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DECISION OF THE EUROPEAN CENTRAL BANK

of 16 September 2010

on the authenticity and fitness checking and recirculation of euro banknotes

(ECB/2010/14)

(2010/597/EU)

(OJ L 267, 9.10.2010, p. 1)

Amended by:

		Official Journal		
		No	page	date
►**M1**	Decision ECB/2012/19 of the European Central Bank of 7 September 2012	L 253	19	20.9.2012
►**M2**	Decision (EU) 2019/2195 of the European Central Bank of 5 December 2019	L 330	91	20.12.2019
►**M3**	Decision (EU) 2025/2182 of the European Central Bank of 16 October 2025	L 2182	1	28.10.2025

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DECISION OF THE EUROPEAN CENTRAL BANK

of 16 September 2010

on the authenticity and fitness checking and recirculation of euro banknotes

(ECB/2010/14)

(2010/597/EU)

Article 1

Scope

This Decision lays down common rules and procedures on the authenticity and fitness checking and recirculation of euro banknotes under Article 6(1) of Regulation (EC) No 1338/2001.

Article 2

Definitions

For the purposes of this Decision:

1. ‘NCB’ means the national central bank of a Member State whose currency is the euro.

2. ‘Cash handlers’ means the institutions and economic agents referred to in Article 6(1) of Regulation (EC) No 1338/2001.

3. ‘Recirculation’ means the action, by cash handlers, of putting back into circulation, directly or indirectly, euro banknotes that they have received, either from the public as payment or as a deposit in a bank account, or from another cash handler.

4. ‘Banknote handling machine’ means a customer-operated or staff-operated machine as defined in Annex I.

5. ‘Type of banknote handling machine’ means a banknote handling machine that can be distinguished from other banknote handling machines as described in Annex I.

6. ‘Common test procedures’ means the test procedures, as specified by the ECB, to be applied by NCBs in order to test types of banknote handling machine.

7. ‘Trained staff members’ means employees of cash handlers who have: (a) knowledge of the different public security features of euro banknotes, as specified and published by the Eurosystem, and the ability to check them; and (b) knowledge of the sorting criteria listed in Annex IIIb and the ability to check euro banknotes in accordance with them.

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8. ‘Counterfeit euro banknotes’ means counterfeit banknotes as defined in Article 2(a) of Regulation (EC) No 1338/2001.

9. ‘Cash dispenser’ means a self-service machine which, through the use of a bank card or other means, dispenses euro banknotes to the public, debiting a bank account, such as an automated teller machine (ATM) dispensing cash. Self-checkout terminals (SCoTs) with which the public can pay for goods or services either by bank card, cash or other payment instruments, having a cash-withdrawal function, are also considered cash dispensers.

10. ‘Competent national authorities’ means authorities as defined in Article 2(b) of Regulation (EC) No 1338/2001.

11. ‘Unfit euro banknotes’ means euro banknotes which are evaluated as unsuitable for recirculation following the fitness checking referred to in Article 6.

12. ‘Credit institution’ means a credit institution as defined in Article 4(1)(a) of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions ([1]).

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13. ‘Euro banknotes’ means those banknotes complying with the requirements of Decision ECB/2013/10 ([2]) or any other legal act replacing or complementing that Decision and with the technical specifications laid down by the Governing Council.

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Article 3

General principles

1. The obligation of cash handlers to check euro banknotes for authenticity and fitness shall be carried out in line with procedures laid down in this Decision.

2. If two or more cash handlers are involved in the recirculation of the same euro banknotes, the cash handler responsible for the authenticity and fitness checking of these euro banknotes shall be designated in accordance with national regulations or, in the absence of such regulations, in contractual arrangements between the relevant cash handlers.

([1]) OJ L 177, 30.6.2006, p. 1.
([2]) Decision ECB/2013/10 of 19 April 2013 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (OJ L 118, 30.4.2013, p. 37).

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3. The authenticity and fitness checking shall be carried out either by a type of banknote handling machine successfully tested by an NCB, or manually by a trained staff member.

4. Euro banknotes may only be recirculated via customer-operated machines or cash dispensers if they have been checked for authenticity and fitness by a type of banknote handling machine successfully tested by an NCB and classified as genuine and fit. However, this requirement shall not apply to euro banknotes that have been delivered directly to a cash handler by an NCB or by another cash handler that has already checked the euro banknotes for authenticity and fitness in this manner.

