

Order of 14 February 2012

**Measures relating to the authenticity and fitness checking and recirculation of
euro banknotes**

THE BANK OF ITALY

Having regard to Decree Law 1/2012 “Urgent measures on competition, infrastructure development and competitiveness” and in particular Article 97, which lays down standards for protecting the euro against counterfeiting (“Amendments to Decree Law 350/2001, converted with amendments into Law 409/2001, as well as to Decree Law 262/2006, converted with amendments into Law 286/2006). Having particular regard to paragraph 1 of the said Article, which replaces Article 8 of Decree Law 350/2001, specifying the obligations of cash handlers to maintain the authenticity and fitness for circulation of euro banknotes, and in particular paragraph 9 thereof, which gives the Bank of Italy the power to issue implementing measures also in respect of the procedures and organization necessary to handle cash as well as data and information that cash handlers are required to transmit; finally, having regard to the new paragraph 7 of the said Article 8, which gives the Bank of Italy powers of inspection over cash handlers;

Having regard to Article 146 of Legislative Decree 385/1993;

Having regard to Decision 2010/14 of the European Central Bank, relating to the authenticity and fitness checking and recirculation of euro banknotes;

Whereas the protection of the integrity and the good condition of the banknotes is essential to maintain public faith in them as a method of payment and that this requires their being subject to authenticity checks to quickly identify counterfeits and to verify fitness so as to ascertain that the condition of the circulating banknotes is of a good standard;

Whereas suspect euro banknotes must be quickly detected and handed over to the competent national authorities;

Whereas the said Decision of the ECB has specified common rules and procedures relating to the checking of the authenticity and fitness of euro banknotes and to their recirculation,

adopts the following Order:

Article 1

The provisions set forth in Annex 1, which form an integral part of the present Order, shall apply to cash handlers.

Article 2

Cash handlers shall inform the Bank of Italy, within 30 days of the present Order coming into force, of their activities, using the form annexed to the provisions referred to in Article 1.

The parties that intend to engage in cash handling shall send prior notification to the Bank of Italy, communicating the activities to be performed, the organizational structure and the type of machines that will be used, using the form referred to in the preceding paragraph.

Cash handlers shall notify the Bank of Italy when they cease their activities.

Article 3

The list of administrative procedures within the competence of the Bank of Italy, attached to the Order of 22 June 2010, is supplemented by the procedures identified in Annex 2 of the present Order.

In respect of paragraph 1, Procedure No. 126 referred to in the list of administrative procedures relating to the exercise of the function of financial and banking supervision attached to the Order of 25 June 2008, is herewith abrogated.

Article 4

The present Order enters into force on the fifteenth day after the date of publication in the *Gazzetta Ufficiale della Repubblica Italiana*.

The Orders of the Bank of Italy of 29 November 2006, 5 February 2007 and 4 September 2008 are repealed.

Rome, 14 February 2012

THE GOVERNOR
Ignazio Visco

BANK OF ITALY

PROVISIONS ON CASH HANDLING ACTIVITIES

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REGULATORY SOURCES

COUNCIL REGULATION (EC) No. 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting

COUNCIL REGULATION (EC) No. 44/2009 of 18 December 2008 amending Regulation (EC) No. 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting

DECISION OF THE EUROPEAN CENTRAL BANK of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes (ECB/2010/14)

Decree Law 1/2012, “Urgent measures on competition, infrastructure development and competitiveness”; Article 97, amending rules for the protection of the euro against counterfeiting

DEFINITIONS

In the current Order the following definitions apply:

- “compliant machine”: a machine for the authentication or the authentication and sorting of euro banknotes that has been successfully tested by a national central bank of the Eurosystem and is included in the appropriate list published on the website of the European Central Bank.
- “cash handling”: activities aimed at preserving the integrity and good condition of the banknotes by:
 - a) identifying suspect banknotes by checking their distinctive and security features (authenticity checks);
 - b) checking those banknotes which, on the basis of their condition, are fit to be put back into circulation, both in teller counter operations and via automated teller machines (fitness checking);
- “banknotes”: banknotes denominated in euro;
- “ECB”: the European Central Bank
- “NCB”: a national central bank of the Eurosystem.
- National Service Card (NSC): 2-factor authentication to access the Cash Portal which, within the national technical and legal framework, represents a computerised document for accessing electronically the services supplied by public administrations (Presidential Decree of 2 March 2004, No. 117 “Regulation on the distribution of the National Service Card” and the related technical rules issued on 9 December 2004).
- cash dispenser: a customer-operated machine which, through the use of a bank card or other means, dispenses euro banknotes to the public, debiting a bank account. ATMs and 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 considered cash dispensers.
- “credit institutions”: the banks and electronic money institutions referred to in Article 1, paragraph 2, h-bis of Legislative Decree 385/1993;
- “Eurosystem”: the ECB and the NCBs of the European Union Member States whose currency is the euro;
- remote branch: branch of a credit institution or of Poste Italiane S.p.A. authorized by the Bank of Italy to carry out manual checks of the fitness of banknotes discarded by automatic devices.
- “cash handlers”: the parties that are required to check the integrity and condition of euro banknotes for the purpose of identifying suspect banknotes and banknotes which owing to wear and tear are no longer fit for circulation. These are:
 - o banks;

