

**MNB Decree No 2/2009 (I. 23.)
of the Governor of the MNB**

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

Having regard to the authorisation by Article 60 (1) e) together with (2) b) and c) of Act LVIII of 2001 on the Magyar Nemzeti Bank (hereinafter referred to as 'MNB Act'), I hereby decree the following:

Scope

Article 1

This Decree shall apply to the processing and distribution of:

a) forint banknotes, issued by the MNB, which are in circulation and forint banknotes withdrawn but still redeemable into legal tender (hereinafter: forint banknote); and

b) with regard to Article 3 (3), Article 5 and Articles 12-15, foreign banknotes, issued by foreign institutions empowered to issue cash, which are in circulation, and foreign banknotes withdrawn but still redeemable into legal tender (hereinafter: foreign banknote);

[hereinafter the banknotes under Points a) and b) collectively referred to as 'banknotes']

and to their protection against counterfeiting.

Definitions

Article 2

For the purposes of this Decree the following definitions shall be applied:

1. cash processing: an activity defined in Point I.8 of Annex 2 of Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter referred to as 'Credit Institution Act');

2. cash distribution:

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

b) banknote transfer by cash processing providers following the cash processing activity – in accordance with the client's disposal, including where banknotes are installed in automated teller machines and cash-recycling machines,

c) banknote trade among cash distributors,

d) banknote deposits and dispenses through physically enabled equipment,

e) exchange of denominations,

f) exchange of banknotes withdrawn from circulation, also worn or defective banknotes;

3. banknote recycling: banknote dispense, delivery and transfer performed within the framework of cash distribution;

4. banknote handling machines:

4.1. staff-operated machines:

a) banknote processing and sorting machines,

b) banknote authentication machines;

4.2. customer-operated machines:

a) cash-in machines,

b) cash-recycling machines;

5. banknote processing and sorting machines: banknote handling machines, operated by cash processing providers and cash distributors to check the authenticity and fitness of banknotes, without the intervention of the machine operator;

6. banknote authentication machines: banknote authentication machines (BAM) operated by cash processing providers and cash distributors to check especially the authenticity of banknotes, without the intervention of the machine operator;

7. cash-in machines: cash-in machines or their synonym 'cash depositing machines', mean any type of customer-operated banknote handling machine, which accepts banknotes lodged by customers and checks each banknote for authenticity, and provides the required data of genuine banknotes to be credited to a bank account;

8. cash-recycling machines: customer-operated banknote handling machines, providing cash withdrawal facilities from a bank account, in addition to what is contained in Point 7;

9. automated teller machines (ATM): all kinds of self-service (customer-operated) devices issuing banknotes, irrespective of other services offered (e.g. electronic bank transfers, printing of statements of account, etc.), but are not able to check authenticity and fitness;

10. legal tender: banknote defined in Article 4 (2) of the MNB Act and defined as such in a legal act or in an official announcement of foreign institutions empowered to issue cash;

11. fit banknotes: genuine legal tender, covering:

a) forint banknotes, identified as fit for recycling according to the sorting criteria defined in Annex 1 to this Decree,

b) euro banknotes, identified as fit for recycling according to the minimum sorting criteria defined by the European Central Bank (hereinafter: ECB) in the framework for the detection of counterfeits and fitness sorting by credit institutions and other cash distributors,

c) other foreign banknotes, identified as fit for recycling according to the sorting criteria of the issuer;

12. unfit banknotes:

12.1. genuine banknotes withdrawn from circulation;

12.2 genuine legal tender, covering:

a) forint banknotes, identified as unfit for recycling according to the sorting criteria defined in Annex 1 to this Decree,

b) euro banknotes, identified as unfit for recycling according to the minimum sorting criteria defined by the ECB in the framework for the detection of counterfeits and fitness sorting by credit institutions and other cash distributors,

c) other foreign banknotes, identified as unfit for recycling according to the sorting criteria of the issuer;

13. banknotes withdrawn from circulation: banknote no longer accepted as legal tender as prescribed in an MNB announcement published before 1 May 2004 (hereinafter referred to as 'MNB announcement') or an MNB decree 2004, or in a legal act or in an official announcement of foreign institutions empowered to issue cash;