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5. Staff-operated machines, when used for the purpose of authenticity and fitness checking, and customer-operated machines may only be put into operation by cash handlers if they have been successfully tested by an NCB and listed on the ECB's website as laid down in Article 9(2). The machines shall be used only for the denominations and series of euro banknotes listed on the ECB's website for the corresponding machines, with the standard factory settings, including any updates thereof, that have been successfully tested unless stricter settings are agreed between the NCB and the cash handler.

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6. Euro banknotes which have been checked for authenticity and fitness and classified as genuine and fit by trained staff members but not by a type of banknote handling machine successfully tested by an NCB may only be recirculated over the counter.

7. This Decision shall not apply to the authenticity and fitness checking of euro banknotes carried out by NCBs.

Article 4

Classification and treatment of euro banknotes by banknote handling machines

1. Euro banknotes checked by a customer-operated machine shall be classified and treated in accordance with Annex IIa.

2. Euro banknotes checked by a staff-operated machine shall be classified and treated in accordance with Annex IIb.

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Article 5

Detection of counterfeit euro banknotes

Suspect counterfeit euro banknotes and euro banknotes that are not clearly authenticated following classification carried out in accordance with Annex IIa or IIb or following manual authenticity checking by a trained staff member shall immediately, in line with national regulations and in any case within a maximum of 20 working days, be handed over by cash handlers to the competent national authorities or to the NCB, respectively. Suspect counterfeit euro banknotes shall be handed over together with all available information related to the account holder.

▼M1

Article 6

Detection of unfit euro banknotes

1. Manual fitness checking shall be carried out in accordance with the minimum standards laid down in Annex III.

2. Automated fitness checking shall be carried out by a successfully tested banknote handling machine according to the minimum standards which are published on the ECB's website and amended from time to time.

3. An NCB may, after informing the ECB, lay down stricter standards for one or more denominations or series of euro banknotes if this is justified, for example by a deterioration in the quality of the euro banknotes in circulation in its Member State. These stricter standards shall be published on that NCB's website.

4. Unfit euro banknotes shall be handed over to an NCB in consideration of national regulations.

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Article 7

Exceptions

1. NCBs may grant remote branches of credit institutions with a low level of cash operations permission for trained staff members to carry out manual fitness checking of euro banknotes to be recirculated via customer-operated machines or cash dispensers, provided that authenticity checking is carried out by a type of banknote handling machine successfully tested by an NCB. To apply for this permission, credit institutions shall provide the NCB of their Member State with evidence of the remoteness of the branch in question and the low level of its cash operations. Each NCB shall ensure that the volume of euro banknotes manually checked in this manner does not exceed a maximum of 5 % of the overall volume of euro banknotes which are distributed annually via customer-operated machines or cash dispensers. NCBs shall decide whether the 5 % threshold shall apply at the level of each credit institution or at that of all credit institutions at national level.

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2. Where an exceptional event occurs as a result of which the euro banknote supply in a Member State is significantly impaired, cash handlers' trained staff members may, on a temporary basis, and subject to the relevant NCB's agreement that the event is exceptional, carry out manual authenticity and fitness checking of euro banknotes to be recirculated via customer-operated machines or cash dispensers.

Article 8

Eurosystem commitments

1. The information, as specified by the Eurosystem, on euro banknotes and their machine-readable security features shall be provided to manufacturers by the Eurosytem in advance of the issue of a new banknote series and thereafter to enable them to build banknote handling machines that are able to pass the common test procedures and to adapt to new requirements.

2. The information, as specified by the Eurosystem, on euro banknotes and their public security features shall be provided by the Eurosystem to cash handlers in advance of the issue of a new euro banknote series and thereafter to enable their staff members to be given any training required.

3. Training by cash handlers of their staff members to ensure that trained staff members are competent to check euro banknotes for authenticity and fitness shall be supported by the Eurosystem.

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4. Cash handlers shall be informed by the Eurosystem of counterfeit threats when appropriate and may be required by the Eurosystem to take action, including imposing a temporary prohibition on the recirculation of the euro banknote denomination(s) of the series concerned.

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5. Manufacturers of banknote handling machines shall be informed by the Eurosystem of counterfeit threats as appropriate.

Article 9

Eurosystem's common test procedures for banknote handling machines

1. Types of banknote handling machines shall be tested by NCBs in accordance with the common test procedures.

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2. All successfully tested types of banknote handling machines shall be listed on the ECB's website during the periods of validity of the test results, as referred to in paragraph 3. A type of banknote handling machine that becomes unable during this period to detect all counterfeit euro banknotes known to the Eurosystem shall be removed from the list in accordance with a procedure specified by the ECB.

