;

4. *coin processing and sorting machine*: coin handling machines, operated by cash processing providers and cash distributors to check the authenticity and fitness of coins, without the intervention of the machine operator;

5. *coin withdrawn from circulation*: coin no longer accepted as legal tender as prescribed in an MNB announcement or an MNB decree, or in a legal act or in an official announcement of foreign institutions authorised to issue cash;

6. *fit coins*: genuine legal tender, covering:

a) forint coins, identified as fit for recirculation according to the sorting criteria defined in Annex 1,

b) foreign coins, identified as fit for recirculation according to the sorting criteria of the issuer;

7. *unfit coins*:

a) genuine coins withdrawn from circulation;

b) genuine legal tender, covering:

ba) forint coins, identified as unfit for recirculation according to the sorting criteria defined in Annex 1,

bb) foreign coins, identified as unfit for recirculation according to the sorting criteria of the issuer;

8. *counterfeit coins*: counterfeits prepared using the technical specifications (e.g. material, dimension, weight) or denomination of the genuine coins and/or prepared by the imitation or modification of the image of genuine coins, with an intention of fraud;

9. *suspicious coins*: coins - legal tender or withdrawn from circulation - which are subject to any well-founded professional doubt as to their authenticity relying on the results of an authenticity check conducted under Article 4 (1) and (2) and Article 5 by cash processing providers or cash distributors;

10. *cash distribution*:

a) the following banknote operations

aa) dispensing and depositing banknotes carried out at the counter of the cash distributor,

ab) banknotes transfer by cash processing providers following the cash processing activity, in line with the client's instructions, including the filling of the equipment that is physically suitable for dispensing and depositing banknotes,

ac) banknotes trade among cash distributors,

ad) dispensing and depositing banknotes through physically enabled equipment,

ae) denomination exchange of fit forint banknotes as well as unfit forint banknotes qualifying as legal tender,

af) exchanging forint banknotes withdrawn from circulation as well as difficult-to-recognise and damaged forint banknotes;

b) the following coin operations

ba) dispensing and depositing coins carried out at the counter of the cash distributor,

bb) coin transfer by cash processing providers following the cash processing activity, in line with the client's instructions, including the filling of the equipment that is physically suitable for dispensing and depositing coins,

bc) coin trade among cash distributors,

bd) dispensing and depositing coins through physically enabled equipment,

be) denomination exchange of fit forint coins as well as unfit forint coins qualifying as legal tender,

bf) exchanging forint coins withdrawn from circulation as well as difficult-to-recognise and damaged forint coins;

11. *cash processing*: an activity defined in point 1.8 of Annex 2 of Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter referred to as 'Credit Institutions Act');

12. *cash processing providers*: institutions authorised to carry out cash processing activities in accordance with Article 3 (2) c) of the Credit Institutions Act;

13. *cash distributors*:

a) credit institutions specified in Article 5 (1) of the Credit Institutions Act, including Hungarian branches of credit institutions registered abroad (hereinafter together: credit institutions),

b) payment institutions specified in Article 6/A (1) of the Credit Institutions Act,

c) institutions mediating currency exchange activities in accordance with Article 3 (2) a) of the Credit Institutions Act;

d) general postal service provider operating the Postal Settlement System specified in Article 3 (38) of Act CI of 2003 on the Post (hereinafter: postal service), and

e) postal service providers carrying out international postal money order services specified in Article 4 (1) d) of Act CI of 2003 on the Post;

14. *legal tender*: coins defined in Article 4 (2) of the MNB Act and defined as such in a legal act or in an official announcement of a foreign institution authorised to issue cash;

15. *customer*: natural or legal person, or other entities without legal personality using the services of the cash processing providers or cash distributors within the framework of cash distribution.

3. Provisions on coin distribution

Article 3 (1) With the exception of the provisions in (2), cash processing providers and cash distributors shall be allowed to recirculate coins after having them checked for authenticity and fitness completely or through sampling and found them to be genuine and fit for circulation.

(2) The authenticity and fitness check does not have to be repeated

a) with regard to forint coins taken over from the MNB,

b) with regard to euro coins received from national central banks of Member States that have adopted the euro as legal tender,

c) with regard to foreign coins not regulated in b) and taken over from foreign institutions authorised to issue cash, and

d) with regard to coins taken over from other cash processing providers and cash distributors when the authenticity and fitness check has been performed in a certified way by any cash processing provider or cash distributor in accordance with the provisions listed below

da) Article 4 for forint coins,

db) Article 5 for euro coins,

dc) Article 5 (2) and (3) in the case of foreign coins not regulated in db).

Article 4 (1) Forint coins shall be checked for authenticity and fitness by coin handling machines or manually.

(2) The authenticity check of forint coins shall be performed under the provisions laid down in the relevant MNB announcement, MNB decree, or MNB publication containing the description of the given denomination, and their fitness check shall be performed in accordance with the criteria set out in *Annex 1*.