14. counterfeit banknotes: counterfeits which have the appearance of genuine banknotes and which have been fraudulently made by using the image, any security feature or denomination value of a genuine banknote;
15. falsified banknotes: counterfeits which have the appearance of genuine banknotes and which have been fraudulently made by altering the image, any security feature or the denomination value of a genuine banknote;
16. suspicious banknotes: banknotes – legal tender or withdrawn from circulation – which are subject to any doubt as to their authenticity relying on the results of an authenticity check conducted under Article 3 (2) and (3) of this Decree by cash processing providers or a cash distributors; suspicious banknotes are either:
- a) suspected counterfeit banknotes,
 - b) suspected falsified banknotes;
17. cash distributors:
- a) institutions providing financial transaction and cash transfer services under Article 3 (1) d) and m) of the Credit Institutions Act,
 - b) institutions carrying out bureaux de change services in accordance with Article 3 (2) a) of Credit Institutions Act,
 - c) credit institutions specified in Article 5 (1) of the Credit Institutions Act, including the Hungarian branches of non-resident credit institutions (hereinafter: credit institution), and
 - d) 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: postal service);
18. cash processing providers: institutions authorised to carry out cash processing activities in accordance with Article 3 (2) c) of the Credit Institutions Act;
19. account holder: natural or legal person, or business association lacking the legal status of a legal person, on whose bank account the sums deposited by the customer by way of credited or debited by customer operated machine.
20. customer: natural or legal person, or business association lacking the legal status of a legal person using an equipment whether operated by cash processing providers, cash distributors or customers;
21. force majeure: any unavoidable natural or social event, that is capable to influence the operations of cash processing providers and cash distributors, and to cause major disturbances in the smooth supply of banknotes, and that has the capacity to influence or prevent the implementation of this Decree, such as in particular natural disasters, terrorist acts, armed conflict, war, civil war;
22. 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 foreign institutions empowered to issue cash, upon which the withdrawn banknote lose their legal tender status;
23. exchange deadline: the deadline determined by an MNB announcement or in accordance with Article 31 (3) of the MNB Act, and the deadline determined by a legal act or an official announcement of foreign institutions empowered to issue cash, until the banknote withdrawn from circulation can be exchanged into legal tender.

Provisions on banknote recycling

Article 3

(1) Cash processing providers and cash distributors shall be allowed to recycle banknotes after having them checked for authenticity and fitness, and if they are identified as genuine and fit for circulation.

(2) The authenticity check of forint banknotes 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* to this Decree.

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

Article 4

(1) Cash processing providers and cash distributors shall check forint banknotes for authenticity and fitness by banknote handling machines or manually.

(2) Forint banknotes may be recycled through ATMs or customer-operated machines – subject to the exception set out in Paragraph (4) – on condition that the banknotes are duly checked for authenticity and fitness by banknote handling machine type successfully tested by the MNB in compliance with the test procedures contained under Articles 7-10 which are listed in the register of tested banknote handling machines on the MNB's website (hereinafter referred to as 'MNB register') and have the registered version of the updated authentication hardware and/or software installed.

(3) The ratio of checked banknote volume conducted by cash processing providers with registered banknote handling machine type must be at least 80 per cent annually.

(4) Cash processing providers and cash distributors may also carry out the checks of forint banknotes for authenticity and fitness in force majeure cases manually, on a temporary basis, with a view to ensuring a smooth banknote supply. In these cases the cash processing providers and the cash distributors shall notify the MNB afterwards by creating summary list of manually conducted checks on monthly basis, with a description of the force majeure attached, also indicating the duration of manual checks.

Article 5

(1) The authenticity and fitness checks of euro banknotes shall be carried out by banknote handling machines, or manually.

(2) Euro banknotes may be recycled through ATMs or customer-operated machines – subject to the exception set out in Paragraph (3) – on condition that the banknotes are duly checked for authenticity and fitness by banknote handling machine type successfully tested by a national central bank of the Eurosystem in compliance with the Eurosystem's common test procedures, which are listed in the register of tested banknote handling machines on the ECB's website.

(3) Cash processing providers and cash distributors may also carry out the checks of euro banknotes for authenticity and fitness in force majeure cases manually, on a temporary basis with a view to ensuring a smooth banknote supply. In these cases the cash processing providers and the cash distributors shall notify the MNB afterwards by creating summary list of manually

conducted checks on monthly basis, with a description of the force majeure attached, also indicating the duration of manual checks.

Certain provisions on the operation of banknote handling machines

Article 6

(1) Banknote handling machines – regardless of their functions – shall be able to sort forint banknotes individually – without the intervention of the machine operator –, and identify them as genuine, suspicious and not clearly authenticated or furthermore non-forint banknotes.

