Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation

REGULATION (EU) No 1210/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 15 December 2010

concerning authentication of euro coins and handling of euro coins unfit for circulation

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 133 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Central Bank[(1)],

Acting in accordance with the ordinary legislative procedure[(2)],

Whereas:

(1) Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting[(3)] requires credit institutions and, within the limits of their payment activity, other payment service providers and any other institutions engaged in the processing and distribution to the public of notes and coins to ensure that euro notes and coins which they have received and which they intend to put back into circulation are checked for authenticity and that counterfeits are detected.

(2) Commission Recommendation 2005/504/EC of 27 May 2005 concerning authentication of euro coins and handling of euro coins unfit for circulation[(4)] provides for recommended practices regarding the authentication of euro coins and the handling of euro coins unfit for circulation. However, the lack of a mandatory common framework for coin authentication results in different practices among Member States and cannot, therefore, ensure uniform protection of the currency throughout the euro area.

(3) To achieve effective and uniform authentication of euro coins throughout the euro area it is therefore necessary to introduce binding rules for the implementation of common procedures for the authentication of euro coins in circulation and for the implementation of control mechanisms of those procedures by the national authorities.

(4) During the authentication process, genuine euro coins that are unfit for circulation should also be identified. The circulation of unfit coins makes them more difficult to use, particularly in coin-operated machines, and may create confusion for the users as to the authenticity of those coins. Unfit coins should be removed from circulation. Common

Changes to legislation: *There are currently no known outstanding effects for the Regulation (EU) No 1210/2010 of the European Parliament and of the Council. (See end of Document for details)*

binding rules for Member States are therefore necessary for handling and reimbursing euro coins unfit for circulation.

(5) To coordinate the implementation of the authentication procedures, the details of testing and training requirements for coin authentication, the specifications for checking euro coins unfit for circulation and other practical implementation provisions should be further determined by the European Technical and Scientific Centre (ETSC) established by Commission Decision 2005/37/EC[(5)], after having consulted the counterfeit coin experts group referred to in that Decision.

(6) To allow for a gradual adjustment of their current system of rules and practices to the provisions of this Regulation, the Member States should, during a transitional period until 31 December 2014, be able to provide for derogations regarding the types of coin-processing machines to be used for the authentication of euro coins and for the number of those machines to be checked annually.

(7) Each national authority handling euro coins unfit for circulation should be able to apply a handling fee in accordance with this Regulation in order to meet the expenses related to the process. Handling fees should not be applied to the submissions of small quantities of euro coins unfit for circulation. Member States should be able to provide for exemptions from handling fees for persons which cooperate closely with the authorities in removing counterfeit or unfit coins from circulation. Member States should be able to accept bags or boxes of mixed counterfeit and unfit coins without applying a surcharge if this serves public interest.

(8) It should be for each Member State to introduce applicable penalties for infringements, with a view to achieving equivalent authentication of euro coins and handling of euro coins unfit for circulation throughout the euro area.

(9) Since the objective of this Regulation, namely effective and uniform authentication of euro coins throughout the euro area, cannot be sufficiently achieved by the Member States due to the differences in national practices and can therefore be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

SUBJECT MATTER AND DEFINITIONS

Article 1

Subject matter

This Regulation lays down procedures necessary for authentication of euro coins and for handling of euro coins unfit for circulation.

***Changes to legislation:** There are currently no known outstanding effects for the Regulation (EU) No 1210/2010 of the European Parliament and of the Council. (See end of Document for details)*

Article 2

Definitions

For the purpose of this Regulation the following definitions shall apply:

(a) 'authentication of euro coins' means the process of verifying that euro coins are authentic and fit for circulation;

(b) 'euro coins unfit for circulation' means euro coins that are genuine but that have been rejected during the authentication process or euro coins the appearance of which has been significantly altered;

(c) 'designated national authority' means the Coin National Analysis Centre or another authority designated by the Member State concerned;

(d) 'institutions' means the institutions referred to in the first subparagraph of Article 6(1) of Regulation (EC) No 1338/2001, excluding those referred to in the third indent thereof;

(e) 'CCEG' (Counterfeit Coin Experts Group) means the counterfeit coin experts referred to in Decision 2005/37/EC.

CHAPTER II

AUTHENTICATION OF EURO COINS

Article 3

Authentication of euro coins

1 Institutions shall ensure that euro coins which they have received and which they intend to put back into circulation are subject to an authentication procedure. They shall implement that obligation by means of:

a coin-processing machines included in the list of coin-processing machines, referred to in Article 5(2); or

b personnel trained in accordance with modalities defined by Member States.

2 Following authentication all suspected counterfeit coins and euro coins unfit for circulation shall be submitted to the designated national authority.

3 Counterfeit euro coins handed over to the competent national authorities in accordance with Article 6 of Regulation (EC) No 1338/2001 shall not be subject to handling or other fees. As regards euro coins unfit for circulation, Chapter III of this Regulation shall apply.