▼M1

3. Where a type of banknote handling machine is successfully tested, the test results shall be valid throughout the euro area for one year from the end of the month in which the test was carried out, provided that it remains capable of detecting all counterfeit euro banknotes known to the Eurosystem during this period.

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4. The Eurosystem shall not be held liable if a successfully tested type of banknote handling machine is unable to classify and treat euro banknotes in accordance with Annex IIa or IIb.

Article 10

Eurosystem monitoring activities and corrective measures

1. Subject to national law requirements, NCBs are authorised (i) to carry out on-site inspections, including unannounced ones, at cash handlers' premises to monitor their banknote handling machines, in particular the machines' capacity to check for authenticity and fitness and to trace suspect counterfeit euro banknotes and euro banknotes that are not clearly authenticated to the account holder; and (ii) to verify the procedures governing the operation and control of the banknote handling machines, the treatment of checked euro banknotes and any manual authenticity and fitness checking.

2. Subject to national law requirements, NCBs are authorised to take samples of processed euro banknotes to check them at their own premises.

▼M1

3. When an NCB detects non-compliance by a cash handler with the provisions of this Decision, it shall require the adoption by the cash handler of corrective measures within a specified time limit. Until the non-compliance is rectified, the requiring NCB may, on behalf of the ECB, prohibit the cash handler from recirculating the euro banknote denomination(s) of the series concerned. If the non-compliance is due to a failure of the type of banknote handling machine, this may lead to its removal from the list referred to in Article 9(2).

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4. Where a cash handler does not cooperate with an NCB with regard to an inspection, this shall be considered as non-compliance.

Article 11

Reporting obligations

In order for the ECB and the NCBs to monitor the compliance of cash handlers with this Decision and to oversee developments in the cash cycle, NCBs shall be (i) informed in writing, including by electronic means, by cash handlers before a type of banknote handling machine is put into operation; and (ii) provided by cash handlers with the information specified in Annex IV.

Article 12

Costs

1. The Eurosystem shall not reimburse to cash handlers the costs incurred by them in the fulfilment of this Decision.

2. The Eurosystem shall not compensate for additional costs incurred by cash handlers due to the issue of euro banknotes with changed or new security features.

▼M1

Article 13

Final provisions

1. This Decision shall enter into force on the day following its publication in the *Official Journal of the European Union*.

2. Cash handlers of Member States that adopt the euro following the date of adoption of this Decision shall apply it from the date of adoption of the euro.

▼M2

ANNEX I

BANKNOTE HANDLING MACHINES

1. **General technical requirements**

1.1. To qualify as a banknote handling machine, a machine has to be capable of processing euro banknotes, classifying the individual euro banknotes and separating the euro banknotes according to their classifications without the intervention of the machine operator, subject to Annexes IIa and IIb. With the exception of coin dispensing machines (CDMs), banknote handling machines need to have the required number of dedicated output stackers and/or other means to ensure the reliable separation of the euro banknotes processed.

1.2. Banknote handling machines have to be adaptable to ensure that they are capable of reliably detecting new counterfeits. Moreover, they have to be adaptable to enable the setting up of more or less restrictive fitness sorting standards, if applicable.

2. **Categories of banknote handling machines**

Banknote handling machines are either customer-operated machines or staff-operated machines:

Table 1

Customer-operated machines

A. Customer-operated machines where cash is deposited with customer tracing

1.	Cash-in machines (CIMs)	CIMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts, but do not have any cash-dispensing function. CIMs check euro banknotes for authenticity and allow for traceability of the account holder; fitness checks are optional.
2.	Cash-recycling machines (CRMs)	CRMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts and to withdraw euro banknotes from their bank accounts. CRMs check euro banknotes for authenticity and fitness and allow for traceability of the account holder. For withdrawals, CRMs may use genuine fit euro banknotes that have been deposited by other customers in previous transactions.
3.	Combined cash-in machines (CCMs)	CCMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts and to withdraw euro banknotes from their bank accounts. CCMs check euro banknotes for authenticity and allow for traceability of the account holder; fitness checks are optional. For withdrawals, CCMs do not use euro banknotes that have been deposited by other customers in previous transactions, but only euro banknotes loaded separately into them.

▼M2

B. Cash-out machines (COMs)

4.	Cash-out machines (COMs)	COMs are cash dispensers which check euro banknotes for authenticity and fitness before dispensing them to customers. COMs use euro banknotes loaded into them by cash handlers or other automated systems (e.g. vending machines).