(2) Customer-operated machines in addition to what is contained in Paragraph (1) shall be able to physically separate the banknotes sorted according to the criteria set up there.

(3) Banknote processing and sorting machines, as well as cash-recycling machines, in addition to what is contained in Paragraph (1), shall also be able to sort forint banknotes according to fitness.

(4) Customer-operated machines shall be able to store information relating to suspicious forint banknotes and not clearly authenticated forint banknotes, and to link this information with the depositor or the account holder affected, and shall be able to ensure the data that all genuine forint banknotes identified as legal tender are credited to the appropriate bank account.

(5) Cash-recycling machines, in addition to what is contained in Paragraphs (1)-(4), shall also be able to ensure that all withdrawals of banknotes take place in the form of fit forint banknotes.

(6) The detailed provisions relating to the operation of banknote handling machines, and the related duties of cash processing providers and cash distributors are laid down in *Annex 2* to this Decree.

Provisions on the testing of banknote handling machines and the MNB register

Article 7

(1) The testing and registration of banknote handling machines may be requested from the MNB by the manufacturer or the distributor.

(2) The application shall be submitted in compliance with the formal and content requirements set out in *Annex 3 to this Decree*.

(3) The application shall have attached the following documents preferably in Hungarian, or failing this in English:

a) documents containing the following information pertaining to the banknote handling machines to be tested:

– denominations, image and format recognised by the banknote handling machine,

– description of security features recognised by the banknote handling machine and the procedures for checking security features,

– information on how the banknote handling machine can be adapted to detect new counterfeits, the means of adaptation and how the adaptation process can be controlled by the user,

– means of maintenance and the frequency of maintenance procedures necessary to ensure the reliable operation of banknote handling machines,

– in the case of banknote processing and sorting machines, possibility of feeding banknotes and for resetting the minimum standard requirements for sorting according to fitness,

- in the case of cash-recycling machines possibility for resetting the minimum standard requirements for sorting according to fitness;
- b) user's manual of the banknote handling machine.

Article 8

- (1) The MNB shall carry out the testing procedure in its own facilities, or in the facilities of the manufacturer or distributor, or of the institution or person operating the banknote handling machine.
- (2) Testing is carried out free of charge if performed in the MNB's own facilities. All costs of testing and registration – such as travel expenses, accommodations, where applicable, costs of transport of the test package, including insurance and bank guarantee, where applicable –, shall be covered by the requesting manufacturer or distributor if the MNB is requested to carry out the testing procedure in the facilities of the manufacturer or distributor, or of the institution operating the banknote handling machine.
- (3) The MNB shall carry out the tests of banknote handling machines using test packages comprised of forint banknote counterfeits and genuine fit and unfit forint banknotes.
- (4) The tests as well as their results are valid only for the type of banknote handling machine tested by the MNB and to the hardware and software version it contains at the time of testing, and to the test package used for testing.

Article 9

- (1) The first step of the testing procedure is a pre-test (brief testing), that is to be conducted in all cases, regardless of the banknote handling machine's function, and it is a precondition for further testing. The pre-test is intended to determine whether the banknote handling machine is capable to detect genuine forint banknotes.
- (2) The second stage of the testing procedure is the so called counterfeit and fitness detection test that covers the following, regardless of the banknote handling machine's function:
 - a) ability to identify and to separate falsified or counterfeit forint banknotes from genuine ones (testing ability for detecting counterfeits),
 - b) ability to sort forint banknotes according to fitness (testing ability to carry out fitness checks), and
 - c) in the case of customer-operated banknote handling machine, ability to store information concerning the depositor of suspicious forint banknote, or the account holder, and for linking information on the depositor or the account holder with suspicious forint banknotes (testing ability for allowing traceability).
- (3) In the event of the MNB altering the test package used for testing under Article 8 (3), the manufacturer or distributor of a banknote handling machine that has already been tested and found in compliance with the prescribed requirements may be requested to conduct an additional testing procedure. The manufacturer or the distributor must comply with the MNB's request within six weeks upon receipt of notice and make available the machine for re-testing. The MNB shall determine the re-testing procedure in accordance with Paragraphs (1) and (2).
- (4) Following the basic (authentication) test referred to Paragraph (2), the manufacturer or the distributor of a banknote handling machine type that has already been tested shall request the

MNB to conduct a re-test each year, within one year of the calendar month when the last test was conducted. The MNB shall determine the annual re-testing procedure in accordance with Paragraphs (1) and (2).

