

Decree No. 13/2005 (VI. 27.) of the Governor of MNB

on technical tasks and other duties relating to the protection of Hungarian and foreign legal tenders against counterfeiting

Having regard to the authorisation by Article 60 (1) (e) of Act LVIII of 2001 on Magyar Nemzeti Bank (hereinafter: MNB Act), I hereby decree the following:

Scope

Article 1

(1) This Decree shall apply to

- a) institutions entitled to carry out cash processing activities (hereinafter: cash in transit companies) in accordance with Article 3 (2) c) of Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter: Credit Institutions Act);
- b) institutions carrying out cash transfer services in accordance with Article 3 (1) m) of Credit Institutions Act;
- c) bureaux de change in accordance with Article 3 (2) a) of Credit Institutions Act;
- d) credit institutions, in accordance with Article 5 (1) of the Credit Institutions Act, operating a counter to perform cash receiving and cash dispensing, as well as exchange of denominations, but not qualifying as cash in transit companies or bureaux de change, including the Hungarian branches of credit institutions seated outside the European Economic Area;
- e) institutions providing postal cash transfer, postal payment intermediary and postal money order services in accordance with Article 4 (1) d) of Act CI of 2003 on the post office (hereinafter: the institutions under points b)-e): cash distributing institutions).
- f) Magyar Nemzeti Bank (hereinafter: MNB) with regard to Articles 4, 8, 9 (1) (4) and 10 of this Decree.
- g) Natural persons and legal entities, furthermore other organisations not qualifying as legal entities, other than those set forth in points a)-f), with regard to Articles 6, 7 and 8 (2) of this Decree.

Field of application of the Decree

Article 2

This Decree shall apply to

- a) forint banknotes and coins, issued by MNB, which are in circulation and forint banknotes and coins withdrawn but still redeemable into legal tender (hereinafter: forint banknote and coin); and

- b) foreign banknotes and coins, issued by foreign institutions entitled to issue cash, which are in circulation, and foreign banknotes and coins withdrawn but still redeemable into legal tender (hereinafter: foreign banknote and coin);

banknotes and coins covered in points a) and b) together hereinafter: banknote and coin.

Definitions

Article 3

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

- a) exchange deadline: the deadline determined by an MNB announcement published before 1 May 2004 (hereinafter: MNB announcement) or – in line with the deadline set by Article 31 (3) of MNB Act – by MNB decree published after 1 May 2004 (hereinafter: MNB decree), and the deadline determined by a legal act or an official announcement of an foreign institution entitled to issue cash, until the banknote and coin withdrawn from circulation can be exchanged into legal tender either at the counters of MNB or at the counters of a foreign institution entitled to issue cash;
- b) date of withdrawal: 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 a foreign institution entitled to issue cash, on which the withdrawn banknote and coin lose their legal tender status;
- c) banknote and coin withdrawn from circulation: banknote and coin determined so by an MNB announcement or by an MNB decree and by an official announcement of an foreign institution entitled to issue cash, which are not qualified any more as a legal tender;
- d) banknote and coin withdrawn but still redeemable into legal tender: banknote and coin which are redeemable into legal tender in the period from the exchange deadline to the date of withdrawal;
- e) legal tender: banknote and coin defined in Article 4 (2) of MNB Act and defined as such in a legal act or in an official announcement of a foreign institution entitled to issue cash.

Requirements for the authenticity check of banknote and coin

Article 4

- (1) The authenticity check of forint banknote and coin shall be performed with regard to the contents of MNB decree or MNB announcement on the issue of the given denomination, or the MNB publication containing the description of the given denomination (hereinafter: MNB publication).
- (2) Detailed criteria for the authenticity check of forint banknotes and coins are contained in Annex 1 to this Decree whereas the key security features of denominations of forint banknotes are provided in Annex 2 of this Decree.

- (3) The authenticity check of foreign banknotes and coins shall be performed with regard to the contents of the description in the legal act or announcement by the foreign institution entitled to issue cash or the contents of the description in the publication on banknotes and coins prepared by a specialised information providing organisation, in line with the above description.
- (4) On the basis of an authenticity check a counterfeit banknote and coin or a banknote and coin suspected as a counterfeit shall not be reissued.

