

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

2009/0128(COD) - 07/09/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 605 votes to 5 with 16 abstentions a legislative resolution setting out its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) on the proposal for a regulation of the European Parliament and of the Council concerning authentication of euro coins and handling of euro coins unfit for circulation. The main amendments are as follows:

**Authentication of euro coins:** this must be done by means of coin-processing machines included in the list of coin-processing machines, or by personnel trained in accordance with the modalities defined by Member States.

**Required testing:** the institutions shall use only the types of coin-processing machines that have successfully passed a detection test conducted by the designated national authorities or by the European Technical and Scientific Centre (ETSC) and that were listed on the website referred to in the proposal at the time of their purchase. The institutions shall ensure that those machines are regularly adjusted to maintain their detection capability, taking into consideration the modifications introduced in the list.

For a transitional period of three years from 1 January 2012, Member States may provide specific derogations from the provisions above, for coin-processing machines that have been in use at the time the Regulation enters into force and that have proved capable of detecting counterfeit euro coins, euro coins unfit for circulation and other coin-like objects that are not genuine euro coins, even if they are not included in the list on the website. Such derogations shall be adopted after consultations with the CCEG.

The Commission shall provide that the ETSC, within a reasonable time frame, after having consulted the CCEG, defines 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, the information to be included in the list, the guidelines related to control, checks and auditing by Member States, the rules of procedure for the rectification of non-compliances, as well as the relevant thresholds for acceptance of genuine coins.

**Control and auditing by Member States:** Parliament states that the number of machines to be verified each year in each Member State shall be such that the volume of euro coins processed by these 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 the euro coins until the end of the previous year. The number of machines to be verified 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 machines are verified on a rotating basis. In the event that the number of machines to be verified, as obtained by applying the above calculation method is higher than the number of machines operating in one Member State, all the machines operating in that Member State shall be verified annually. Notwithstanding this, Member States shall endeavour to ensure that machines are verified on a rotating basis.

Members specify that for a transitional period of three years from 1 January 2012, Member States may decide, following notification to the Commission, that the number of machines to be verified each year 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.

As part of the annual controls, Member States shall also monitor the capacity of the institutions to authenticate euro coins on the basis of, inter alia, the existence of a written policy providing instructions relating either to the use of automatic coin-processing equipment or to manual sorting, as appropriate ; and the existence of internal control procedures describing the modalities and the frequency of the controls to be carried out by the institution in order to ensure that its sorting centres or its staff follows the above-mentioned instructions. 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.

**Handling fees:** a new recital states that each designated national authority handling euro coins unfit for circulation may apply a handling fee in accordance with the Regulation in order to cover the expenses related to the process. Handling fees should not be applied to submissions by natural persons of small quantities of unfit coins. Member States should be able to provide for exemptions from handling fees for legal persons which cooperate closely with the authorities in removing counterfeit and unfit coins from circulation. Member States should be able to accept counterfeit and unfit coins to be packaged together without applying a surcharge, if this serves public interest.

In addition, Parliament states that a maximum quantity of one kilogramme euro coins unfit for circulation per denomination is exempted from the handling fee each year for one submitting legal or natural person. If that limit is exceeded, all the coins submitted may be subject to a fee.

If an individual submission includes coins treated with chemical or other hazardous substances to such a degree that they may be deemed to harbour a health risk for handlers, the charges levied shall be supplemented by a further fee equivalent to 20 % of the nominal value of the euro coins submitted.

Packaging of euro coins unfit for circulation: where coins have been treated with chemical or other hazardous substances, the standard packaging units shall be accompanied by a written declaration specifying the exact substances which have been used.

**Checks of euro coins unfit for circulation:** Members add that Member States may also refuse to accept euro coins, where the acceptance or processing of such coins constitutes a health risk for human handlers or if a submission fails to meet packaging and labelling standards, and provide for measures to be adopted with respect to the legal and natural persons having submitted such coins.

**Penalties:** Member States shall lay down the appropriate rules on penalties applicable to infringements

**Evaluation:** in order to enable Member States to monitor the compliance of the institutions with the Regulation, the institutions shall, if so requested, provide, at least on an annual basis, the Member States with the following information, as a minimum:

- types and number of machines used;
- location of each machine; and
- volume of processed coins for each machine per year and per denomination, at least for the three highest denominations.

Member States shall ensure that information concerning the authorities designated for reimbursement of replacement and specific modalities, such as packaging requirements and fees, is made available on the appropriate web sites and through the appropriate publications.

After analysis of the received reports of the Member States, the Commission shall present an annual report to the Economic and Financial Committee on developments and results concerning euro coin authentication and euro coins that are unfit for circulation.

The Commission shall report to the European Parliament and to the Council by 30 June 2014 on the operation and the effects of this Regulation. The report may be accompanied where necessary by legislative proposals implementing in further detail, or amending, the provisions of this Regulation, in particular with respect to provisions on control and auditing by Member States and on withdrawal and reimbursement of euro coins unfit for circulation.