(5) Distributors and manufacturers of banknote handling machines shall immediately request a re-test by the MNB of a banknote handling machine type upon altering in any way the machine's authentication hardware or software. The MNB shall determine the mentioned testing procedure in accordance with Paragraphs (1) and (2).

(6) Cash processing providers and cash distributors shall notify the MNB of the use of successfully tested banknote handling machine type prior to putting them into operation at least 20 working days in advance.

Article 10

(1) The MNB shall effect the registration of successfully tested banknote handling machine types.

(2) The MNB register contains the following:

a) the particulars of successfully tested banknote handling machines: name, function, type, hardware and software version;

b) information relating to the manufacturer or the distributor: name, address, mailing address, and electronic mail address and website;

c) date of testing.

(3) After one year following the calendar month of testing, the MNB shall remove the banknote handling machine type from the MNB register, unless the MNB has re-tested the banknote handling machine type in question on an annual basis or otherwise, and the machine type has proved to comply with the relevant requirements.

(4) The MNB shall remove a banknote handling machine type from the MNB register before the time limit referred to in Paragraph (3), if the manufacturer or the distributor fails to satisfy the conditions mentioned in Article 9 (3) or the banknote handling machine type in question fails to pass an unscheduled re-test procedure.

Article 11

(1) The MNB is entitled to test banknote handling machines used by cash processing providers and by cash distributors to check the banknote handling machines in question for compliance with the provisions of this Decree, and to check whether the machine had been properly updated according to the MNB register's hardware and software version in order to identify every new type of counterfeit forint banknotes.

(2) If according to the findings of the test referred to in Paragraph (1) the banknote handling machine is unable to identify any forint banknote counterfeit, the cash processing provider or the cash distributor shall attempt to find the reason therefore. In connection with any other individual defect the banknote handling machine affected may not be used for the denomination in question until the defect is fixed, or in the case of utility defect the respective type of banknote handling machine has to be re-tested immediately. The MNB shall determine the mentioned testing procedure in accordance with Article 9 (1) and (2).

Provisions on handling suspicious banknotes

Article 12

- (1) With the exception set out in Paragraph (2), natural and legal persons and business associations lacking the legal status of a legal person shall, in the event of the slightest doubt as to the authenticity of any banknote, forthwith deliver or send the banknote 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 banknotes, check their authenticity, and send the banknotes they deem suspicious to the MNB together with the report on the authenticity check and the report of acceptance within 20 working days following the date of receipt.
- (2) Cash processing providers and cash distributors shall deliver or send to the MNB any banknotes deemed suspicious according to the results of authenticity and fitness checks, or the banknotes from customer-operated machines if found suspicious and reconfirmed by their own test, together with the report on the authenticity check and the report of acceptance within 20 working days following the date of finding or the date when deposited into the customer-operated machines.
- (3) Cash processing providers and cash distributors shall store information concerning the depositor of suspicious banknote, or the account holder, for a period of 8 weeks.
- (4) The contents of the reports referred to in Paragraphs (1) and (2) are contained in *Annex 4* to this Decree.

Article 13

- (1) The examination of suspicious banknotes is carried out by the MNB.
- (2) Any banknote that is found falsified or counterfeit by the MNB examination shall not have any value, consequently, compensation for such banknotes may not be requested neither from the MNB, nor from the cash processing provider or the cash distributor detecting it, or forwarding it.
- (3) The MNB shall credit the value of forint banknotes found genuine by the examination, or return genuine foreign banknotes – with the examination report attached – to the person requesting the examination, or his proxy.
- (4) Falsified and counterfeit banknotes are safeguarded and handled by the MNB, in the absence of any EC 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 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 to them.

Article 14

- (1) Cash processing providers shall handle genuine forint banknotes returned according to Article 13 (3), including genuine foreign banknotes as laid down in the relevant agreement, or – failing such agreement – within the deadline as specified under Paragraph (2), and deliver or send such banknotes to or settle accounts with their clients.
- (2) Cash distributors shall handle genuine forint banknotes returned according to Article 13 (3), including genuine foreign banknotes, and shall deliver or send such banknotes to or settle

accounts with the depositor (holder) of such banknotes within 10 working days upon receiving them.