Article 4

Testing requirement and coin-processing machines

1 When implementing Article 3(1)(a), institutions shall use only the types of coin-processing machines that have successfully passed a detection test carried out by the designated

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national authority or by the ETSC and that were listed on the website referred to in Article 5(2) at the time of their purchase. Institutions shall ensure that those machines are regularly adjusted to maintain their detection capability, taking into consideration the modifications introduced in the list referred to in Article 5(2). The detection test shall be designed to ensure that a coin-processing machine is capable of rejecting the known types of counterfeit euro coins and, in the process, euro coins unfit for circulation and all other coin-like objects that do not comply with the specifications of genuine euro coins.

2 For a transitional period until 31 December 2014, Member States may provide for specific derogations from the first sentence of paragraph 1 for coin-processing machines that were in use on 11 January 2011 and that have proved capable of detecting counterfeit euro coins, euro coins unfit for circulation and other coin-like objects that do not comply with the specifications of genuine euro coins, even if those machines are not included in the list referred to in Article 5(2). Such derogations shall be adopted after consulting the CCEG.

Article 5

Adjustment of coin-processing machines

1 With a view to enabling manufacturers of coin-processing machines to obtain the specifications necessary for the adjustment of their machines to detect counterfeit euro coins, testing in accordance with Article 4 may be carried out at the designated national authority, the ETSC or, following bilateral agreement, on the manufacturer's premises. Following the successful testing of a coin-processing machine, a detection test report summary shall be issued for the attention of the manufacturer of the machine and copied to the ETSC.

2 The Commission shall publish on its website a consolidated list of all coin-processing machines, for which a positive and valid detection test report summary is received or prepared by the ETSC.

Article 6

Controls by Member States

1 Member States shall put in place the controls provided for in this Article.

2 Member States shall perform annual on-the-spot controls in institutions with a view to verifying, through detection tests, the proper functioning of a representative number of coin-processing machines used. Where personnel of the institutions is expected to check manually the authenticity of euro coins to be put back into circulation, Member States shall obtain an assurance from the institutions that their personnel are duly trained for that purpose.

3 The number of coin-processing machines to be checked annually in each Member State shall be such that the volume of euro coins processed by those machines during that year represents at least 25 % of the total cumulated net volume of coins issued by that Member State from the introduction of euro coins until the end of the previous year. The number of coin-processing machines to be checked shall be calculated on the basis of the volume of the three highest denominations of euro coins intended for circulation. Member States shall endeavour to ensure that coin-processing machines are checked on a rotating basis.

4 In the event that the number of coin-processing machines to be checked annually in accordance with paragraph 3 is higher than the number of machines operating in a particular

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Member State, all the coin-processing machines operating in that Member State shall be checked annually.

5 For a transitional period until 31 December 2014, Member States may decide, after notifying the Commission, that the number of coin-processing machines to be checked annually shall be such that the volume of euro coins processed by those machines during that year represents at least 10 % of the total cumulated net volume of coins issued by that Member State from the introduction of the euro coins until the end of the previous year.

6 As part of the annual controls, Member States shall monitor the capacity of institutions to authenticate euro coins on the basis of:

a the existence of a written policy providing instructions relating either to the use of automatic coin-processing equipment or to manual sorting, as appropriate;

b the allocation of appropriate human resources;

c the existence of a written maintenance plan intended to keep coin-processing machines at their appropriate performance level;

d the existence of written procedures for submitting counterfeit euro coins, euro coins unfit for circulation and other coin-like objects that do not comply with the specifications of genuine euro coins to the designated national authority; and

e the existence of internal control procedures describing the modalities and the frequency of the controls to be carried out by institutions to ensure that their sorting centres and their personnel follow the instructions set out in this paragraph.

7 Where a Member State detects non-compliance with this Regulation, the institution concerned shall take the measures to ensure that the non-compliance is rectified promptly.

Article 7

Technical provisions

The Commission shall ensure that the ETSC define, within a reasonable time frame and after consulting the CCEG, the technical specifications for the detection test, and other practical implementation provisions, such as training practices, the period of validity of the detection test report summary, the information to be included in the list referred to in Article 5(2), the guidelines related to controls, checks and auditing by Member States, the rules for the rectification of non-compliance, and the relevant thresholds for accepting genuine coins.

CHAPTER III

HANDLING OF EURO COINS UNFIT FOR CIRCULATION

Article 8

Withdrawal and reimbursement of euro coins unfit for circulation

1 Member States shall withdraw from circulation euro coins unfit for circulation.

2 Member States shall reimburse or replace euro coins that have become unfit due to long circulation or accident or that have been rejected during the authentication procedure for any other reason. Member States may refuse reimbursement of euro coins unfit for circulation