

**COMMISSION RECOMMENDATION****of 22 March 2010****on the scope and effects of legal tender of euro banknotes and coins**

(2010/191/EU)

THE EUROPEAN COMMISSION,

(a) Mandatory acceptance:

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

The creditor of a payment obligation cannot refuse euro banknotes and coins unless the parties have agreed on other means of payment.

Whereas:

(b) Acceptance at full face value:

(1) The legal tender status of euro banknotes is laid down by Article 128 of the Treaty on the Functioning of the European Union, in the chapter on monetary policy. According to Article 3(1)(c) of the Treaty on the Functioning of the European Union, the Union shall have exclusive competence as regards monetary policy for the Member States whose currency is the euro (the participating Member States).

The monetary value of euro banknotes and coins is equal to the amount indicated on the banknotes and coins.

(2) According to Article 11 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro <sup>(1)</sup>, the euro coins shall be the only coins which have the status of legal tender in the participating Member States.

(c) Power to discharge from payment obligations:

A debtor can discharge himself from a payment obligation by tendering euro banknotes and coins to the creditor.

(3) There is currently some uncertainty at euro area level with regards to the scope of legal tender and the consequences thereof.

**2. Acceptance of payments in euro banknotes and coins in retail transactions**

The acceptance of euro banknotes and coins as means of payments in retail transactions should be the rule. A refusal thereof should be possible only if grounded on reasons related to the 'good faith principle' (for example the retailer has no change available).

(4) This recommendation is based on the main conclusions of a report prepared by a working group consisting of representatives from Ministries of Finance and National Central Banks of the euro area.

**3. Acceptance of high denomination banknotes in retail transactions**

High denomination banknotes should be accepted as means of payment in retail transactions. A refusal thereof should be possible only if grounded on reasons related to the 'good faith principle' (for example the face value of the banknote tendered is disproportionate compared to the amount owed to the creditor of the payment).

(5) The Commission will review the implementation of this recommendation three years after its adoption and assess whether regulatory measures are needed.

HAS ADOPTED THIS RECOMMENDATION:

**1. Common definition of legal tender**

Where a payment obligation exists, the legal tender of euro banknotes and coins should imply:

**4. Absence of surcharges imposed on the use of euro banknotes and coins**

No surcharges should be imposed on payments with euro banknotes and coins.

<sup>(1)</sup> OJ L 139, 11.5.1998, p. 1.

**5. Euro Banknotes stained by Intelligent banknote neutralisation systems (IBNS)**

Even if euro banknotes stained with security ink by Intelligent Banknote Neutralisation Systems (IBNS) are legal tender, Member States should communicate actively towards stakeholders (banks, retailers, general public) that stained banknotes must be brought back to National Central Banks as it is very likely that they are the product of a theft.

**6. Total destruction of issued notes and coins by individuals**

Member States should neither prohibit nor penalise total destruction of small quantities of euro banknotes or coins by individuals. They should however prohibit unauthorized destruction of large quantities of euro banknotes or coins.

**7. Mutilation of notes and coins for artistic purposes**

Member States should not encourage mutilation of euro banknotes or coins for artistic purposes but should tolerate it. Such mutilated banknotes or coins should be considered as unfit for circulation.

**8. Competence to decide on the destruction of fit euro circulation coins**

The decision to destroy fit euro circulation coins should not belong to any national authority in isolation. Prior to the destruction of fit euro circulation coins, the national competent authority should consult the Euro Coin Subcommittee of the Economic and Financial Committee and inform the Mint Directors Working Group.

**9. Legal tender of 1 and 2 euro cent coins and rounding rules**

In Member States where rounding regimes have been adopted and prices consequently rounded to the nearest five cents, 1 and 2 euro cent coins should remain legal tender and should continue to be accepted as means of payments. Member States should however refrain from adopting new rounding rules since they affect negatively the power to discharge from a payment obligation by tendering the exact amount owed and since it may lead in some circumstances to a surcharge on cash payments.

**10. Legal tender of euro collector coins**

Member States should take all measures deemed appropriate to prevent euro collector coins from being used as means of payments (for example special packaging, clear communication, use of precious metal, sale prices above face value).

This Recommendation is addressed to all euro area Member States, the European Central Bank, European and national trade and consumer associations.

Done at Brussels, 22 March 2010.

*For the Commission*  
Olli REHN  
*Member of the Commission*