


# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2009/0128(COD) Procedure completed
Authentication of euro coins and handling of euro coins unfit for circulation	
Subject 5.20.02 Single currency, euro, euro area 7.30.30.10 Action against counterfeiting	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		20/10/2009
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3050</a>	29/11/2010
European Commission	Commission DG	Commissioner	
	<a href="#">European Anti-Fraud Office (OLAF)</a>	ŠEMETA Algirdas	

Key events			
11/09/2009	Legislative proposal published	<a href="#">COM(2009)0459</a>	Summary
07/10/2009	Committee referral announced in Parliament, 1st reading		
02/12/2009	Additional information		Summary
22/06/2010	Vote in committee, 1st reading		Summary
28/06/2010	Committee report tabled for plenary, 1st reading	<a href="#">A7-0212/2010</a>	
07/09/2010	Results of vote in Parliament		
07/09/2010	Decision by Parliament, 1st reading	<a href="#">T7-0292/2010</a>	Summary
29/11/2010	Act adopted by Council after Parliament's 1st reading		
15/12/2010	Final act signed		
15/12/2010	End of procedure in Parliament		
22/12/2010	Final act published in Official Journal		

Technical information	
Procedure reference	2009/0128(COD)

Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 133
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/00973

### Documentation gateway

Legislative proposal	<a href="#">COM(2009)0459</a>	11/09/2009	EC	Summary
European Central Bank: opinion, guideline, report	<a href="#">CON/2009/0095</a> <a href="#">OJ C 284 25.11.2009, p. 0006</a>	16/11/2009	ECB	Summary
Committee draft report	<a href="#">PE439.411</a>	06/04/2010	EP	
Amendments tabled in committee	<a href="#">PE441.190</a>	11/05/2010	EP	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A7-0212/2010</a>	28/06/2010	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T7-0292/2010</a>	07/09/2010	EP	Summary
Commission response to text adopted in plenary	SP(2010)7193	13/10/2010	EC	
Draft final act	<a href="#">00038/2010/LEX</a>	15/12/2010	CSL	
Follow-up document	<a href="#">COM(2014)0277</a>	20/05/2014	EC	Summary
Follow-up document	<a href="#">COM(2014)0551</a>	03/09/2014	EC	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

[Regulation 2010/1210](#)  
[OJ L 339 22.12.2010, p. 0001](#) Summary

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

**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.

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

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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.

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

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The Lisbon Treaty, which entered into force on 1 December 2009, amended the EU's two core treaties, the Treaty on European Union (TEU) and the Treaty establishing the European Community (EC Treaty). The latter was renamed the Treaty on the Functioning of the European Union (TFEU).

These changes had various consequences for many ongoing procedures. First of all, the articles of the TEU and of the old EC Treaty that constitute the legal basis of all the proposals founded on those Treaties were renumbered in accordance with the table of equivalences mentioned in Article 5 of the Lisbon Treaty.

In addition, some proposals underwent a change to their legal basis going beyond a mere change to their numbering, and this resulted in

changes to the type of procedure.

The Lisbon Treaty also introduced new concepts of decision-making procedure. The old "codecision procedure" was extended to new areas and renamed the "ordinary legislative procedure". A new "consent procedure" replaced the old "assent procedure". New interinstitutional procedures were also set up for the adoption of certain non-legislative acts, for example the conclusion of some international agreements.

The ongoing proposals concerned by these changes were formally modified by the Commission in a Communication published on 2 December 2009 ([COM\(2009\)0665](#)).

In the case of the proposal for a Council Regulation concerning authentication of euro coins and handling of euro coins unfit for circulation, the entry into force of the Lisbon Treaty had the following impacts:

- the old legal basis - Treaty/EC/Art.123(4) ? became art. 133 of the TFEU. Please note that the numbering of the old legal basis corresponds to the consolidated version of the Treaty that was applicable immediately before the entry into force of the Lisbon Treaty, and may differ from the references in the original Commission proposal;
- the proposal, which had previously fallen under the old consultation procedure (CNS), was classified as an ordinary legislative procedure (COD).