- within the limits of the provision of payment services which involve the use of cash, Poste Italiane S.p.A. (the Italian Post Office), the electronic money institutions under Article 1(2)(h-bis) of Legislative Decree 385/1993 (hereinafter TUB or the Consolidated Law on Banking), the payment institutions under Article 1(2)(h-sexies) of the TUB and the other providers of payment services pursuant to Article 114-sexies of the TUB;
 - other economic agents that take part in the handling and distribution of banknotes to the public, including:
 - a) parties (the so-called service companies) that professionally perform banknote counting and authenticity and fitness checking operations, including parties authorized for the transportation and custody of cash pursuant to Article 14 (1) (b) of Legislative Decree 231/2007;
 - b) parties that professionally perform bureau de change activities, consisting in spot trading of means of payment in foreign currencies;
 - c) other parties, such as traders and casinos, that assist in the processing and distribution to the public of banknotes via automatic teller machines, within the scope of these activities;
 - the Italian subsidiaries of parties falling into the categories of agents indicated in the previous points.
- GS1: the integrated system of standards that assigns unique international code numbers to products, services, and locations. These codes are distributed by the GS1 association, an international non-profit organization, through its national representatives. For statistical reporting, the following GS1 codes are relevant:
 - a) GLN – *Global Location Number*: uniquely identifies a physical location belonging to a given party (e.g. a counting room);
 - b) GTIN – *Global Trade Item Number*: uniquely identifies the products reported (e.g., denomination and type of banknote);
 - Help desk: The General Cashier’s Department of the Bank of Italy;
 - Indicod-ECR: the sole and exclusive association for the distribution of GS1 codes for Italy;
 - “trained staff members”: 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; b) knowledge of the sorting standards listed in Annex 2 and the capacity to check euro banknotes against these standards.
 - Cash Portal: the information system for the acquisition of statistical reports from cash handlers. It consists of an Internet application portal, accessible via user-to-application logic (U2A);
 - ‘Recirculation’: the act of putting back into circulation, either at a teller counter or by means of automatic teller machines, euro banknotes that the cash handlers have received from the public (either as payment or as a deposit) or from another cash handler;
 - user: a natural person who accedes to the Cash Portal to make statistical reports;

- XML (eXtensible Markup Language): the language selected to structure and standardize the messages to transmit to the Bank of Italy via the Cash Portal.

CHAPTER I

CASH HANDLING ACTIVITIES

Cash handling activities are aimed at preserving the integrity and good condition of banknotes by:

- a) identifying banknotes suspected of being counterfeit, by means of verifying their distinctive and safety features (authenticity checking);
- b) checking banknotes which, due to their state of conservation, are fit to be put back into circulation, either at the bank teller counter or via automatic cash dispensers. The assessment that banknotes display the qualitative features that make them fit to remain in circulation (fitness checking) should be aimed at compliance with the minimum requirements set out in Annexes 1 and 2.

Authenticity and fitness checking shall be carried out using compliant machines; the types of these machines are described in Annex 3. The list of compliant machines is posted on the ECB website. Any machine removed from such list as a result of a fail result in a test will be published on the website of the Bank of Italy under the section "Banknotes and coins," and the Bank of Italy will notify each cash handler of the removal by e-mail.

The parties that intend to perform cash handling activities shall give advance notice to the General Cashier's Department (Servizio Cassa Generale) of the Bank of Italy of the activities to be carried out, the organizational arrangements and the type of machines to be used, using the form shown in Annex 4. The same form shall be sent to notify changes to previously submitted information, with the exception of changes to machines used, for which notice must be given in the way stipulated in the provisions on statistical reporting, to which reference shall be made (Part II).

The discontinuation of cash handling activities shall likewise be communicated to the General Cashier's Department of the Bank of Italy.

Euro banknotes may be put back into circulation by means of cash dispenser machines only after successful authenticity and fitness checking using compliant machines. However, these checks are not required for euro banknotes which have been delivered directly to a cash handler by an NCB or another cash handler that has already run such checks in the same way.

Banknotes may be put back into circulation manually only if this is done by "trained staff members":

- a) subject to prior permission of the Bank of Italy, fitness checking on banknotes intended to be fed by employees of credit institutions and of Poste Italiane S.p.A into automatic teller machines situated in remote locations with a modest level of payment operations, provided authenticity checks have been carried out using compliant machines. The request for

permission, along with all the evaluation elements, shall be sent to Banca d'Italia - Servizio Cassa generale, Via Nazionale 91, 00184 Rome. The person responsible for the procedure is the Head of the General Cashier's Department. The following shall be indicated in the request for permission: the branch(es) for which the request is being made; its location and the reason why it should be deemed 'remote'; the number of employees who should be considered 'trained staff members'; the quantity of banknotes (broken down by denomination) that have been recirculated by each branch mentioned in the request in the last 12 months; the machines used for authenticity checking.