C. Coin Dispensing Machines

5.	Coin Dispensing Machines (CDMs)	CDMs allow customers, by inserting euro banknotes, to obtain coins. Before dispensing coins, euro banknotes are authenticated by the CDM. These euro banknotes are not recirculated.

A CRM may be used as a CIM or a CCM if the detector systems, software and other components for the performance of its core functionalities are the same as the CRM type listed on the ECB's website ([1]).

A CCM may be used as a CIM if the detector systems, software and other components for the performance of its core functionalities are the same as the CCM type listed on the ECB's website.

Table 2

Staff-operated machines

1.	Banknote processing machines (BPMs)	BPMs check euro banknotes for authenticity and fitness.
2.	Banknote authentication machines (BAMs)	BAMs check euro banknotes for authenticity.
3.	Teller assistant recycling machines (TARMs)	TARMs are cash recycling machines operated by cash handlers that check euro banknotes for authenticity and fitness. For withdrawals, TARMs may use genuine fit euro banknotes that have been deposited by other customers in previous transactions. In addition, they keep euro banknotes in safe custody and allow cash handlers to credit or debit the bank accounts of customers.
4.	Teller assistant machines (TAMs)	TAMs are machines operated by cash handlers that check euro banknotes for authenticity. In addition, they keep euro banknotes in safe custody and allow cash handlers to credit or debit the bank accounts of customers.

Staff-operated machines must process euro banknotes in batches.

([1]) www.ecb.europa.eu.

▼M2

A machine that has been tested and is listed on the ECB's website as a CRM or a CIM/CCM can be used as a TARM or a TAM, respectively. In such a case, the machine must only be operated by cash handlers' staff.

3. **Types of banknote handling machines**

The Eurosystem tests types of banknote handling machines. Types of banknote handling machines can be distinguished from each other through their specific detector systems, software and other components for the performance of their core functionalities. These are: (a) the authentication of genuine euro banknotes; (b) the detection and separation of euro banknotes suspected to be counterfeit; (c) the detection and separation of unfit euro banknotes from fit euro banknotes, if applicable; and (d) the tracing of objects identified as suspect counterfeit euro banknotes and of euro banknotes that are not clearly authenticated, if applicable.

▼M2

ANNEX IIa

CLASSIFICATION AND TREATMENT OF EURO BANKNOTES BY CUSTOMER-OPERATED MACHINES

Euro banknotes are classified into one of the following categories and are separated by category. Machines which do not check euro banknotes for fitness do not need to distinguish between category 4a and 4b euro banknotes.

Table 1

Classification and treatment of euro banknotes by customer-operated machines in which cash is deposited with customer tracing

Category		Properties	Treatment
1.	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: — euro banknotes not supported by the machine — non-euro banknotes — euro banknote-like objects — wrong image or format — large folded corner(s) or missing part(s) — feeding or transportation error of the machine	Return by the machine to the customer
2.	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance	Withdraw from circulation To be handed over for authentication, together with information related to the account holder, to the competent national authorities immediately, at the latest 20 working days after deposit in the machine Do not credit to the account holder.
3.	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine are recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes	Withdraw from circulation The euro banknotes are handed over for authentication to the NCB immediately, at the latest 20 working days after deposit in the machine. Information on the account holder is stored for eight weeks after the euro banknotes have been detected by the machine. This information is made available on request to the NCB. Alternatively, in agreement with the NCB, information allowing the traceability of the account holder can be handed over together with the euro banknotes to that NCB. May be credited to the account holder

▼M2

Category		Properties	Treatment
4a.	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be used for recirculation Credited to the account holder
4b.	Euro banknotes that are identified as genuine and unfit	All authenticity checks carried out by the machine giving positive results. At least one fitness criterion checked giving a negative result	Cannot be used for recirculation and are returned to the NCB Credited to the account holder

Specific rules regarding Table 1:

1. Category 2 and 3 euro banknotes are not returned to the customer by a banknote handling machine if that machine allows the cancellation of a deposit transaction. Retaining such euro banknotes when a transaction is cancelled can be done by storing them in a temporary storage area in the machine.

2. Category 3 euro banknotes do not need to be physically separated from category 4a or 4b euro banknotes. If no physical separation takes place, the time limit for handing over the mixed category 3, 4a and 4b euro banknotes to the NCB and the requirements regarding customer tracing of category 3 euro banknotes still apply.

3. Category 3 euro banknotes, also when mixed together with category 4a or 4b banknotes, may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine, whereby the traceability of the original category 3 banknotes to the original account holder needs to be maintained in case these banknotes are rejected by the second machine as euro banknotes that are not clearly authenticated.