(3) Credit institution and postal service shall deem the banknotes as unfit received under Article 12 (1) and identified by them as genuine, and shall credit the value of such banknotes to or settle accounts with the depositor (holder) within 10 working days upon conclusion of the examination.

Technical tasks of the MNB relating to the protection of euro banknotes against counterfeiting

Article 15

In connection with the protection of euro banknotes against counterfeiting, the MNB shall perform:

- 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) (ECB/2001/11),
- 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) relating to euro banknotes, and
- c) tasks of the National Analysis Centre defined in Article 4 (2) of Council Regulation.

Provisions on forint banknote denomination exchange

Article 16

- (1) Credit institutions and the postal service shall exchange on one occasion maximum 50 pieces of circulating forint banknotes to different denominations of forint banknotes or forint coins.
- (2) Credit institutions and the postal service shall carry out the service referred to in Paragraph (1) with the condition that a fee may be applied, not to exceed 5 per cent of the face value of the exchanged forint banknotes, including any other charges applied in connection with the exchange.
- (3) Credit institutions and the postal service may request bank account to be kept at them and/or any other services to requisitioned from them to carry out the service referred to in Paragraph (1).
- (4) Credit institutions and the postal service may limit the number of their branches assigned to carry out the service referred to in Paragraph (1). 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 counties – preferably in the county seats – to in fact engage in carrying out the service referred to in Paragraph (1).

Special provisions relating to cash processing providers

Article 19

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.

Closing provisions

Article 20

(1) This Decree – subject to the exceptions set out in Paragraphs (2)-(4) – shall enter into force on the 8th day following its announcement.

(2) Article 4 (3) of this Decree shall enter into force on 1 January 2010.

(3) Article 4 (2) - (4) of this Decree shall enter into force:

a) in case of forint banknotes recycled by customer-operated machines on 1 January 2010,

b) in case of forint banknotes recycled by ATMs on 1 January 2012.

(4) Article 5 (2) - (3) of this Decree shall enter into force on the effective accession date of the Republic of Hungary to Exchange Rate Mechanism II. (hereinafter referred to as 'ERM' II).

(5) Banknote handling machines legally in use at the time of this Decree entering into force under Article 5 (4) of MNB Decree No. 13/2005 (VI. 27.) on technical tasks and other duties relating to the protection of Hungarian and foreign legal tenders against counterfeiting may remain in use for checking of authenticity and fitness of banknotes

a) in case of forint banknotes recycled by customer-operated machines until 31 December 2009,

b) in case of forint banknotes recycled by ATMs until 31 December 2011,

c) in case of euro banknotes recycled by ATMs or customer-operated machines until the previous day of the effective accession date of the Republic of Hungary to ERM II.

(6) Until the date defined by Paragraphs (3) and (4) cash distributors shall notify the MNB on semi-annual basis about recycled forint or euro banknotes' quantity processed by banknote handling machine and manually. Manual and banknote handling machinery processing data shall be reported separately.

(7) Simultaneously with this Decree entering into force the following shall be repealed:

a) MNB Decree No. 13/2005 (VI. 27.) on technical tasks and other duties relating to the protection of Hungarian and foreign legal tenders against counterfeiting, and

b) MNB Decree No. 14/2005. (VI. 27.) on cash processing and on the conditions of cash distribution, and in Article 61 of MNB Decree No. 21/2006 (XI. 24.) on payment transactions the passage “and the second sentence of Article 14 (1) of MNB Decree No. 14/2005. (VI. 27.) on cash processing and on the conditions of cash distribution”.

(8) This Decree – together with the MNB Decree 3/2009 (I. 23.) on the processing and distribution of coins, and on technical tasks relating to the protection of coins against counterfeiting – contains provisions for the implementation of the following legislation of the Communities:

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.

(9) This Decree – together with the MNB Decree 3/2009 (I.23.) on the processing and distribution of coins, and on technical tasks relating to the protection of coins against counterfeiting – serves the purpose of compliance with the Decision of the European Central Bank of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS) (ECB/2001/11).

Detailed criteria for the fitness check of forint banknotes

This Annex provides common minimum sorting standards for mainly automated fitness sorting of forint banknotes. Forint banknotes shall only be recycled if they are evaluated as fit according to the sorting criteria defined below. Upon request, the MNB shall supply reference banknotes to cash processing providers and to cash distributors.