Pursuant to ECB Decision 2010/14, the volume of euro banknotes dispensed by cash dispensers of all remote branches approved by the Bank of Italy may not exceed 5% of the total volume dispensed at national level by such machines;

- b) subject to the authorization of the Bank of Italy, authenticity and fitness checking on euro banknotes intended to be fed by employees of credit institutions and of Poste Italiane S.p.A into cash dispensers should an exceptional and temporary event occur as a result of which the supply of banknotes is significantly impaired. The request for authorization, along with all elements that substantiate the exceptional circumstances, shall be sent to Banca d'Italia - Servizio Cassa generale, Via Nazionale 91, 00184 Rome. The person responsible for the procedure is the Head of the General Cashier's Department. The following shall be indicated in the request: 1) the nature of the exceptional event and the reasons why due to such event it is not possible to assure the regular supply of banknotes; 2) the territorial area where the exceptional event occurred and the branches for which authorization is being requested; 3) the expected duration of the manual checking of authenticity and fitness on banknotes to be recirculated; 4) the number of employees to be considered 'trained staff members' for each one of the branches for which permission is requested.

The Bank of Italy may, if an exceptional event occurs, proceed to authorize manual cash handling at its own initiative;

- c) the authenticity and fitness checking of banknotes to be put back into circulation by bank counter clerks exclusively in the framework of transactions with the public (for instance, payments, etc.).

The requests for authorization under a) and b) are subject to the administrative procedures included in the Regulation of the Bank of Italy dated 22 June 2010 on identifying the terms and the organizational units responsible for the administrative procedures that are the responsibility of the Bank of Italy, pursuant to Articles 2 and 4 of Law 241/1990, and subsequent amendments thereto.¹

¹ The term for completion of these procedures is 90 days after the date of receipt of the request.

CHAPTER II

ORGANIZATIONAL REQUIREMENTS

Cash handlers shall, in organizing their activities, apply the criteria stated below:

1) availability of adequate technological resources and the exclusive use of compliant machines, as provided for in Chapter I. Such machines must meet the hardware and software standards published on the ECB website, and also must be used with the standard factory settings, including any updates thereof, unless there are stricter settings agreed upon between the Bank of Italy and the cash handlers. The contracts for the supply of machines must expressly state that the installation and operation procedures are in compliance with the standards published on the website of the ECB and that maintenance of such requirements will be checked in the context of periodical maintenance activities. Moreover, it must be provided for under the contract that the supplier undertakes to notify the cash handler promptly of any changes in the software of the compliant machine as well as of the removal of the machine from the ECB list;

2) use of staff who possess professional skills adequate to their tasks and are constantly trained by means of appropriate professional training activities. In particular, staff handling cash must have knowledge of the different public security features of banknotes, as specified and published by the Eurosystem, and the ability to check them. Further, in those cases where manual checking is allowed, the staff must have knowledge of the sorting standards listed in Annex 2 and the ability to check banknotes against such standards. Compliance with these principles shall also be ensured for non-employee staff that may be used for handling the banknotes;

3) establishment of documented procedures for carrying out the various cash handling process phases, including an indication of the staff responsibilities. In particular:

a) for each banknote processing phase, starting with the withdrawal of banknotes from clients, operational procedures shall be defined that allow constant reporting to the party depositing the processed banknotes and the prompt and distinct management of banknotes suspected of being counterfeit, those deemed unfit for circulation, and those fit to be recirculated. The placement of the banknotes in safe-deposit rooms shall satisfy the same criteria. For the purposes of applying these segregation criteria, the following shall be noted:

- for cash handling activities carried out directly, banks and Poste Italiane S.p.A. shall have the obligation to report constantly to the party that has deposited banknotes which have been selected as suspected counterfeits. This detection having been carried out, the remaining banknotes may be handled in an indistinct manner;

- service companies shall report banknotes suspected of being counterfeit which were detected in the processing of the cash to each party from whom they were acquired and, further, keep the remaining banknotes being handled subdivided among the individual banks, Poste Italiane S.p.A. and other parties (for example mass retailing operators) for the part attributable to each;
- b) procedures shall be defined for the prompt compilation of the report on the withdrawal of those banknotes suspected of being counterfeit and its transmission to the Bank of Italy (see Chapter III). Also a procedure must be in place for delivering to the Bank of Italy banknotes no longer fit for circulation;
- c) procedures shall be established in order to prevent the improper use of banknotes attributable to each depositing party;
- 4) design of internal information flows to ensure that the staff are aware of their role and acquainted with the procedures to follow to correctly perform their tasks. To this end the staff must have available the related documentation including the operation manuals provided with each machine;
- 5) organization of internal controls which must guarantee compliance with the operational procedures in place in the various processing phases, provide for a system for the prompt detection of shortcomings and abnormalities, the notification of the same to the competent levels of control and the verification of the subsequent corrective action. In this context, a control culture must be developed which makes the personnel aware of the risks connected with the activity;
- 6) measures for the correct and timely recording of operational events and for dispatch to the Bank of Italy of the information flows required. In this context it is of particular importance to identify the banknote handling phases in order to allow traceability along the cash handling chain;
- 7) measures to safeguard the security of banknotes in all handling phases (counting and sorting, packaging, internal movement and shipping, custody and recirculation), with full observance of the regulations governing the sector. Particular attention shall be paid so that only the staff members strictly necessary shall have access to the locations where cash processing takes place.

