

**Decree No. 20/2019 (V. 13.)
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 171 (1) e), f) and i) together with Article 171 (2) b) and c) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, and acting within my scope of duty laid down in Article 4 (2) and (6) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, 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coins, issued by the Magyar Nemzeti Bank (hereinafter referred to as 'MNB'), which are in circulation and forint coins withdrawn but remaining exchangeable for legal tender (hereinafter: forint coins); and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), Article 3 (2) d) db), 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foreign coins, issued by foreign institutions authorised to issue cash, which are in circulation, and foreign coins withdrawn but remaining exchangeable for legal tender (hereinafter: foreign coins)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:

- 1. *exchange deadline*: definition specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 2. *withdrawal deadline*: definition specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 3. *ERA system*: concept defined in the MNB Decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 4. *coin recirculation*: within the context of cash distribution:
 - a) dispensing coins,
 - b) coin delivery,
 - c) coin transfer;
- 5. *coin handling machine*: machines operated by cash processing providers and cash distributors to check the authenticity and fitness of coins, without the intervention of the machine operator;
- 5a. *consumer*: a person defined in the Act on the Civil Code;
- 6. *coin withdrawn from circulation*: a coin no longer qualifying as legal tender, specified as such in an MNB announcement published before 1 May 2004 (hereinafter: MNB announcement) or by an MNB decree or a legal act or official announcement of foreign institutions authorised to issue cash, upon which withdrawn coins lose their legal tender status;
- 7. *fit coin*: the following genuine items, suitable for coin recirculation, qualifying as legal tender
 - a) forint coin, pursuant to the criteria set out in Annex 1,
 - b) foreign coin, pursuant to the provisions of the issuer concerning suitability for circulation;
- 8. *unfit coin*:

- a) genuine coins withdrawn from circulation,
- b) the following genuine items qualifying as legal tender, that are not fit for coin recirculation
 - ba) forint coin, pursuant to the criteria set out in Annex 1,
 - bb) foreign coin, pursuant to the provisions of the issuer concerning suitability for circulation;
- 9. exchanging forint coins:
 - replacement of forint coins
 - a) replacement of forint coins withdrawn from circulation before the deadline specified in Article 23 (3) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter referred to as 'MNB Act')
 - aa) for forint coins of the same denomination and fit for circulation,
 - ab) acceptance for payment, including deposits to the customer's own payment account,
 - b) replacement of forint coins that are difficult to recognize, along with damaged coins
 - ba) for forint coins of the same denomination and fit for circulation,
 - bb) acceptance for payment, including deposits to the customer's own payment account;
- 10. *denomination exchange of forint coins*: exchange of fit forint coins and of unfit forint coins qualifying as legal tender for fit forint banknotes or forint coins of other denominations, in identical nominal amounts;
- 11. *counterfeit coin*: counterfeit prepared using the technical specifications (e.g. material, size, weight) or denomination of genuine coins and/or prepared by the imitation or modification of the image of genuine coins, with an intention of fraud;
- 12. *suspicious coin*: coin – either legal tender or withdrawn from circulation – subject to well-founded professional doubt as to its authenticity relying on the results of an authenticity check conducted under Article 4 (1) and (2) and Article 6 by cash processing providers or cash distributors;
- 13. *cash distribution*: definition specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 14. *cash processing*: an activity defined in the Act on Credit Institutions and Financial Enterprises (hereinafter referred to as 'Credit Institutions Act');
- 15. *cash processing providers*: institutions specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 16. *cash distributor*: institutions specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 17. *counter*: a place specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 18. *legal tenders*: definition specified in MNB decree on the processing and distribution of banknotes and on technical tasks relating to the protection of banknotes against counterfeiting;
- 19. *customer*: natural or legal person or other entities without legal personality using service provided by a cash processing provider or a cash distributor, in the context 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 6 for euro coins,