Article 5

- (1) The authenticity check of forint banknotes and coins shall be performed by a person having at least 3 month experience or hands-on-training related to cash or by a qualified person in line with qualification specified in paragraph (2). For the purpose of this paragraph employment in position specified in Article 44/A (2) of Credit Institutions Act shall qualify as experience related to cash.
- (2) The authenticity check of foreign banknotes and coins shall be performed by a person with foreign currency cashier and administrator qualification numbered under 51 3440 01 OKJ code in the National List of Qualifications.
- (3) The authenticity check can also be performed by machine suitable for this purpose and complying with the requirements covered in paragraph (4) (hereinafter: processing machine).
- (4) For authenticity check of banknotes and coins only such processing machine can be used which has been adapted by its manufacturer or distributor to recognise all authenticity, and, in most cases, also the fitness features of banknotes and coins to be processed, and its ability to recognise such features has been verifiably tested.
- (5) MNB, within the framework of its central bank inspection activities covered in Article 29 of MNB Act, is entitled to examine the suitability of processing machines.
- (6) Desktop banknote counting machine and a device covered in paragraph (7) shall not be qualified as a processing machine even if they are able to recognise some of the authenticity features of banknotes (e.g. optical brightener and magnetic properties).
- (7) When the authenticity check is not performed by processing machine, devices (such as UV-A and UV-C lamps suitable for double fluorescence check) shall be ensured in order to facilitate the recognition of certain authenticity features of forint banknotes.

Requirements pertaining to handling counterfeit banknote and coin or banknote and coin
suspected as counterfeits

Article 6

- (1) Any person and organisation defined in Article 1 g) of this Decree shall, in the event of the slightest doubt as to the authenticity of any banknote or coin, hand over or send, immediately and without any compensation, a counterfeit banknote and coin or a banknote or coin suspected as a counterfeit to MNB for the purposes of examination.

- (2) Any person and organisation defined in Article 1 g) of this Decree may appeal to any cash distributing institutions covered in Article 1 d)-e) with the aim of initiating the examination by MNB of a counterfeit banknote and coin and a banknote and coin suspected as counterfeits. Article 7 of this Decree shall govern the handling of a banknote and coin taken over by cash distributing institutions.

Article 7

- (1) Cash in transit companies and cash distributing institutions shall, hand over or send, together with report covered in paragraph (2), to MNB a presumably counterfeit banknote and coin or a banknote and coin suspected as a counterfeit, without delay. A presumably counterfeit banknote and coin or a banknote and coin suspected as counterfeits shall be sent via mail only as a registered mailed item.
- (2) The report on a presumably counterfeit banknote and coin or a banknote and coin suspected as a counterfeit shall contain the following information:
- a) data on the banknote or coin (type of currency, denomination, year of issuance, quantity and, in the case of a banknote, serial number);
 - b) data concerning the depositor (holder) of the banknote or coin (in the case of natural person: surname, first name, address, type and number of identification document, and in the case of legal entities and other organisations not qualifying as legal entities: the name and address of head office of the legal entities and other organisations not qualifying as legal entities, identification data of the natural persons proceeding in the representation thereof in accordance with the foregoing);
 - c) place and date of detecting the banknote or coin;
 - d) a brief description of the circumstances related to the detection;
 - e) declaration of depositor (holder) on the origin of the banknote and/or coin;
 - f) signature of depositor (holder);
 - g) address of the head office of the cash in transit companies or cash distributing institutions preparing the report;
 - h) date and place of preparing the report, signature of the person preparing the report;
 - i) reference number of the report.
- (3) Cash in transit companies shall prepare the report covered in paragraph (2) subject to the following: they shall not include data defined in points e) and f), and they shall record the data related to their clients and the address of the branches or units of the clients in the case of data defined in point b).
- (4) If depositors (holders) fail to submit, in spite of request, any of the data covered in paragraph (2), this circumstance shall be recorded in the report.
- (5) In the case covered in paragraph (4) cash distributing institutions shall inform the police station of competence by the registered office of the cash distributing institutions and simultaneously shall warn the depositor (holder) to stay on the spot but it is not enforceable.