The Bank of Italy shall verify the use of the aforementioned organizational criteria applying the criterion of proportionality in order to take into account the size, complexity and operations of the cash handler.

1. Outsourcing of cash handling activities

Cash handlers which outsource, in whole or in part, the handling of banknotes must pay particular attention to assessing the professional capacity and organizational adequacy of the party entrusted with this task. In view of the economic, legal and reputational risks connected with the matter, the checks carried out at the moment of the start of the contractual relationship must be accompanied by constant control on the correct performance of the outsourced activities.

The outsourcer shall sign a contract with the agent that, in establishing adequate levels of service, shall among other things stipulate:

- the obligation of the agent to comply with the provisions of the Bank of Italy as regards the authenticity checking and sorting of banknotes for recirculation, with particular attention placed on the exclusive use of compliant machines;
- that the outsourcer may verify the performance of the services rendered, also by means of access to the premises of the agent and to request, if applicable, corrective measures;
- the right of the outsourcer to recede, without penalties, where the counterparty repeatedly violates the contractual obligations;
- the procedures for the exchange of information and data;
- which party is obliged to carry out the statistical reporting to the Bank of Italy.

The adequacy of the control procedures and systems set up for the outsourced activities and the levels of service ensured by the agent must be verified, at least annually, by the internal control and compliance departments (or by the department or party responsible for internal audits) of the cash handlers that outsource.

As regards the outsourcing of cash handling activities by credit institutions and other intermediaries that fall within the definition of cash handlers, reference shall be made to the provisions issued by the Bank of Italy regarding its powers of supervision of such parties.

CHAPTER III

REPORTING OBLIGATIONS WITH RESPECT TO BANKNOTES SUSPECTED OF BEING COUNTERFEIT

Cash handlers shall withdraw from circulation and consign to a Bank of Italy branch banknotes that have not been classified as authentic following automatic or, where allowed, manual authenticity checking.

Suspect banknotes shall be consigned immediately and in any case within a maximum of 20 working days from the date on which they were received.

The banknotes consigned shall be accompanied by the withdrawal report containing the information as per Annex 5.

The list of the branches to which the suspect banknotes may be sent or delivered shall be published on the website of the Bank of Italy under the section Banknotes and coins (Banconote e monete).

CHAPTER IV

CONTROLS

The Bank of Italy may, for the purpose of verifying the observance of the provisions governing cash handling, obtain information, acts and documents, and carry out inspections.

During the inspections, the inspectors shall check:

- the organizational structure adopted, including the staff training measures, internal control functions, and the capacity to manage the risk of putting counterfeit or worn banknotes back into circulation;
- conformity of the banknote handling machines with ECB Decision 2010/14;
- the functioning of the aforesaid machines and in particular their ability to carry out authenticity and fitness checking;
- the procedures that govern the operation and control of the aforesaid machines;
- the handling of the banknotes submitted to checking;
- the ways in which manual authenticity and fitness checking is performed.

In order to carry out controls on cash handlers subject to inspection by the Finance Police (Corpo della Guardia di Finanza) pursuant to Art. 53 (2) of Legislative Decree No. 231 of 21 November 2007 and subsequent amendments thereto, the Bank of Italy may, also on the basis of special memoranda of understanding concluded to that effect, work with the aforesaid Police, which shall carry out the checks requested under its powers to audit value added tax and income taxes.

Inspected cash handlers shall cooperate to the maximum extent for the performance of the controls. Failure to cooperate shall be considered in and of itself as non-compliance punishable pursuant to Chapter VI.

The inspections shall be carried out by employees of the Bank of Italy provided with a Letter of Appointment signed by the Governor or by his representative.

The inspectors may ask for every document or act which they deem necessary to be presented, carry out checks on the banknotes treated by the cash handler as well as take samples of banknotes – after having prepared the respective record of delivery – to subject them to authenticity and fitness checking at the Bank of Italy; in this case the inspected party has the right to have its own representative present at the verification.

Within 90 days of the conclusion of the controls, the inspection results shall be notified to the cash handler in writing. Such notification may also be made at a special meeting with the cash handler's *pro tempore* legal representative. This term may be interrupted whenever the need to acquire new information arises.

Within 30 days of the notification, the cash handler shall communicate its observations on the inspection report's findings and observations to the Bank of Italy, also giving notice of the measures it has already taken or intends to take to rectify the irregularities cited.

Where the charge of irregularities requires the initiation of sanction proceedings, the provisions of Chapter VI shall apply.

CHAPTER V

CORRECTIVE ACTION

The following provisions concern cases of failure to observe the provisions which govern cash handling activities. These relate to the seriousness of the irregularities detected.

Without prejudice to the provisions concerning administrative pecuniary penalties (see Chapter VI), the Bank of Italy shall require the cash handler to take corrective measures and shall set the time limit for their adoption. Until the non-compliance has been remedied, the Bank of Italy may, within 120 days of the observation of the irregularity, adopt a provision prohibiting the cash handler from putting banknotes back into circulation.²

Where failure to comply arises from a defect of the type of banknote handling machine, this might entail the removal of the same from the list of compliant machines published on the ECB website.