dc) Article 6 (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 MNB shall be notified about the installation of coin handling machines by the cash processing provider and cash distributor in advance, at least 3 working days prior to the scheduled date of putting into operation, through the ERA system, by sending the data detailed below:

a) information about the operator (name, registered office, name and contact details of the contact organisational unit),

b) information about the coin handling machine to be put into operation (type, unique identifier, version number of the hardware and software used for checking the authenticity of forint coins, the description of inspection methods and parameters),

c) the site where the machine is to be put into operation and in the case of multiple sites, identification of each of the sites concerned,

d) the planned date of putting into operation,

e) the name and registered office of the manufacturer or distributor,

f) the name and registered office of the company performing maintenance and repairs as well as the frequency of maintenance.

(2) Cash processing providers and cash distributor shall notify the MNB about any change in the information in paragraph (1) within 5 working days following the effective date of the change at the latest, as specified in paragraph (1).

Article 6 (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 7 (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 institution operating the Postal Settlement System (hereinafter referred to as ‘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 8 (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 the Act on Informational self-determination and freedom of information and Article 24 (2) of the MNB Act.

Article 9 (1) Cash processing providers shall handle the value of genuine forint coins returned according to Article 8 (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 8 (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 7 (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. Rules on the denomination exchange of forint coins and exchanging forint coins

Article 10 Credit institution with consumer customers (for the purposes of this subtitle hereinafter referred to as ‘credit institution’) and the postal service shall carry out denomination exchange of forint coins and exchange forint coins as specified in Article 11–13.

Article 11 (1) With the exception defined in paragraph (1a), the credit institution and the postal service shall carry out denomination exchange of forint coins and exchanging forint coins in all of their permanent and mobile branches and post offices. The denomination exchange of forint coins and the exchanging forint coins may be carried out with a coin handling machine or with other equipment that do not qualify as coin handling machine.

(1a) The obligation under paragraph (1) shall not apply to the credit institution branch and post office without counters if

a) the credit institution provides only a service specified in Article 3 (1) b) of the Credit Institutions Act in its branch without counters,

b) the credit institution or the postal service operates at least one permanent branch or post office in the same district of the capital or at least three permanent branches or post offices in the same county, with or without counters, which carry out denomination exchange of forint coins and exchanging forint coins,

c) the credit institution or the postal service operates its branch without counters in a town belonging to the agglomeration area of the capital, which has access to another permanent capital branch of the credit institution or the postal service, with or without counters, carrying out denomination exchange of forint banknotes and exchanging forint banknotes within 20 km of the administrative border of the town.

(1b) If the credit institution or the postal service operates only a branch without counters in the given town, it may use a contributor to fulfill the obligation to denomination exchange of forint banknotes and exchanging forint banknotes. Contributor may only be a credit institution, the postal service or an intermediary providing currency exchange services in accordance with the Credit Institutions Act. The credit institution and the postal service are obliged to notify the MNB of the use of the contributor in advance, no later than 5 working days before the use, in an electronic message sent to the e-mail address kplellenorzes@mnbb.hu, giving the following data: name, headquarters and company registration number of the contributor, address of branches involved in the contribution.

(2) Up to 50 forint coins shall be exchanged on one occasion in the framework of a transaction referred to as denomination exchange of forint coins.

(3) Quantitative restriction shall not apply to the exchanging forint coins in a branch or in a post office with counter. In a branch or in a post office without counter, when exchanging forint coins, maximum 100 pcs of forint coins shall be exchanged or accepted as payment on one occasion.

(4) The credit institution and the postal service may make the exchanging forint coins exceeding 50 pieces, in the case of a branch/office without a counter also denomination exchange of forint coins exceeding 50 pieces, subject to a preliminary notification, provided that the exchange is completed within two days of the receipt of the customer's request for exchange.

