

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

2009/0128(COD) - 16/11/2009 - European Central Bank: opinion, guideline, report

## **Opinion of the European Central Bank (ECB) on a proposal for a Council Regulation concerning authentication of euro coins and handling of euro coins unfit for circulation.**

The ECB observes that the proposed regulation implements the obligation placed on credit institutions and other institutions addressed in Article 6 of Council Regulation (EC) No 1338/2001 to ensure that euro coins they receive and intend to put back into circulation are checked for authenticity and that counterfeits are detected. The ECB has adopted very similar measures as regards the obligation of the same institutions to check the authenticity of euro banknotes pursuant to Council Regulation (EC) No 1338/2001. Having similar legislation in place that applies to institutions involved in the distribution to the public of euro banknotes and coins will help to **reduce the threat that counterfeiting of euro banknotes and coins poses to the single currency.**

For the purposes of the proposed regulation, the Commission's decision to build on existing coin sorting procedures and equipment, which have been developed on the basis of the Commission Recommendation 2005/504/EC concerning authentication of euro coins, is certainly the best way to ensure continuity of the good practices existing so far and thus guarantee the efficiency of the planned measures.

The ECB moves on to discuss **handling fees**. Notwithstanding Article 8(2) and (4) of the proposed regulation, which allow Member States, to a certain extent, to provide an exemption from handling fees, the ECB questions whether withholding a handling fee of 5 % of the face value of euro coins unfit for circulation serves the purpose of the proposed regulation, which is to oblige Member States to withdraw unfit euro coins from circulation. As stated in the recitals of the proposed regulation, the circulation of unfit euro coins makes them more difficult to use and may create confusion to the users as to the authenticity of the coins. Euro coins unfit for circulation need to be withdrawn from circulation to ensure that euro coins can be reliably checked for genuineness and that their exposure to counterfeiting is reduced. In this respect, the ECB considers that **the reimbursement of the value or replacement of euro coins unfit for circulation should be, as a general rule, free from any handling fees**. As emphasised in past opinions of the ECB, the application of a fee also contradicts the notion of legal tender, whereby it is a public task to exchange legal tender money at full value

However, the ECB considers **that the application of a fee of 15 % would be justified in cases where the volume of unfit coins to be checked is comparatively high**, due to anomalies or deviations from the specifications referred to in the proposed regulation.

Where the ECB recommends that the proposed regulation is amended, a specific drafting proposal is set out in the Annex accompanied by explanatory text to this effect.