The prohibitions adopted by the Bank of Italy as regards cash handlers are also published on the website of the Bank of Italy under the 'Banknotes and coins' section.

² The person in charge of the proceeding is the Head of the General Cashier's Department.

CHAPTER VI
SANCTIONS AND ADMINISTRATIVE SANCTION
PROCEEDINGS

1. Introduction

Pursuant to Article 8 (10) of Decree Law 350/2001 as replaced by Article 97 of Decree Law 1/2012, in case of non-compliance with that article of the Decree Law and with ECB Decision 2010/14 and subsequent amendments thereto, as well as with the present Order, the Bank of Italy shall apply a pecuniary administrative sanction of between €5,000 and €50,000 (five thousand and fifty thousand euros).

The sanction provisions respond to the need to ensure that cash handler activities are carried out in compliance with the rules which govern the activities of banknote authenticity and fitness checking.

The evaluations performed by the Bank of Italy for the purpose of imposing sanctions and determining their amount shall take into account the nature and gravity of the violation ascertained as well as its impact on the integrity and good state of conservation of the banknotes in circulation. Relevant considerations are failure to comply with the rules governing the recirculation of banknotes, the procedures and terms for consigning suspect counterfeit banknotes to the Bank of Italy, and malfunctions of the organizational structures and in internal control systems. Particular importance shall also be ascribed to deficiencies in statistical reporting to the Bank of Italy.

The presentation of defensive briefs and the possibility, in the investigation phase, of requesting a hearing embody the principles of adversarial process and participation in the proceedings, which are corollary to the right to defense of the parties subject to the legal effects of the administrative proceedings.

The violations of the provisions governing cash handling by banks and other financial intermediaries and providers of payment services shall be assessed by the Bank of Italy also as regards their possible importance for the Bank's supervision of such parties, as provided for in the rules governing the sector.

2. Person responsible for the proceeding

The person responsible for the administrative sanction proceeding is the head of the General Cashier's Department (Servizio Cassa Generale).

The provisions of the Regulation of the Bank of Italy of 22 June 2010 specifying the terms and organizational units responsible for administrative proceedings that fall within the scope of responsibility of the Bank of Italy shall apply, pursuant to Articles 2 and 4 of Law No. 241 of 7 August 1990 and subsequent amendments thereto.

3. Stages of the proceeding

The proceeding for administrative sanctions is broken down into the following stages: start of the sanction proceeding, preliminary investigation, decision.

3.1. Initiation of the proceeding

The administrative sanction proceeding, governed by Article 145 of Legislative Decree No. 385 of 1 September 1993 and subsequent amendments thereto, shall be initiated by the Head of the General Cashier's Department with the endorsement of the Managing Director of the Currency Circulation and General Affairs Area of the Bank of Italy.

The formal charge of irregularities by cash handlers shall be made by the Bank of Italy in accordance with the procedures provided for in Law No. 689/1981 and within the term set by the applicable provisions, which begins from the moment of the conclusion of the phase of ascertainment of irregularities.

The Letter of Charges shall designate the General Cashier's Department as the organizational unit to which defensive briefs or requests for hearings and examination of investigation documents must be presented within 30 days of the notice. Where there are particular reasons which prevent observance of the 30-day term for the submission of the defensive brief, or where a petition for a hearing is submitted, the cash handler can request a brief extension (normally not greater than 15 days).

Failure to present a defensive brief shall not prejudice the continuation of the sanction proceeding.

3.2 Investigation Stage

Obligations in connection with the preliminary investigation stage of the proceeding shall be seen to by the General Cashier's Department (Servizio Cassa Generale), the organizational unit responsible for the proceeding.

The Committee of Inquiry into irregularities of cash handlers, formed at the Bank of Italy, shall proceed to evaluate the violations for which the application of administrative sanctions is envisaged, examining the records of the proceeding, with special attention to the defensive briefs submitted by parties involved.

Upon conclusion of the investigation, the Committee shall propose either to inflict an administrative sanction or to dismiss the case.

The proposal is transmitted, together with the acts of the proceeding, to the Governing Board.

The General Counsel – or, in case of his absence or impediment, the Chief Legal Counsel – shall formulate an opinion to the Governing Board concerning the legitimacy of the proposal.

3.3 Decision

The decision to inflict administrative sanctions or to dismiss the proceeding shall be taken by the Governing Board, in compliance with the provisions of the Statute of the Bank of Italy.

The Governing Board may request further investigations, and may likewise differ with the investigation results, indicating the grounds for so doing in its final decision.

In every stage of the proceeding, the possibility of adopting specific measures against the cash handler shall continue to remain in force pursuant to the provisions contained in Chapter V - Corrective Action.

The Bank of Italy shall notify the sanction measure to the cash handler together with the reasons for it and arrange for its publication on its website in the Banknotes and Coins section.

3.4. Enforcement and appeal

Pursuant to the provisions of Article 145 (9) of the TUB, the collection of the amount of the pecuniary sanction shall be provided for by following the ordinary enforcement procedures, in accordance with the terms and conditions provided for by Presidential Decree 602/1973, as amended by Legislative Decree 46/1999 and subsequent amendments and additions thereto.