(5) The obligation to carry out the denomination exchange of forint coins or exchanging forint coins shall not apply to coins deliberately damaged (e.g. cut in halves, punched, lathed) or coins whose authenticity or face value cannot be clearly determined. Credit institutions and the postal service shall check the authenticity of not clearly authenticated coins, and deliver or send the coins, considered to be suspicious, to the MNB according to Article 7 (2). Credit institutions and the postal service shall notify their customer in accordance with Article 9 (2) and (3) about the outcome of the examination performed by the MNB, and hand over or send the countervalue of the forint coin authenticated in the examination to the customer, or settle the countervalue with the customer.

Article 12 (1) Credit institution and the postal service

a) may charge a fee for the denomination exchange as defined in Article 11 (2) the maximum rate of which – including any other fees that may be charged in relation to the denomination exchange of forint coins – shall not exceed 10 % of the face value of the exchanged forint coin,

b) may make the denomination exchange of forint coins as defined in Article 11 (2) subject to the existence of a payment account kept with it or to the use of some service it provides,

c) may limit the denomination exchange of forint coins as defined in Article 11 (2) to permanent post offices of its own operation.

(2) Credit institutions and the postal service shall

a) charge no fee for exchanging forint coins according to Article 2 9 a) aa) and b) ba),

b) not make the exchanging forint coins subject to the existence of a payment account kept with it or to the use of some service it provides.

Article 13 (1) Credit institutions and the postal service shall disclose the availability of the denomination exchange of forint coins and exchanging forint coins, the terms and conditions and fees referred to in Article 12 (1) as well as information pertaining to the performance of the denomination exchange of forint coins and exchanging forint coins, in particular with regard to Article 11 (4), in notices, in prominent places in its branches actually carrying out denomination exchange of forint coins and exchanging forint coins.

(2) Credit institutions and the postal service shall publish the address of its nearest branch office, and in the case of using a contributor, the name of the contributor and the address of its given branch that actually carry out denomination exchange of forint coins and exchanging of forint coins and the information referred to in paragraph (1) in a notice, in prominent places in their branches that do not actually carry out denomination exchange of forint coins and exchanging of forint coins.

(3) Credit institutions and the postal service shall publish on their website – if such website exists - continuously and easily way the list of its branches, and in the case of using a contributor, the list of the contributor's given branches actually carrying out the denomination exchange of forint coins and exchanging forint coins, along with the information referred to in paragraph (1).

6. Special provisions relating to cash processing providers

Article 14 Cash processing providers shall adopt the internal regulation referred to in Article 3 f) of Government Decree No. 536/2013 (XII. 30.) on the detailed rules of requirements for providing certain financial auxiliary services in accordance with the provisions of this Decree.

7. Closing provisions

Article 15 This Decree shall enter into force on 15 July 2019.

Article 16 The cash processing provider and the cash distributor shall notify the MNB about the information specified in Article 5 (1) on the coin handling machines already installed when this Decree takes effect until 15 August 2019, in the manner stipulated in Article 5 (1).

Article 17 Article 3 (1), Article 3 (2) b), Article 3 (2) d) db), Article 6 (1) and (3), Articles 7–9 of this Decree – together with Article 24 (1) b)–d) and (2)–(6) of the MNB Act as well as Article 3 (1), Article 3 (2) b), Article 3 (2) d) db), Article 3 (4), Article 7 and Articles 15–17 of MNB Decree No. 19/2019 (V. 13.) 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 18 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 19 MNB Decree No. 12/2011 (IX. 6.) 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. 20/2019 (V. 13.)

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.

The content elements of the report on suspicious coins

1. The report shall contain the following information, subject to the exceptions set out in point 2:
 - 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 origin of the coin;
 - 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. Special provisions regarding the content of the report
 - 2.1. Cash processing providers shall draw up the report subject to the exception that they do not indicate the data mentioned under points 1 e) and f), as regards point 1 b) they shall indicate the particulars of their clients and the clients' premises affected, and if the cash processing provider found the suspicious coin in a place of depositing unit where the information of the actual depositor is available, they shall indicate the particulars of the depositor.
 - 2.2. 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.