

Authentication of euro coins and handling of euro coins unfit for circulation

2009/0128(COD) - 11/09/2009 - Legislative proposal

PURPOSE: to lay down procedures regarding the authentication of euro coins and the handling of euro coins unfit for circulation.

PROPOSED ACT: Council Regulation.

BACKGROUND: [Council Regulation \(EC\) No 1338/2001](#) laying down measures necessary for the protection of the euro against counterfeiting 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.

Commission Recommendation 2005/504/EC of 27 May 2005 concerning authentication of euro coins and handling of euro coins unfit for circulation provides for practices regarding authentication of euro coins and 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 a uniform protection of the currency across the Community.

In order to achieve an 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 authentication of the circulating euro coins and of control mechanisms of these procedures by the national authorities.

This is the aim of the proposed Regulation.

IMPACT ASSESSMENT: the need for such binding common rules concerning euro coin authentication and unfit euro coins was underlined in the context of the evaluation of the above mentioned Commission Recommendation, carried out in line with its Article 12. This was conducted in collaboration with the Member States, which expressed broad support for the provisions currently proposed. For the purpose of the evaluation, a number of workshops and meetings were organised, also involving representatives of the private sector.

CONTENT: the proposed Regulation includes provisions regarding:

- **Authentication of euro coins:** the institutions concerned must ensure that euro coin authentication is carried out by means of coin processing equipment capable of detecting counterfeits; or manually, by trained staff. The coin processing equipment is to be adjusted on the basis of a detection test, the modalities of which are defined by the European Technical and Scientific Centre (ETSC). Testing possibilities for these machines shall become available at the Coin National Analysis Centres and at the ETSC and a list of the machines having successfully undergone the test will be published by the Commission. Member States will be responsible for overseeing the functioning of the euro coin authentication system.
- **Handling of unfit euro coins:** Member States remove from circulation not only counterfeits but also those genuine euro coins which are no longer fit for circulation. They reimburse those which have been rendered unfit by long circulation or accident but would refuse reimbursement of coins

become unfit as a result of manipulation. The designated services in Member States will charge a 5% levy on the value of unfit coins submitted but have the possibility to offer broad exemptions to companies that cooperate closely with the authorities in cleaning the market from counterfeits and unfit coins. Specific packaging will be required for submissions and Member States will destroy the unfit coins removed from circulation.

It should also be noted that provision is made for reporting and communication, with a view to presenting to Member States a global view of the relevant activity. The proposed procedures on the euro coins are complementary to the ones proposed by the European Central Bank concerning the detection of counterfeit euro banknotes and their fitness sorting.

The proposed provisions are designed for Member States which use the euro as their single currency. This is because euro coin authentication methods, in a less complete form, are already established for non-euro area Member States in the modified Regulation 1338/2001.

BUDGETARY IMPLICATIONS: the proposal has no implication for the Community budget.