Article 16 of Law 689/1981, which allows the reduced payment of administrative sanctions, shall not apply.

The sanction measures may be appealed within 60 days from the date of notification to the Regional Administrative Court of Lazio, Rome. The Bank of Italy must be notified of this appeal within the same time period.

The presentation of the appeal shall not suspend payment of the sanction.

PART II

STATISTICAL REPORTING BY CASH HANDLERS

CHAPTER I

STATISTICAL REPORTS

1. Introduction

Cash handlers that qualify as reporting parties (see para. 2) shall send to the Bank of Italy periodical information that is used to monitor banknote recirculation and developments in the cash cycle. The Bank of Italy may publish reports and statistics using the data obtained, grouping them in such a way that they cannot be attributed to the individual reporting parties.

Even when it outsources the report preparation activities, the reporting party shall be responsible for the correctness of the information sent to the Bank of Italy and for compliance with the deadlines for transmission.

The parties required to submit statistical reports, the contents of the information to be sent to the Bank of Italy, and the reporting frequency are established below.

Technical instructions for report transmission are given in the Guide for the Compilation of Cash Handler Statistical Reports (“Manuale operativo per le segnalazioni statistiche dei gestori del contante”) available to operators on the website of the Bank of Italy at www.bancaditalia.it.

The Bank of Italy Organization Department, Servizio Organizzazione, Via Nazionale 91, 00184 Rome, shall be responsible for handling the data relating to cash handlers. The person responsible shall be the pro tempore Head of the General Cashier’s Department. The data may come to be known to the aforesaid person responsible and, as authorized, the employees of the branches and the departments assigned to perform tasks of oversight over cash handlers.

2. Reporting parties

The reports must be prepared by the cash handlers that participate in recirculation by authenticating and sorting banknotes using compliant machines. This category includes both parties that directly handle their own banknotes received from customers (e.g. banks and Poste Italiane S.p.a.) and parties (e.g. the so-called service companies) which handle banknotes on behalf of third parties.

Cash handlers which participate in recirculation exclusively via their own cash dispensers must also send reports. Such parties are not required to send the entire set of data, but rather report only the number of cash dispensers they have and the number of banknotes dispensed through them (see below).

3. Coding system

The monitoring of banknote recirculation by parties required to submit statistical reports requires registers that allow the univocal identification of the parties and the locations where they perform the activity: to that end the GS1 coding system has been adopted.

Each reporting party must have a GS1 code.

The reporting party shall, in order to use the GS1 code received, assign GLN codes to its registered office, counting sites and any remote branches. The reporting party shall be responsible for the proper use of such assigned codes, with special regard to safeguarding the requirement of uniqueness – including over time – of its registered counting sites.

In the reports, the various denominations of banknotes are identified by means of GTIN codes supplied by the Bank of Italy.

4. Contents of the statistical reports

Statistical reports shall contain the information specified below.

4.1 Counting Sites

Sites where the cash handler has installed the compliant machines that it uses to authenticate and sort banknotes for recirculation (whether these are reserved to the staff or can be used directly by customers). These include: the so-called 'count rooms' where cash handling is performed exclusively by means of staff operated machines (SOMs); branches (banks, post office, shopping malls, etc.) where cash handlers have installed customer-operated cash dispensers (cash out machines, COMs)¹ or Teller Assistant Recycling Machines (TARMs) used to feed automatic recirculation machines, such as ATMs.

Cash handlers that participate in recirculation exclusively by means of their own cash dispensers are not required to report counting sites.

4.2. System Data

The cash handler shall, for each reported counting site, report the technological equipment available to handle cash, indicating the number of the various cash handling machines used for recirculation, separately for each model of machine. Each model shall be uniquely identified by means of the code made available by the Bank of Italy on its Cash Portal, which identifies machines according to their hardware and software configuration. In case of TARMs and Teller Assistant Machines (TAMs), the prevalent mode of use (customer operated or staff operated) shall also be indicated.

The cash handler shall also report:

1. the total number of cash dispensers by machine type ('ATM', 'Self-checkout terminal' (SCoT), or 'other');
2. the total number, by model, of automatic cash in machines available to customers that are not used for recirculation (e.g. Cash In Machines, or CIMs).

The data under 1 and 2 are not to be subdivided by installation site.

¹ This does not include Cash In Machines (CIMs), which are not recirculation machines.

Machines used to handle banknotes distributed exclusively over the counter by trained staff are not subject to the reporting obligations.

4.3. Operational Data

“Operational data” consist in the number of banknotes (flow data) handled during the reporting period (half-year). Such data concern, separately per denomination (identified using the GTIN code assigned by the Bank of Italy), the number of:

- a) banknotes handled using compliant cash handling machines (PROCESSED), indicating the number of banknotes found unfit for circulation (WORN) and of those put back into circulation (RECIRCULATED). Data are to be given separately by counting site and, within each site, by the owner of the handled banknotes. “Owner” shall mean:
- for a reporting party that directly handles its own banknotes which originate from its customers (e.g. banks and Poste Italiane S.p.a.), the reporting party itself;
 - for a reporting party that handles banknotes on behalf of third parties (e.g. the so-called service companies), the party on behalf of which the service is performed.