I. Minimum requirements for fitness of forint banknotes

The fitness sorting of forint banknotes are to be carried out by a visual inspection of the individual banknotes or applying banknote handling machine. The authenticity check is the prerequisite of fitness sorting. Fitness sorting can be done only in case of genuine forint banknotes. In the course of the fitness checks to be carried out under Point 1-11, forint banknotes with any visual or physical defects are to be sorted as unfit and shall not be used for recycling.

Integrity

After completed fitness sorting done by banknote handling machines, the fit ratio within detected unfit forint banknotes and the unfit ratio within detected fit forint banknotes shall not be higher than 5 per cent.

List of sorting criteria

1. Soiled forint banknotes

General distribution of dirt across the entire forint banknote or in some patterns. Soiling of forint banknotes increases the optical density of the notes and decreases their reflectance. The sorting criteria for banknote handling machines are set by the cash processing provider or the cash distributor operating the banknote handling machine relying on the reference banknotes provided by MNB. Circulated soiled forint banknotes exhibiting a visual soil level higher than the reference banknotes should be sorted as unfit.

2. Limpness forint banknotes

Structural deterioration or wear resulting in a marked lack of stiffness in the banknote paper. Forint banknotes with significantly decreased solidity shall be sorted as unfit.

3. Dog-eared forint banknotes

Forint banknotes with dog-ears with an area of more than 130 mm² and a minimum length of the smaller edge greater than 10 mm should be sorted as unfit.

4. Torn forint banknotes

Forint banknote exhibiting at least one tear at the edge. Forint banknotes with tears larger than those indicated in the table below should be sorted as unfit, provided they are “open” and fully

located outside the area of the transport mechanics of the banknote handling machines, meaning that they are not covered by the transport belts and are visible.

Minimal measure of tears on unfit forint banknotes

Direction	Width	Length
Vertical	4 mm	8 mm
Horizontal	4 mm	15 mm
Diagonal	4 mm	18 mm*

* Measured by drawing a straight line from the peak of the tear to the edge of the forint banknote where the tear begins (rectangular projection), rather than measuring the length of the tear itself

5. Hole on the forint banknotes

Forint banknote exhibiting at least one visible hole. Forint banknotes with holes which are not partly or fully covered by the transport belt(s) of the machine should be sorted as unfit if the area of the hole is greater than 10 mm².

6. Mutilated forint banknotes

Forint banknote with part(s) missing. Forint banknotes with lengths and widths deviating from the nominal lengths and widths of the forint banknotes (154mm x 70 mm) by ± 3 mm should be sorted as unfit.

7. Repaired forint banknotes

A repaired forint banknote is created by joining parts of the same banknote together, for example, by using tape or glue. Tape covering an area greater than 10 mm by 40 mm and which is more than 50 μ m thick should be detected and the forint banknote sorted as unfit.

8. Stained forint banknotes

Forint banknote shall be detected as unfit if localised- i.e. with limited extension – stain can be recognised on its surface. Stain can be identified by the banknote handling machine in case of significantly changed forint banknote’s image.

9. De-inked forint banknotes

Forint banknote shall be identified as unfit if the ink is partially or wholly missing from its surface. De-inking of forint banknotes can occur, for example, if they have been washed or subjected to aggressive chemical agents. These kinds of forint banknotes - detected by image detectors or UV detectors (if they contain any optical brightener)- shall be sorted as unfit.

10. Graffiti soiled forint banknotes

Deliberate graphic alteration of the forint banknote with pen or pencil, for example, figures or letters. See fitness sorting criteria below point 8.

11. Crumpled/folded forint banknotes

Multiple random folds across the whole forint banknote that strongly affect the visual appearance of the banknote. Folded forint banknotes shall be sorted as unfit if the folds leading to a reduction of the original banknote in length or width greater than 3 mm.