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

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The Committee Economic and Monetary Affairs adopted the report drawn up by Slavi BINEV (NI, BG) 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. It recommended that the European Parliament's position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) should be to amend the Commission proposal 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 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, in 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: the report 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.

The committee specifies 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 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.

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, the committee provides that 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 in accordance with the text 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.

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

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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.

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

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PURPOSE: to achieve effective and uniform authentication of euro coins throughout the euro area.

LEGISLATIVE ACT: Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

CONTENT: following an agreement at first reading with the European Parliament, the Council adopted a regulation on proper procedures for the authentication of euro coins and handling of euro coins unfit for circulation.

The new Regulation establishes in a legally binding form a common method for verifying that euro coins are authentic and fit for circulation. It complements Regulation (EC)1338/2001 which requires credit institutions and other payment service providers 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. Counterfeiting of euro coins is considered as a significant threat, particularly for the highest coin denominations.

Testing requirements: the new regulation obliges credit institutions to ensure that euro coin authentication is carried out by means of coin processing equipment capable of detecting counterfeits, or manually. Credit institutions may only use the types of coin-processing machines that have successfully passed a detection test carried out by the competent national authority or the Coin National Analysis Centre.

For a transitional period until 31 December 2014, Member States may provide for specific derogations from the first sentence of paragraph 1 for coin-processing machines that were in use on 11 January 2011 and that have proved capable of detecting counterfeit euro coins, euro coins unfit for circulation and other coin-like objects that do not comply with the specifications of genuine euro coins.

Control by Member States: Member States must perform annual on-the-spot controls in institutions with a view to verifying, through detection tests, the proper functioning of a representative number of coin-processing machines used. The number of coin-processing machines to be checked annually in each Member State shall be such that the volume of euro coins processed by those 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 euro coins until the end of the previous year. For a transitional period until 31 December 2014, Member States may decide that the number of coin-processing machines to be checked annually shall be such that the volume of euro coins processed by those machines during that year represents at least 10 % instead of 25%.

Withdrawal and reimbursement of euro coins unfit for circulation: Member States will also be obliged to remove from circulation not only counterfeits but also those genuine euro coins that have become unfit due to long circulation or accident or any other reason. Member States may refuse reimbursement of euro coins unfit for circulation which have been altered either deliberately or by a process that could be reasonably expected to have the effect of altering them.

Each national authority handling euro coins unfit for circulation will be able to apply a handling fee in accordance with this Regulation in order to meet the expenses related to the process. Handling fees should not be applied to the submissions of small quantities of euro coins unfit for circulation.

Reporting, communication and evaluation: Member States shall submit annually reports to the Commission on their activities as regards authentication of euro coins.

To enable Member States to monitor the compliance of institutions with the Regulation, they shall, if so requested, provide the Member States at least annually with at least the following information: (i) the types and number of coin-processing machines used; (ii) the location of each coin-processing machine; and (iii) the volume of coins processed per coin-processing machine, per year and per denomination, for at least the three highest denominations.

The Commission shall present a report to the European Parliament and to the Council by 30 June 2014 on the operation and effects of the Regulation.

ENTRY INTO FORCE: 11/01/2011.

APPLICATION: from 01/01/2012, with the exception of Chapter III (handling of euro coins unfit for circulation) which shall apply from the date

of entry into force of the Regulation.

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

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The Commission presents a report on the application of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

The report recalls the broad objectives objective of the Regulation to ensure effective and uniform authentication of euro coins throughout the euro area by providing binding rules for the implementation of common procedures for the authentication of euro coins in circulation as well as for implementation of control mechanism of the authentication procedures by the national authorities.

The Regulation stipulates that the authentication obligation shall be implemented by means of coin-processing machines or by trained personnel. Following the authentication procedure all suspected counterfeit coins and coins unfit for circulation are to be sent to the Coin National Analysis Centre or another authority designated by the Member State concerned. The Regulation sets out the testing requirements for the coin-processing machines, rules for handling coins unfit for circulation as well as control mechanisms to be put in place by Member States to make sure the institutions are fulfilling their authentication obligation.