The data must be reported by the cash handler that has handled the banknotes. In the case of outsourced cash handling activities, the parties (outsourcer and agent) shall specify and promptly inform the Bank of Italy which party is required to send the data.

Where the processing procedure adopted by the reporting party provides for a first phase of counting and authenticity checking and a second phase of fitness sorting, possibly combined with a new authenticity check, the process shall be counted only once for purposes of reporting the number of notes handled;

- b) banknotes distributed via cash dispensers;
c) banknotes distributed via cash dispensers at remote branches.

5. Reporting periods

Reports related to system data and operational data shall be sent twice a year within the following terms:

REFERENCE PERIOD	PERIOD OF TRANSMISSION
FIRST HALF OF THE YEAR	1 July - 31 August
SECOND HALF OF THE YEAR	1 January - 28 February

Counting sites shall be reported when they are first opened. Further, cash handlers shall promptly notify the Bank of Italy of the cessation of activity or change of

address of any site, in order to keep the list of cash handling points constantly up-to-date.

CHAPTER II

PROCEDURES FOR SENDING STATISTICAL REPORTS

1. Cash Portal

Reports shall be submitted electronically using the functions available at the Cash Portal (CASH-IT) of the Bank of Italy.

These functions allow the uploading to the website of XML files produced by the reporting parties.

The Portal can be accessed at <https://cash.bancaditalia.it>.

2. Access to the Cash Portal

The following procedure must be followed to gain access to the Cash Portal:

2.1. GS1 code request

Each cash handler shall obtain its own GS1 code and proceed to define the GLN codes that allow the unique identification of the registered office of the reporting party and each of its counting sites.

GS1 codes can be obtained as described on the website of the distributing company, Indicod-ECR (www.indicod-ecr.it).

2.2. Declaration of start of activities and communication of the GS1 code

This Order (Part I, Chapter I) lays down that these parties shall notify the General Cashier's Department of the Bank of Italy of the start of their activity using the form attached as Annex 4 (Cash handling activity report, Form A). On that occasion, the name(s) of the contact person(s) for cash recirculation together with telephone numbers and e-mail addresses (a functional mailbox may also be used) shall be communicated to the Bank of Italy.

2.3. Identification of the users who can access the Cash Portal

A reporting party may assign the task of transmitting reports via the Portal to one or more users.

Further, a single user may be assigned to this task by more than one reporting party. In that case, the user can transmit the reports of several reporting parties in a single XML message.

For purposes of accreditation for the use of the Portal, the reporting party shall communicate the personal information of the persons to be accredited to the Bank of Italy by certified e-mail.

The reporting party shall next proceed to transmit via certified e-mail the X.509 digital certificates of the National Services Card for all users for whom accreditation has been requested.

To delete a user, the reporting party shall send to the Bank of Italy from the e-mail address notified previously a request for user deletion.⁽¹⁾

The Bank of Italy shall notify those involved (users and reporting parties) of accreditations and deletions.

3. Transmission of information

Reporting parties shall, when sending statistical reports, follow the technical instructions regarding the format of XML messages (see the Guide for the Compilation of Cash Handler Statistical Reports (“Manuale operativo per le segnalazioni statistiche dei gestori del contante”). In any case it is specified that:

- a single XML message may contain the statistical reports of more than one reporting party;
- as regards the reporting of counting sites, messages shall be specialized according to type of operation; therefore, the file must state the type of updating intended: inclusion of one or more additional counting sites (I), modification of the information associated with one or more counting sites already reported and available on record (M); cancellation or deletion of one or more counting sites (C). M-type reports do not result in the assignment of a new GLN to the counting site.
- as regards system data and operational data reports, a change to the data sent in respect of one or more reporting parties requires a new message to be sent, normally within the time limits established for the reporting period. In case of corrections to be made to a message that contains data for more than one reporting party, the correction message shall concern only the reporting party or parties whose information is to be corrected.
- as regards system data and operational data reports, the transmission of a corrected report always results in the cancellation or deletion of the previous one.
- the correction of system and operational data reports can be effected exclusively by the transmission of the entire corrected report. Therefore, partial correction reports are not allowed.

3.1. Preliminary data checking

Before data are sent to the Bank of Italy, the XML files must be subjected to formal consistency checks using the form (XSD file) that the Bank of Italy provides to reporting parties.

3.2. Transmission of reports

⁽¹⁾ In particular, the reporting parties for which the user has been accredited are verified. If the user also sends reports for reporting parties other than the one that has filed the deletion request, only the link between the user and the latter shall be deleted.

For the performance of the operations for reporting via the Cash Portal, users shall refer to the Guide for the Compilation of Cash Handler Statistical Reports (“Manuale operativo per le segnalazioni statistiche dei gestori del contante”).

ANNEXES

- 1) Minimum standards for automated fitness checking of euro banknotes
- 2) Minimum standards for manual fitness checking of euro banknotes
- 3) Banknote handling machines
- 4) Reporting forms for cash handling
- 5) Information for the compilation of the written report on the withdrawal of suspect banknotes

Minimum standards for automated fitness checking of euro banknotes

This Annex lays down minimum standards for automated fitness checking of euro banknotes by banknote handling machines.

