

MNB Decree No 3/2009 (I. 23.) 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 (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- a) forint coins, issued by the MNB, which are in circulation and forint coins withdrawn but still redeemable into legal tender (hereinafter: forint coins); and
 - b) with regard to Article 3 (6), and Articles 4-7, foreign coins, issued by foreign institutions empowered to issue cash, which are in circulation, and foreign coins withdrawn but still redeemable into legal tender (hereinafter: foreign coins);
- [hereinafter the coins under Points a) and b) collectively referred to as 'coins']
and to their protection against counterfeiting.

Definitions

Article 2

For the purposes of this Decree the following definitions shall apply

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) deposit and dispensing coins carried out at the counter of the cash distributor,
 - b) coins transfer by cash processing providers following the cash processing activity
 - c) coins trade among cash distributors,
 - d) coins deposits and dispenses through physically enabled equipment,
 - e) exchange of denominations,
 - f) exchanging coins withdrawn from circulation, also worn or defective coins;
3. recycling of coins: coins dispense, delivery and transfer performed within the framework of cash distribution;
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. 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 empowered to issue cash
6. fit coins: genuine legal tender, covering:

- a) forint coins, identified as fit for recycling according to the sorting criteria defined in Annex 1 to this Decree,
 - b) foreign coins, identified as fit for recycling according to the sorting criteria of the issuer;
7. unfit coins:
- 7.1. genuine coins withdrawn from circulation;
 - 7.2 genuine legal tender, covering:
 - a) forint coins, identified as unfit for recycling according to the sorting criteria defined in Annex 1 to this Decree,
 - b) foreign coins, identified as unfit for recycling according to the sorting criteria of the issuer;
8. coin withdrawn from circulation coin 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, or in a legal act or in an official announcement of foreign institutions empowered to issue cash;
9. counterfeit coins: counterfeits which have the technical specifications (e.g. material, dimension, weight), denomination and/or the appearance of the genuine coins and which have been fraudulently made by using the image of a genuine coins;
10. falsified coins: counterfeits which have the technical specifications (e.g. material, dimension, weight), denomination and/or the appearance of the genuine coins and which have been fraudulently made by altering the denomination;
11. suspicious coins: coins– 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), (3) and (6) of this Decree by cash processing providers or a cash distributors; suspicious coins are either:
- a) suspected counterfeit coins,
 - b) suspected falsified coins;
12. 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);
13. cash processing providers: institutions authorised to carry out cash processing activities in accordance with Article 3 (2) c) of the Credit Institutions Act;
- 14 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 a cash-in machine are credited, or the sums withdrawn by way of an automated teller machine are debited;
15. 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;
16. 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 coins lose their legal tender status;

17. 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 coins withdrawn from circulation can be exchanged into legal tender.

Provisions on coin recycling

Article 3

- (1) Cash processing providers and cash distributors shall be allowed to recycle coins after having them checked for authenticity and fitness, and if they are identified as genuine and fit for circulation.
- (2) Coins shall be checked for authenticity and fitness by coin handling machines or manually.
- (3) 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* to this Decree.
- (4) Testing of authenticity and fitness for circulation shall be carried out on all fifty-forint coins and higher denominations.
- (5) 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 percent 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.
- (6) As regards foreign coins, 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 notice, or relying on the coins' description contained in publications prepared by a specialised information providing organisation.

Provisions on handling suspicious coins

Article 4

- (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 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 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 coins deemed suspicious according to the results of authenticity and fitness checks, or the coins 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) The contents of the reports referred to in Paragraphs (1) and (2) are contained in *Annex 2* to this Decree.

Article 5

- (1) The examination of suspicious coins is carried out by the MNB.
- (2) Any coins that is found falsified or counterfeit by the MNB examination shall not have any value, consequently, compensation from the MNB for such coins may not be requested by the cash processing providers or the cash distributors detecting it, or forwarding it.
- (3) The MNB shall credit the value of forint coins found genuine by the examination, or return genuine foreign coins – with the examination report attached – to the person requesting the examination, or his proxy.
- (4) Falsified and counterfeit coins 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 6

- (1) Cash processing providers shall handle genuine forint coins returned according to Article 5 (3), including 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 such coins to or settle accounts with their clients.
- (2) Cash distributors shall handle genuine forint coins returned according to Article 5 (3), including genuine foreign coins, and shall deliver or send such coins to or settle accounts with the depositor (holder) of such coins within 10 working days upon receiving them.
- (3) Credit institutions and the postal service shall deem the coins as unfit received under Article 4 (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.

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

Article 7

- (1) In connection with the protection of euro coins 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 coins, and
 - c) tasks of the National Analysis Centre defined in Article 5 (2) of Council Regulation.

Provisions on circulating forint coins denomination exchange

Article 8

(1) Credit institutions and the postal service shall exchange on one occasion maximum 50 pieces of circulating forint coins to different denominations of forint coins or forint banknotes.

(2) Credit institutions and the postal service carry out the service referred to in Paragraph (1) with the condition that a fee may be applied not to exceed 10 per cent of the face value of the exchanged forint coins, 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 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 9

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 10

(1) This Decree shall enter into force on the 8th day following its announcement.

(2) This Decree – together with the MNB Decree 2/2009 (I. 23.) on the processing and distribution of banknotes, and on technical tasks relating to the protection of banknotes 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.

(3) This Decree – together with the MNB Decree 2/2009 (I.23.) 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 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 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 recycling.

2. Forint coins

- a) difficult to identify, or
- b) damaged

shall be unfit for recycling.

3. Forint coins difficult to recognize shall include

- a) forint coins tarnished due to normal wear and tear,
- b) coins where, due to misuse, the condition of the external surface no longer enables the identification of the denomination or the design or where the external surface has become significantly discoloured (e.g. damaged by chemical substance or corroded).

4. Damaged forint coins shall include

- a) defaced coins, and
- b) coins damaged or having lost their original shape as the result of physical impact (e.g. perforated, cut, turned or deformed coins).

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 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 coin;
- 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 coins refuses to supply the information under Point 1 in full when so requested, it shall be duly indicated in the report.