Article 8

- (1) MNB, in the course of fulfilment of its tasks covered in Article 31/A (1) of MNB Act, performs the examination initiated according to the content of Article 6-7 of this decree of a presumably counterfeit banknote and coin or a banknote and coin suspected as counterfeits.

- (2) Banknote and coin that, based on examination by MNB, are identified to be a counterfeit (hereinafter: counterfeit) shall not constitute any value. In consequence, no claim for counter-value vis-à-vis the cash in transit company and cash distributing institution that have detected or have taken over the counterfeit banknote or coin and MNB, respectively can be laid.
- (3) The keeping and handling of counterfeit banknote and coin, shall be the responsibility of MNB, unless required in accordance with EC legal acts or legislation.

Article 9

- (1) MNB shall return the counter-value of forint banknote and coin, that, based on examination, is proven to be genuine (hereinafter: genuine) and the genuine foreign banknote and coin. MNB shall simultaneously return also the report on the result of examination, to the person that initiated the examination.
- (2) Cash in transit companies shall return or transfer the counter-value of genuine forint banknote and coin and the genuine foreign banknote and coin in accordance with agreements signed with their clients or in absence of such agreements in accordance with paragraph (3).
- (3) Cash in transit companies shall, immediately following its receipt, return or transfer the counter-value of genuine forint banknote and coin and the genuine foreign banknote and coin to the depositor (holder) of the banknote and coin.
- (4) The genuine forint banknote and coin and the genuine foreign banknote and coin shall be sent via mail only as a specially registered mailed item with recording their value.

MNB tasks related to the protection of euro banknotes and coins against counterfeiting

Article 10

MNB, in the course of fulfilment of its tasks covered Article 31/A (1), performs

- a) tasks of the National Counterfeit Centre defined in the Decision of the European Central Bank of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS),
- b) tasks defined in Article 3 (1) of Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (hereinafter: Council Regulation),
- c) tasks of the National Analysis Centre defined in Article 4 (2) of Council Regulation, and
- d) tasks of the Coin National Analysis Centre defined in Article 5 (2) of Council Regulation.

Closing provisions

Article 11

- (1) This Decree shall enter into force on the 15th day following its announcement excluding paragraph (2) and (3).
- (2) Article 5 (1) shall enter into force on the 180th day following its announcement.

- (3) Article 5 (5) shall enter into force on 1 January 2006.
- (4) Cash in transit companies shall amend or supplement their internal regulation covered in Article 19/B (f) of Credit Institutions Act in accordance with the content included in this Decree and its Annexes, and shall present them to MNB within 90 days following entering of this Decree into force.
- (5) Cash distributing institutions shall amend or supplement their regulation related to the handling of cash and value covered in Article 13 (1) MNB decree on cash processing and on the conditions of cash distribution in accordance with the content included in this Decree and its Annexes, and shall confirm the implementation via a written statement to MNB within 90 day following the entering of this Decree into force.
- (6) This Decree determines the necessary measures for implementation of the following Community Regulations
 - a) Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting;
 - b) 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.
- (7) This Decree serves as compliance with the Decision of the European Central Bank of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS).