Purpose of the report: the Commission presents a report on developments and results concerning authentication of euro coins and euro coins unfit for circulation.

This is the first time the Commission has prepared such an annual report since the Regulation has been applicable since 1 January 2012. It covers the year 2012.

Main conclusions: to present the report, the Commission relied on the reports prepared by the Member States themselves. However, since not all the reports have been received, the Commission will take the necessary steps to remind the Member States of the Euro-zone area of the obligation to timely comply with the requirements under Regulation 1210/2010.

Based on the information reported, it can be concluded that the authentication procedure in the institutions seems to be in place in the majority of euro area Member States and that 12 out of 17 Member States of the euro area carry out controls of the correct implementation of the authentication obligation by the institutions referred to in Article 6 of Regulation 1338/2001.

However, a further fine-tuning of the reporting obligation by Member States is necessary to allow the Commission to draw up a comprehensive picture of the authentication procedures put in place in Member States. The reports from Member States do not reach the desired level of completeness and homogeneity necessary for a detailed assessment by the Commission.

Further harmonisation and improvement of the reporting will be discussed in the framework of the existing experts group (Counterfeit Coins Experts Group) and will be detailed in the European Technical and Scientific Centre (ETSC) Guidelines in view of future reports.

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

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The Commission presented a report under Article 12(5) of Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

Regulation (EU) No 1210/2010 aims to ensure effective and uniform authentication of euro coins throughout the euro area by providing binding rules for the implementation of common procedures for the authentication of euro coins in circulation and for the implementation of control mechanisms of the authentication procedures by the national authorities.

The Regulation sets out the testing requirements for the coin-processing machines, rules for handling coins unfit for circulation, as well as control mechanisms to be put in place by Member States to ensure the institutions are fulfilling their authentication obligation. Furthermore, the Regulation contains rules on the obligation to withdraw unfit coins from circulation.

This report contains an overview of the assessment of the implementation of the provisions of the Regulation based on annual reports submitted by the Member States in order to evaluate the operation and effects of the Regulation.

Based on the information reported by the Member States the authentication procedure in the institutions is in place in the majority of the euro area Member States. Finland, Luxembourg and Ireland are still in the process of fully implementing the Regulation. Italy has indicated that a national decree is in preparation enabling the full implementation of the Regulation.

All Member States of the euro area comply with the requirement to withdraw coins unfit for circulation. Some improvements could be considered in relation to the treatment of unfit coins withdrawn from circulation by Member States.

Given that a limited level of experience has been gained so far with the implementation of the Regulation, it is too early to envisage a legislative proposal at this stage. A further fine-tuning of the reporting obligation by Member States is necessary to allow the Commission to draw up a comprehensive picture of the authentication procedures put in place in Member States.

Therefore, the Commission (OLAF) will need to further assess the appropriateness of a possible modification of the Regulation. Some Member States, however, have already identified some areas for improvement which are summarised below:

- modify Article 3(1) of the Regulation and to introduce an extra category of machines which could be used to comply with the authentication obligation;
- ensure: (i) that the number of coins processed by national authorities in the premises of Central Banks, which are currently not considered institutions, should be taken into account when assessing the compliance with the 25% referred to in Article 6(3); (ii) that the annual compliance should be linked to the number of institutions checked rather than the number of coin-processing machines checked; (iii) that there are less detailed rules for planning and conducting annual on-the-spot controls;
- look into a further alignment of the conditions for reimbursement of unfit coins as stipulated in Article 8(2) of the Regulation given the diverging national practices.

Based on its evaluation, OLAF will discuss the way forward with its stakeholders. Options available could include a modification of the Regulation or a clarification of the European Technical and Scientific Centre (ETSC), established by Commission Decision 2005/37/EC, which defines the Guidelines on implementation of the Regulation.