▼M3

4. NCBs may authorise, after consulting the competent national authorities, the reprocessing of category 2 euro banknotes by cash handlers. Such authorisation must be duly published by the NCB. Category 2 euro banknotes may therefore only be reprocessed by cash handlers where the NCB of their Member State has authorised reprocessing. The reprocessing must comply with the following rules.

   Category 2 euro banknotes may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine, according to the rules laid down in Table 1. By derogation from the rules laid down in Table 1, original category 2 euro banknotes classified as category 4a euro banknotes by the second banknote handling machine must not be used for recirculation. Original category 2 euro banknotes classified as category 4a or category 4b euro banknotes by the second banknote handling machine must be handed over to the NCB promptly after they have been reprocessed and classified by the second banknote handling machine.

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Table 2

Classification and treatment of euro banknotes by cash-out machines (COMs)

Category		Properties	Treatment
1.	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: — euro banknotes not supported by the machine — non-euro banknotes — euro banknote-like objects — wrong image or format — large folded corner(s) or missing part(s) — feeding or transportation error of the machine	Cannot be dispensed to customers
2.	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance	Cannot be dispensed to customers To be handed over for authentication to the competent national authorities immediately, at the latest 20 working days after detection by the machine together with information related to the account holder if available
3.	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine are recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes	Cannot be dispensed to customers The euro banknotes are handed over to the NCB for authentication immediately, at the latest 20 working days after deposit in the machine.
4a.	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be dispensed to customers
4b.	Euro banknotes that are identified as genuine and unfit	All authenticity checks carried out by the machine giving positive results At least one fitness criterion checked giving a negative result	Cannot be dispensed to customers and are returned to the NCB

Specific rules regarding Table 2:

1. Category 1, 2 and 3 euro banknotes do not need to be physically separated. When mixed together, all three categories must be treated as category 2 euro banknotes. If category 1, 2 and 3 euro banknotes can be separated by using another banknote handling machine or, if agreed by an NCB, by trained staff members, they must be treated in accordance with Table 2.

▼M2

2. Category 3 euro banknotes do not need to be physically separated from category 4a and 4b euro banknotes. If no physical separation takes place, the time limit for handing over the mixed category 3, 4a and 4b euro banknotes to the NCB as specified for category 3 still applies.

3. Category 3 euro banknotes, also when mixed together with category 4a or 4b banknotes, may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine.

▼M3

4. NCBs may authorise, after consulting the competent national authorities, the reprocessing of category 2 euro banknotes by cash handlers. Such authorisation must be duly published by the NCB. Category 2 euro banknotes may only be reprocessed by cash handlers where the NCB of their Member State has authorised reprocessing. The reprocessing must comply with the following rules.

   Category 2 euro banknotes may be reprocessed on any successfully tested type of banknote handling machine. These banknotes are then treated as having been classified by the second banknote handling machine, according to the rules laid down in Table 2. By derogation from the rules laid down in Table 2, the traceability of the original category 2 euro banknotes to the original account holder (if available) also needs to be maintained in case these banknotes are classified by the second banknote handling machine as category 3 euro banknotes. Furthermore, original category 2 euro banknotes classified as category 4a euro banknotes by the second banknote handling machine must not be used for recirculation. Original category 2 euro banknotes classified as category 4a or category 4b euro banknotes by the second banknote handling machine must be handed over to the NCB promptly after they have been reprocessed and classified by the second banknote handling machine.

▼M2

Table 3

Classification and treatment of euro banknotes by coin dispensing machines (CDMs)

CDMs must check the banknotes received for authenticity and retain those suspected to be counterfeits, but do not need to physically separate them by category.
Banknotes suspected to be counterfeits have to be handed over for authentication to the competent national authorities immediately, at the latest 20 working days after detection by the machine, together with information related to the account holder, if available.
Alternatively, the banknotes received by a CDM may be reprocessed on any successfully tested type of banknote handling machine and then treated as classified by this machine. The information related to the account holder of those pieces that have been classified as Category 2 or Category 3 during the reprocessing shall be maintained, if available.

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ANNEX IIb

CLASSIFICATION AND TREATMENT OF EURO BANKNOTES BY STAFF-OPERATED MACHINES

Euro banknotes are classified into one of the categories set out in Table 1. Categories 4a and 4b euro banknotes are to be physically separated from categories 1, 2 and 3 euro banknotes. Machines which do not check euro banknotes for fitness do not need to distinguish between categories 4a and 4b euro banknotes.