(3) Complete testing of authenticity and fitness for circulation shall be carried out on all fifty-forint coins and higher denominations.

(4) For coins of a denomination below fifty forints, the authenticity and fitness for circulation can be tested on a sample, provided that a minimum of 10% of coins of a given denomination, handled by the cash distributors or cash processing providers during a year, shall be checked for authenticity and fitness for circulation.

Article 5 (1) The authenticity check of euro coins shall be carried out in accordance with Article 6 of the Council Regulation.

(2) The authenticity and fitness check of foreign coins not regulated in (1) and the fitness check of euro coins shall be carried out by coin handling machines or manually.

(3) As regards foreign coins, the checks referred to in paragraphs (1) and (2) shall be conducted with due regard to the issuer's sorting standards, complying with a mere description in the relevant legal act or official announcement, or relying on the coins' description contained in publications prepared by a specialised information providing organisation.

4. Provisions on handling suspicious coins

Article 6 (1) With the exception set out in paragraph (2), natural and legal persons and other entities without legal personality shall, in the event of the slightest doubt as to the authenticity of any coins, forthwith deliver or send the coins in question to the credit institution, the postal service or the MNB for the purposes of examination. Credit institutions and the postal service are required to accept such coins, check their authenticity, and send the coins they deem suspicious to the MNB together with the report of receipt within 20 working days following the date of receipt.

(2) Cash processing providers and cash distributors shall deliver or send to the MNB any coins deemed suspicious according to the results of authenticity and fitness checks, together with the report of receipt, within 20 working days following the date of finding.

(3) The contents of the report referred to in paragraphs (1) and (2) are contained in *Annex 2*.

Article 7 (1) The examination of suspicious coins is carried out by the MNB.

(2) Compensation for the countervalue of any coins found counterfeit by the MNB examination may not be requested either from the cash processing provider or cash distributor that found it or forwarded it for examination or from the MNB.

(3) The MNB shall notify the party that requested the examination, or his agent that contacted the MNB about the result of the examination, and shall credit the value of forint coins found genuine by the examination, or return the genuine foreign coins - with the examination report attached - to the party requesting the examination or his agent.

(4) Counterfeit coins are safeguarded and handled by the MNB, in the absence of any EU legal acts or national regulation to the contrary.

(5) With a view to the prevention and combating of counterfeiting, the MNB shall collaborate with law enforcement agencies, and shall supply them with information relating to counterfeiting in

accordance with Act LXIII of 1992 on the Protection of Personal Data and Access to Information of Public Interest and with Article 31/A (1) of the MNB Act.

Article 8 (1) Cash processing providers shall handle the value of genuine forint coins returned according to Article 7 (3), as well as genuine foreign coins, as laid down in the relevant agreement, or - failing such agreement - within the deadline as specified under paragraph (2), and deliver or send them to, or settle the accounts with their clients.

(2) Cash distributors shall handle the value of genuine forint coins returned according to Article 7 (3), as well as genuine foreign coins, and shall deliver or send them to, or settle the accounts with the depositor (holder) within 10 working days from their receipt.

(3) In the case of coins found counterfeit by the MNB's examination, the cash processing provider or cash distributor shall notify the depositor (holder) of such coins about the result of the MNB's examination within 10 working days from the receipt of the notification about the result.

(4) Credit institutions and the postal service shall deem the coins as unfit received under Article 6 (1) and identified by them as genuine, and shall credit the value of such coins to or settle accounts with the depositor (holder) within 10 working days upon conclusion of the examination.

5. Technical tasks of the MNB relating to the protection of euro coins against counterfeiting

Article 9 In connection with the protection of euro coins against counterfeiting, the MNB shall perform:

- a) tasks of the National Counterfeit Centre defined in the ECB Decision ECB/2001/11 of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS),
- b) tasks defined in Article 3 (1) of the Council Regulation relating to euro coins, and
- c) tasks of the Coin National Analysis Centre defined in Article 5 (1)-(3) of the Council Regulation.

6. Provisions on the denomination exchange of fit forint coins as well as unfit forint coins qualifying as legal tender

Article 10 (1) Credit institutions and the postal service shall exchange on one occasion maximum 50 pieces of fit forint coins and unfit forint coins qualifying as legal tender to different denominations of fit forint coins or forint banknotes.

(2) Credit institutions and the postal service shall not be required to accept for denomination exchange intentionally mutilated (e.g. cut into half, perforated or turned) forint coins, nor any forint coins whose authenticity or face value cannot clearly be determined. Credit institutions and the postal service are required to check the authenticity of not clearly authenticated coins, and deliver or send the coins they deem suspicious to the MNB according to Article 6 (2).

Article 11 (1) Credit institutions and the postal service shall be entitled to charge a fee for the denomination exchange referred to in Article 10 with the condition that a fee may be applied not to exceed 10% of the face value of the exchanged forint coins, including any other charges applied in connection with the exchange.