Annex 1 to Article 4 (2) of Decree No. 13/2005. (VI. 27.) of MNB

Detailed criteria for the authenticity check of forint banknotes and coins

1. Criteria for the authenticity check of banknotes:

- a) compliance of the design of the banknote with the stipulations of MNB announcement or MNB decree and MNB publication;
- b) visually recognisable presence of the elements of design (portrait and picture on the reverse side) associated with the denomination of the banknote under review;
- c) compliance of the colour of the banknote with the stipulations of the MNB announcement or MNB decree or MNB publication;
- d) identifiability of the authenticity features of the banknote, i.e.
 1. the paper of the banknote free from optical brightener (when exposed to UV light, it remains dark);
 2. a shaded watermark corresponding to the mirror image of the portrait depicted on the banknote appears as a see-through picture in the banknote paper;
 3. the security thread with micro-lettering is incorporated in the banknote paper, and the lettering "Magyar Nemzeti Bank" is legible;
 4. the front and reverse sides of the banknote match each other properly (via see-through registration the picture details, in the top right-hand corner on the front side and in the top left-hand corner on the reverse side of the banknote constitute a letter "H");
 5. when exposed to UV light, the fibres incorporated in the banknote paper fluoresce blue, green and red;
 6. the micro-lettering corresponding to the given denomination is legible on the front side of the banknote;
 7. the micro-lettering on the reverse side of the banknote lettering "Magyar Nemzeti Bank" is legible;
 8. a holographic metal strip on the 2,000-forint banknote and banknotes of higher denominations, with the coat of arms of the Republic of Hungary and the lettering "MNB" on its surface as well as the digits, showing the denomination on the left of the thread are clearly visible;
 9. when submitted to the appropriate test, the lettering "MNB" becomes visible in the hidden picture;
 10. the optically variable ink (OVI) on the front side of applicable issuance of 500-forint and 1,000-forint banknotes and on the reverse side of the 20,000-forint note alternates in colour depending on the angle the note is held;
 11. under UV-A light, the motif characteristic of the given denomination fluoresces light green in the watermark area on the front side of the banknote (see Annex 2);
 12. under UV-A light, the serial number consisting of two letters and seven digits, arranged horizontally under the watermark area on the front side of the banknote, fluoresces orange;
 13. under UV-C light, the motif characteristic of the given denomination fluoresces red in the watermark area on the front side of the banknote (see Annex 2);
 14. under UV-C light, the serial number consisting of two letters and seven digits, arranged vertically along the right edge on the front side of the banknote, fluoresces red;
 15. the key print components of banknote, such as the portrait, the picture on the reverse side, and denominations, are manufactured with special intaglio printing assisting the blind and partially sighted people and hence can be felt;
 16. under UV-A or UV-C light, certain parts of background print on the front and reverse sides of banknote fluoresce the colour characteristic of the denomination.

2. Criteria for checking the authenticity of coins are as follows:

- a) compliance of the design of the coin with the stipulations of the MNB announcement or MNB decree or MNB publication;
- b) the material and colour of the coins correspond to the real composition and colour of the coin (1-, 5- and 20-forint coins: copper-nickel-zinc alloy: golden; 2-, 10- and 50-forint coins: copper-nickel alloy: silver white; 100-forint coin: outer band: nickel alloy coated steel, silver white, inner core: copper-zinc alloy coated steel, golden);
- c) compliance of the weight, diameter and edge (e.g. smooth or milled) of the coin with the stipulations of the MNB announcement or MNB decree or MNB publication.

Annex 2 to Article 4 (2) of Decree No. 13/2005. (VI. 27.) of MNB

Key security features of denominations of forint banknotes series:

The denomination of banknotes	The date of issue	New security feature applied following the date of issue of the denomination of banknotes	
		Optically variable ink	Picture in the watermark area under UV light
200 forint	1 May 1998	None	None
	From the year 2001	None	Oak leaf and acorn in a frame
500 forint	1 December 1998	None	A mounted "Kuruc" soldier ¹ in an oval frame
	1 February 2001	In the hidden picture a rosette printed with OVI can be seen with acronym MNB, depending on the viewing angle it is gold or green.	A mounted "Kuruc" soldier in an oval frame
1,000 forint	1 September 1998	None	A raven keeping a ring in its beak
	1 November 2000	In the hidden picture a rosette printed with OVI can be seen with acronym MNB, depending on the viewing angle it is reddish-violet or yellowish green.	A raven keeping a ring in its beak
2,000 forint	1 February 1998	None	None
	From the year 2002	None	Armoured arm holding a sword in a frame.
5,000 forint	1 April 1999	None	A pillar of the Chain Bridge in a round rosette
10,000 forint	1 July 1997	None	None.
	from the year 1998	None	Dome of the Esztergom basilica in a frame.
20,000 forint	1 February 2001	On the reverse side a rosette printed with OVA can be seen, depending on the viewing angle it is reddish-violet or greyish green.	A couple dressed according to a specified epoch.
2,000 forint commemorative banknote	20 August 2000	None	"MM" letters in an oval frame,

¹ Hungarian patriotic soldiers from the wars of independence in 17th and 18th centuries.