Table 1

Classification and treatment of euro banknotes by staff-operated machines

Category		Properties	Treatment
1.	Objects not recognised as euro banknotes	Not recognised as euro banknotes because of any of the following: — euro banknotes not supported by the machine — non-euro banknotes — euro banknote-like objects — wrong image or format — large folded corner(s) or missing part(s) — feeding or transportation error of the machine	Return by the machine to the operator for further evaluation and treatment. After visual evaluation by a staff member these can be returned by the cash handler to the customer.
2.	Suspect counterfeit euro banknotes	Image and format recognised, but one or more authentication feature checked by the machine not detected or clearly out of tolerance	Return by the machine to the operator for further treatment. ►M3 These are processed separately and handed over for final authentication to the competent national authorities immediately, at the latest 20 working days after processing by the machine, together with information related to the account holder, if available. ◄
3.	Euro banknotes that are not clearly authenticated	Image and format recognised, but not all authentication features checked by the machine are recognised because of quality and/or tolerance deviations. In most cases unfit euro banknotes	
4a.	Euro banknotes that are identified as genuine and fit	All authenticity and fitness checks carried out by the machine giving positive results	Can be used for recirculation. Credited to the account holder.
4b.	Euro banknotes that are identified as genuine and unfit	All authenticity checks carried out by the machine giving positive results. At least one fitness criterion checked giving a negative result	Cannot be used for recirculation and are returned to the NCB. Credited to the account holder.

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Specific rule regarding Table 1:

If euro banknotes in categories 2 and 3 can be physically separated by the machine itself or by another banknote handling machine, or, if the NCB agrees, by trained staff members, then category 3 euro banknotes can be provided together with category 4b euro banknotes to the NCB. In such case the time limit for handing category 2 euro banknotes to the competent national authority and mixed category 3 and 4b euro banknotes to the NCB still apply as specified in the table.

Specific classification and sorting rules for some staff-operated machines

1. BPMs classify and physically sort euro banknotes of categories 1, 2 and 3 into one or more output stackers and euro banknotes of categories 4a and 4b into two separate output stakers as set out in Annex IIb, for which at least three dedicated output stackers are needed to avoid the intervention of the machine operator.

2. BPMs with only two dedicated output stackers may however classify and sort euro banknotes if the following requirements are fulfilled:

   (a) The authenticity and fitness checks are conducted in the same pass. In this pass, category 4a euro banknotes must be sorted into one stationary output stacker, whereas euro banknotes of the other categories must be sorted into a separate stationary output stacker that does not have any physical contact with category 4a euro banknotes.

   (b) If a category 1, 2 or 3 euro banknote is identified as being present in the second output stacker, the operator must re-run the euro banknote(s) from the second output stacker. In this second pass, category 1, 2 and 3 euro banknotes must be separated from the category 4b euro banknotes by sorting the former into a dedicated output stacker and treated as specified in the table above. As the machine cannot physically separate category 1, 2 and 3 euro banknotes into different output stackers, they must all be considered and treated as category 2 euro banknotes.

3. BAMs classify and physically sort euro banknotes of categories 1, 2 and 3 into one output stacker and euro banknotes of categories 4a and 4b into a second output stacker, for which at least two dedicated output stackers are needed to avoid the intervention of the machine operator.

4. BAMs with only one dedicated output stacker may however classify and sort euro banknotes if the following requirements are fulfilled:

   (a) Each time a category 1, 2 or 3 euro banknote is processed, the machine must stop the processing immediately and keep that euro banknote in a position that avoids any physical contact with authenticated euro banknotes.

   (b) The result of the authenticity check must be indicated for any single euro banknote of category 1, 2 or 3 on a display. As the machine cannot physically separate category 1,2 and 3 euro banknotes into different output stackers, they must all be considered and treated as category 2 euro banknotes.

▼**M1**

(c) The machine must check for the presence of a category 1, 2 or 3 euro banknote when it stops processing, and processing can only be resumed after the physical removal of the category 1, 2 or 3 euro banknote by the operator.

(d) For each stop of the processing mode no more than one category 1, 2 or 3 euro banknote can be accessible to the operator.

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ANNEX III

▼B

MINIMUM STANDARDS FOR MANUAL FITNESS CHECKING OF EURO BANKNOTES

This Annex lays down minimum standards for manual fitness checking of euro banknotes by trained staff members.

In the course of the fitness checks, euro banknotes with any defect as set out in the table below, or with a clearly noticeable defect in one of the visible security features, are unfit. However, folded euro banknotes and euro banknotes with folded corners may be rectified by manual unfolding where possible. The fitness checks are carried out by a visual inspection of the individual euro banknotes and do not require the use of any tools.