(2) Credit institutions and the postal service may request a payment account to be kept at them and/or any other services to be requisitioned from them to carry out the denomination exchange referred to in Article 10.

(3) Credit institutions and the postal service may limit the number of their branches assigned to carry out the denomination exchange referred to in Article 10. However, credit institutions and the postal service with branches in Budapest and in the various counties shall assign at least one branch in Budapest and in the given county - preferably in the county seats - to actually engage in carrying out the denomination exchange referred to in Article 10.

Article 12 (1) Credit institutions and the postal service are required to make public the conditions and fees relating to the use by customers of the denomination exchange services referred to in Article 10 in a clearly visible place of their branches that are actually providing such services.

(2) Credit institutions and the postal service are required to post a notice in a clearly visible place of their branches that are not engaged in the denomination exchange referred to in Article 10 indicating the address of the nearest branch where the denomination exchange is actually performed as well as the information determined in (1).

(3) Credit institutions and the postal service are required to publish on their websites - if such website exists - in a permanently and easily accessible way the list of their branches actually performing the denomination exchange referred to in Article 10 as well as the information determined in (1).

7. Special provisions relating to cash processing providers

Article 13 Cash processing providers shall adopt the internal regulation referred to in Article 19/B f) of the Credit Institutions Act in accordance with the provisions of this Decree.

8. Closing provisions

Article 14 This Decree shall enter into force on the first day of the second month following its announcement.

Article 15 (1) Article 9 a) of this Decree - together with Article 31/A (1) of the MNB Act and Article 17 a) of MNB Decree 11/2011 (IX. 6.) on the processing and distribution of banknotes, and on technical tasks relating to the protection of banknotes against counterfeiting - serves the purpose of compliance with the ECB Decision ECB/2001/11 of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS).

(2) Article 3 (1), Article 3 (2) b), Article 3 (2) d) db), Article 5 (1) and (3), Articles 6-8 as well as Article 9 b) and c) of this Decree - together with Article 29-29/D and Article 31/A (2)-(4) of the MNB Act as well as Article 3 (1), Article 3 (2) b), Article 3 (2) d) db), Article 3 (4), Article 7, Articles 14-16 as well as Article 17 b) and c) of MNB Decree No 11/2011 (IX. 6.) on the processing and distribution of banknotes, and on technical tasks relating to the protection of banknotes against counterfeiting - set out the provisions necessary for the implementation of

1. Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down the measures necessary for the protection of the euro against counterfeiting as amended by Council Regulation (EC) No 44/2009,

2. Council Regulation (EC) No 1339/2001 of 28 June 2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency as amended by Council Regulation (EC) No 45/2009.

Article 16 The preliminary consultation of this draft Decree pursuant to the first, second and third indents of Article 2 (1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions has been performed.

Article 17 MNB Decree No 3/2009. (I. 23.) on the processing and distribution of coins, and on technical tasks relating to the protection of coins against counterfeiting shall be repealed.

Annex 1 to MNB Decree No 12/2011 (IX. 6.)**Detailed criteria for the fitness check of forint coins**

1. Forint coins
 - a) free of mechanical defects,
 - b) where the condition of the external surface of the coin enables the identification of the denomination and the design shall be fit for recirculation.

2. Forint coins
 - a) difficult to recognise, or
 - b) that are damaged shall be unfit for recirculation.

3. Forint coins difficult to recognise shall include forint coins that are tarnished, significantly discoloured or where the condition of the external surface no longer enables the identification of the denomination or the design (e.g. corroded forint coin).

4. Damaged forint coins shall include coins having lost their original shape.

Annex 2 to MNB Decree No 12/2011 (IX. 6.)**Contents of the report on coins suspected of being counterfeit or falsified**

1. Suspicious coin reports shall contain the following information, subject to the exceptions set out in points 2-3:
 - a) particulars of the coin (currency type, denomination, year of issue, quantity);
 - b) particulars of the depositor (holder) of the coin (for natural persons: surname and forename, home address, description and number of identification document, for legal persons and other entities without legal personality: name of the legal person or other entity without legal personality, registered address, particulars of authorised representative as per this item);
 - c) place and time of detection of the coin;
 - d) brief description of the circumstances of detection;
 - e) depositor's (holder's) statement as to its origin;
 - f) depositor's (holder's) signature;
 - g) address of the reporting cash processing provider or cash distributor;
 - h) place and date of the report, signature of the persons drafting it; and
 - i) number of the report.

2. Cash processing providers shall draw up the report referred to in point 1, subject to the exception that they are not required to indicate the data mentioned under points e) and f), and as regards point b) they are to indicate the particulars of their clients and the client's premises affected.

3. If the depositor (holder) of the coins refuses to supply the information under point 1 in full when so requested, it shall be duly indicated in the report.