Detailed provisions relating to banknote handling machines, and the related functions of cash processing providers and cash distributors

I. Staff-operated machines

Category	Classification	Properties	Treatment
A	Objects not recognised as forint banknotes or suspect counterfeit forint banknotes	<p>Objects not recognised as forint banknotes due, in particular, to the following reasons:</p> <ul style="list-style-type: none">- blank paper,- other currencies,- cheques,- transportation error (e.g. double feeds, etc.),- large dog-ears or missing parts,- hand-drafted notes, separating cards, etc. <p>Forint banknotes detected as suspect due to the following reasons:</p> <ul style="list-style-type: none">- image and format recognised, but one or more authentication features missing or clearly out of tolerance,- image and format recognised, but not all authentication features recognised because of quality and/or tolerance deviations. <p>In most cases unfit or soiled banknotes.</p>	<p>After visual evaluation by staff member these objects should be separated from the suspect forint banknotes.</p> <p>Forint banknotes identified as suspect have to be checked according to Article 12 (2) of this Decree, and if the forint banknote is deemed suspicious it has to be sorted unfit, and has to be delivered or transmitted to the MNB within 20 working days following the date of finding with the reports referred to in Article 12 (2) of this Decree.</p>
B 1	Forint banknotes identified as genuine and fit	All authentication checks and fitness checks supported by the banknote handling machine delivered positive results.	Can be used for recycling. To be credited to account holder.

B 2	Forint banknotes identified as genuine and unfit	All authentication checks supported by the banknote handling machine delivered positive results. Fitness checks supported by the machine delivered negative results.	Shall not be used for recycling and shall be returned to the MNB. To be credited to account holder.
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Banknote authentication machines are not required to differentiate between category B1 and B2.

II. Customer-operated machines

Category	Classification	Properties	Treatment
1	Objects not recognised as forint banknotes	Objects not recognised as forint banknotes due, in particular, to the following reasons: <ul style="list-style-type: none"> - other currencies, - transportation error (e.g. double feeds, etc.), - wrong image or format, - large dog-ears or missing parts, - hand-drafted notes, separating cards. 	Objects not recognised as forint banknotes shall be returned to the customer.
2	Suspicious forint banknote	Image and format recognised, but one or more authentication features missing or clearly out of tolerance.	Forint banknotes identified as suspect may not be recycled, have to be checked according to Article 12 (2) of this Decree, and if the forint banknote is deemed suspicious it may not be recycled, and has to be delivered or transmitted to MNB within 20 working days following the date of deposit together with the reports referred to in Article 12 (2) of this Decree. Not to be credited to the account holder.
3	Not clearly authenticated forint banknotes	Image and format recognised, but not all authentication features recognised because of quality and/or tolerance deviations. In most cases unfit	Not clearly authenticated forint banknotes may be returned to the customer or may not be recycled and have to be checked according to

		or soiled banknotes.	Article 12 (2) of this Decree, and if the forint banknote is deemed suspicious it may not be recycled, and has to be delivered or transmitted to the MNB within 20 working days following the date of deposit together with the reports referred to in Article 12 (2) of this Decree. In case of not returned may be credited to the account holder.
4a	Forint banknotes identified as genuine and fit	All authentication checks and fitness checks supported by the machine delivered positive results.	Can be used for recycling. To be credited to account holder.
4b	Forint banknotes identified as genuine and unfit	All authentication checks supported by the machine delivered positive results. Fitness checks supported by the machine delivered negative results.	Shall not be used for recycling and shall be returned to the MNB. To be credited to account holder.

Cash-in machines are not required to differentiate between category 4a and 4b.

Application for testing and registration of a banknote handling machine by the MNB

1. Particulars of the applicant manufacturer or distributor *	Name:	
	Registered office:	
	Mailing address:	
	Email:	
	Website:	
2. Particulars of contact person	Name:	
	Phone number (including prefix) :	
	Email:	
3. Particulars of the banknote handling machine to be tested	Function *:	- banknote processing and sorting machine - banknote authentication machine - cash-in machine - cash-recycling machine*
	Place of origin (if other than an EU Member State):	
	Type:	
	Hardware version:	
	Software version:	

Note

* underline as appropriate.

Date

.....
authorised signature

Contents of suspicious banknote reports

1. Suspicious banknote reports must contain the following information, subject to the exceptions set out in Points 2-4:

- a) particulars of the banknote (currency type, denomination, year of issue, quantity, serial number);
- b) particulars of the depositor (holder) of the banknote (for natural persons: surname and forename, home address, description and number of identification document, for legal persons and business associations lacking the legal status of a legal person: name of the legal person or business association lacking the legal status of a legal person, address, particulars of authorised representative as per this item);
- c) place and time of detection of the banknote;
- d) brief description 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 employers and the employer's premises affected.

3. If the depositor (holder) of the banknote refuses to supply the information under Point 1 in full when so requested, it shall be duly indicated in the report.4. The data mentioned under Points e) and f) are not required for report on suspicious banknotes (Point 1) from customer-operated machines.