List of sorting criteria for manual fitness checking

Feature		Description
1.	Soil	Visually noticeable distribution of dirt across the euro banknote
2.	Stain	Visually noticeable localised concentration of dirt
3.	Graffiti	Visually noticeable added image or lettering written or marked in any manner on a euro banknote
4.	De-inked note	Visually noticeable lack of ink on part or whole of the euro banknote, e.g. a washed euro banknote
5.	Tear	Euro banknote with at least one tear at the edge
6.	Hole	Euro banknote with at least one visually noticeable hole
7.	Mutilation	Euro banknote with a part/parts missing along at least one edge (in contrast to holes), e.g. a missing corner
8.	Repair	Parts of one or more euro banknotes joined together by tape, glue or other means
9.	Crumples	Euro banknote with multiple random folds across it that strongly affect its visual appearance
10.	Limpness	Euro banknote with structural deterioration resulting in a marked lack of stiffness
11.	Folded euro banknote	Euro banknote that is folded, including a euro banknote that cannot be unfolded
12.	Folded corner	Euro banknote with at least one clearly noticible folded corner

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ANNEX IV

DATA COLLECTION FROM CASH HANDLERS

1. **Objectives**

The objectives of data collection are to enable the national central banks (NCBs) and the European Central Bank (ECB) to monitor the relevant activities of cash handlers and to oversee developments in the cash cycle.

2. **General principles**

2.1. Data on banknote handling machines must be reported when the machines are used pursuant to this Decision. Coin dispensing machines (CDMs) are exempt from reporting obligations.

2.2. Cash handlers regularly provide the NCB of their Member State with the following:

— information on establishments where cash is handled such as branch offices, and

— information on banknote handling machines and cash dispensers.

2.3. In addition, cash handlers that recirculate euro banknotes via banknote handling machines and cash dispensers regularly provide the NCB of their Member State with both of the following:

— information on the volume of cash operations (number of euro banknotes processed) involving banknote handling machines and cash dispensers,

— information on remote branches of credit institutions with a low level of cash operations where fitness checks are carried out manually.

3. Type of data and reporting requirements

3.1. Depending on their nature, the data collected are divided into master data and operational data.

Master data

3.2. Master data cover information on: (a) the individual cash handlers and their banknote handling machines and cash dispensers in operation; and (b) remote branches of credit institutions.

3.3. Master data are provided to the NCB at the date of application of this Decision and every six months thereafter. The data specified in the template set out in Appendix 1 must be provided, although the NCB may require them to be provided in a different format.

3.4. An NCB may decide, for monitoring purposes, to collect the data at local level, such as at branch offices.

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3.5. An NCB may require the cash handlers to indicate the cash-recycling machines (CRMs) that are used as combined cash-in machines (CCMs) or cash-in machines (CIMs) respectively, and the CCMs that are used as CIMs.

3.6. Data on remote branches specified in the template set out in Appendix 3 must be provided, although the NCB may require them to be provided in a different format.

Operational data

3.7. Data originating from the processing and recirculation of euro banknotes by cash handlers are classified as operational data.

3.8. An NCB may decide to exclude other economic agents, as referred to in Article 6(1) of Council Regulation (EC) No 1338/2001 ([1]), from the obligation to report operational data if the number of euro banknotes they recirculate via cash dispensers is below a threshold determined by the NCB.

3.9. Data are provided on a six-monthly basis. The data are reported to the NCB at the latest two months after the relevant reporting period, i.e. end-February and end-August. Data may be provided using the template set out in Appendix 2. NCBs may for a transitional period ask for monthly reporting, if this was their practice prior to this Decision entering into force, or for quarterly reporting.

3.10. Data are provided by cash handlers which physically handle euro banknotes. If a cash handler has outsourced the checking for authenticity and fitness to another cash handler, the data are provided by the cash handler designated in accordance with Article 3(2).

3.11. Data are reported by cash handlers in terms of pieces (volume), aggregated at national level and broken down by euro banknote denomination. A breakdown by banknote series is not required. For remote branches of credit institutions, operational data is reported separately.

3.12. An NCB may decide, for monitoring reasons, to collect the data at local level, such as at branch offices.

3.13. Cash handlers which have outsourced authenticity and fitness checking to other cash handlers may be requested to provide detailed information to the NCB on the latter, including the outsourcing arrangements.

3.14. Data on remote branches specified in the template set out in Appendix 3 must be provided, although the NCB may require them to be provided in a different format and may agree with cash handlers to collect more extensive data.

