



Authentication of euro currency - proposed legislation

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Outline : Proposed legislation on authentication of euro currency

- **Basis, background and purpose of Commission proposal**
- **Nature and scope of the authenticity checks**
- **The relevant institutions and timing of implementation**
- **Conclusion**

1) Basis of Commission proposal

Amend Council Regulation ((EC) 1338/2001, laying down measures necessary for the protection of the euro against counterfeiting:

- Definition of counterfeiting and competent authorities
- Procedures for gathering, storing and exchange of information on counterfeits
- Cooperation at national and international level
- Obligation to withdraw and hand over counterfeits

2a) Background to the amendment

Article 6 of R. 1338/2001: *“Credit institutions, and any other institutions engaged in the sorting and distribution to the public of notes and coins as a professional activity, including establishments whose activity consists in exchanging notes and coins of different currencies, such as bureaux de change, shall be obliged to withdraw from circulation all euro notes and coins received by them which they know or have sufficient reason to believe to be counterfeit.”*

2b) Background to the amendment

Obligation to withdraw counterfeits currently carried out:

- on the basis of “due diligence”,
- through specific national legislation in some countries,
- through central bank rules and arrangements in some countries and sectors.

3) Purpose of the amendment

- All euro banknotes and coins to be checked for authenticity before they are re-circulated
- Current practices to be clarified and generalized
- ➔ **The Commission therefore proposes that Regulation 1338/2001 be amended to explicitly include the obligation to check for counterfeits**
- Also proposed to explicitly permit the transport of counterfeit euro among competent authorities, to facilitate adjustment of equipment

4) Nature of the authenticity checks

- Common methods have now been established to ensure that counterfeit coins and banknotes are detected
 - European Central Bank for euro banknotes; and European Commission for euro coins
- Lists of machines capable of detecting counterfeits have been published by the ECB and the Commission.

5) Scope of the authenticity checks

- Specific methods and coverage to be decided in subsequent legislation
- In some EU Member States:
 - ECB Framework (banknotes)
 - Commission Recommendation (coins)
- Minimal methods (appropriate machines, training etc) to be agreed in the other EU Member States where euro currency is handled by the relevant establishments

5a) *Authentication procedures* : ECB and Commission acts

- **ECB framework for recycling of euro banknotes through cash-recycling machines** : common testing procedure for authenticity and fitness; monitoring by the NCBs.
- **Commission Recommendation on euro coin authentication and handling of unfit coins** : common testing and adjustment of sorting machines; handling procedures for unfit coins.

6) Time of implementation

- Time necessary for the adoption, including the implementation texts
- **Not before 2010** - later than initially envisaged
- Transitional periods to be considered as necessary

7) The relevant institutions

- Proposal maintains original definitions “*Credit institutions, and any other institutions engaged in the sorting and distribution to the public of notes and coins as a professional activity ...*”
- Discussions to clarify and broaden the definition, with specific mention to:
 - cash-in-transit companies (reference to Belgian and French legislation), and
 - large retailers operating ATMs.

Conclusions

- **Concrete prospect for legal obligation to check authenticity of re-circulated euro banknotes and coins**
- **ECB and Commission methodology to be basically applied, as appropriate.**



Thank you for your attention

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