([1]) Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (*OJ L 181, 4.7.2001, p. 6).*

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4. **Confidentiality and publication of data**

4.1. Both master data and operational data are treated as confidential.

4.2. The NCBs and the ECB may decide to publish reports or statistics using data acquired under this Annex. Any such publication is aggregated in such a way that no data can be attributed to single reporting entities.

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Appendix 1

REPORTING TEMPLATE

Master data

This information is to be provided to:

[Name of NCB; contact details for queries; address]

1. **Cash handler information**

Cash handler's name:

Headquarter address:

Zip/postal code:

City:

Street:

Type of company:

— Credit institution

— Bureau de change

— Cash in transit company which is not a payment institution

— Trader (retailer)

— Casino

— Other, including payment institutions where not already categorised as one of the above (specify)

Contact persons:

Names:

Telephone Nos:

Telefax Nos:

Email addresses:

Outsourcing partner (if relevant)

Name:

Address:

Zip/postal code:

City:

2. **Customer-operated machines**

Machine category	Identification number ([1])	Manufacturer ([1])	Machine name ([1])	Identification ([1]) (detector system/ software versions)	Total number in operation
CIMs					
CRMs					

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Machine category	Identification number (1)	Manufacturer (1)	Machine name (1)	Identification (1) (detector system/ software versions)	Total number in operation
CCMs					
COMs					

(1) These entries are to be completed in accordance with the corresponding entries on the ECB's website.

3. **Staff-operated machines**

Machine category	Identification number (1)	Manufacturer (1)	Machine name (1)	Identification (1) (detector system/ software versions)	Total number in operation
BPMs					
BAMs					
TARMs					
TAMs					

(1) These entries are to be completed in accordance with the corresponding entries on the ECB's website.

4. **Cash dispensers not included in the above table on customer-operated machines**

	Total number in operation
ATMs	
SCoTs	
Others	

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Appendix 2

REPORTING TEMPLATE

Operational data

1. **Cash handler information**

Cash handler's name	
Reporting period	

2. **Data**

The following data items need to be aggregated at national or regional level, as decided by the NCB — excluding remote branches.

	Total number of euro banknotes processed	Euro banknotes sorted as unfit	Euro banknotes recirculated
EUR 5			
EUR 10			
EUR 20			
EUR 50			
EUR 100			
EUR 200			
EUR 500			

In the above table, the column with the heading 'Total number of euro banknotes processed' needs to contain the total number of banknotes whose authenticity and fitness have been checked on banknote handling machines, i.e. cash-recycling machines (CRMs), cash-out machines (COMs), teller assistant recycling machines (TARMs) and banknote processing machines (BPMs), and combined cash-in and cash-out machines (CCMs) with optional fitness checking. The following banknotes are not included in this data: (a) banknotes whose authenticity and fitness check is carried out manually, e.g. over-the-counter operations or back-office operations; (b) banknotes that have been checked for authenticity but not for fitness on banknote handling machines, e.g. banknotes authenticated on cash-in machines (CIMs), CCMs (without optional fitness checking), teller assistant machines (TAMs) and banknote authentication machines (BAMs).

The column with the heading 'Euro banknotes sorted as unfit' is a subset of the total number of euro banknotes processed and needs to contain the number of banknotes that have been classified as genuine and unfit (i.e. category 4b) by the machines. This data item relates to CRMs, COMs, TARMs and BPMs, and to CCMs with optional fitness checking.

The column with the heading 'Euro banknotes recirculated' is a subset of the total number of euro banknotes processed and:

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(a) for CRMs, COMs and TARMs, needs to contain the number of banknotes that have been classified as genuine and fit (i.e. category 4a) by the machines and dispensed to customers as provided by the machines' statistics;

(b) for BPMs and CCMs with optional fitness checking, needs to contain the number of banknotes that have been classified as genuine and fit (i.e. category 4a) by the machines and that have not been returned to the NCB, but kept with the intention of recirculating the banknotes back into the cash cycle.

Number of euro banknotes distributed via customer operated machines and cash dispensers	

If an NCB applies the exception for remote branches laid down in Article 7, these data are mandatory for the credit institutions of that Member State. Credit institutions must consult their NCBs to ascertain whether these data must be reported.

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Appendix 3

REMOTE BRANCHES OF CREDIT INSTITUTIONS

This information is provided only by credit institutions which have remote branches as referred to in Article 7(1).

1. Credit institution information	
Credit institution's name	
Reporting period	

2. Data		
Name of remote branch	Address	Number of euro banknotes distributed via customer-operated machines and cash dispensers