In the course of the fitness checks, euro banknotes with any defect in respect of which a mandatory requirement has been defined as set out below are unfit.

The acceptable tolerance level for the fitness checks by banknote handling machines is 5 %. This means that a maximum of 5 % of the euro banknotes that do not meet the fitness criteria may be misclassified by the machines and sorted as fit.

TABLE 1: LIST OF SORTING CRITERIA FOR AUTOMATED FITNESS SORTING		
Defect		Definition
1.	Soil	General distribution of dirt across the entire euro banknote
2.	Stain	Localised concentration of dirt
3.	Graffiti	Added image or lettering written or marked in any manner on a euro banknote
4.	De-inked note	Lack of ink on part or whole of the euro banknote, e.g. a washed euro banknote
5.	Tear	Self-explanatory
6.	Hole	Self-explanatory
7.	Mutilation	Euro banknotes with part(s) missing, along at least one edge (in contrast to holes)
8.	Repair	Parts of one or more euro banknotes joined together by tape or glue or other means
9.	Crumples	Multiple random folds
10.	Limpness	Structural deterioration resulting in a marked lack of stiffness
11.	Fold	Self-explanatory
12.	Folded corner	Self-explanatory

FURTHER INFORMATION ON SORTING CRITERIA

1. SOIL

Soil increases the optical density of euro banknotes. The following table specifies the maximum density increase of limit samples compared to new euro banknotes that euro banknotes may exhibit to be classified as fit:

TABLE 2: OPTICAL DENSITY LEVELS		
Denomination	Maximum density increase of limit sample compared to new euro banknote	Filter
€5	0.06	Magenta
€10	0.06	Magenta
€20	0.08	Magenta
€50	0.07	Magenta
€100	0.07	Magenta
€200	0.04	Magenta
€500	0.04	Magenta

Euro banknotes not meeting these criteria are unfit. NCBs keep reference euro banknotes showing a soil level derived from these criteria. The densitometric measurements of the reference euro banknotes are based on the following criteria:

- Standard for density measurements: ISO 5 parts 3 and 4
- Standard for the filters: DIN 16536
- Absolute measurements: standard calibration (white tile)
- Polarisation filter: on
- Aperture: 3 mm
- Illumination: D65/2
- Background: white tile standard calibration

The density increase of a reference banknote is the highest value between the averages of at least four measurement points measured on the front and on the back of the banknote in the unprinted area and without any watermark modulation.

2. STAIN

Euro banknotes with a localised concentration of dirt covering at least 9 mm by 9mm in the non printed area or at least 15mm by 15mm in the printed area are unfit.

3. GRAFFITI

At present there is no mandatory requirement to detect graffiti.

4. DE-INKED NOTE

De-inking of euro banknotes can occur, e.g. if they have been washed or subjected to aggressive chemical agents. These kinds of unfit euro banknotes might be detected by image detectors or UV detectors.

5. TEAR

Euro banknotes with tears which are open and not partly or fully covered by the machine's transport belt(s) are unfit if the size of the tear is greater than indicated below.

Direction	Width	Length
Vertical	4mm	8mm
Horizontal	4mm	15mm
Diagonal	4mm	18mm ⁵

6. HOLE

Euro banknotes with holes which are not partly or fully covered by the machine's transport belt(s) are unfit if the area of the hole is greater than 10 mm².

7. MUTILATION

Euro banknotes with lengths reduced by 6mm or more or widths reduced by 5mm or more are unfit. All measurements relate to differences from the nominal lengths and widths of the euro banknotes.

8. REPAIR

A repaired euro banknote is created by joining parts of euro banknote(s) together, e.g. by using tape or glue. A euro banknote with tape covering an area greater than 10mm by 40mm and which is more than 50µm thick is unfit.

9. CRUMPLES

Crumpled euro banknotes can normally be identified if their level of reflectance or stiffness is reduced. There is no mandatory requirement.

10. LIMPNESS

As far as possible, euro banknotes with very little stiffness are sorted as unfit. As limpness normally correlates with soiling, limp euro banknotes are generally also detected via soil sensors. There is no mandatory requirement.

11. FOLD

Folded euro banknotes, because of their reduced length or width, can be detected by sensors checking the size of the euro banknotes. In addition, they can be detected by thickness sensors. However, due to technical limitations, only folds fulfilling the criteria laid down for mutilations, i.e. folds leading to a

⁵ This is measured by drawing a straight line from the peak of the tear to the edge of the banknote where the tear begins (rectangular projection), rather than measuring the length of the tear itself.

reduction in length greater than 6mm or a reduction in width greater than 5mm, can be identified and are unfit.

12. FOLDED CORNER

A euro banknote with a folded corner with an area of more than 130mm^2 and a minimum length of the smaller edge greater than 10mm is unfit.

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 noticeable folded corner

Banknote handling machines

1 GENERAL TECHNICAL REQUIREMENTS

- 1.1 To qualify as a banknote handling machine, a machine has to be capable of processing batches of euro banknotes, classifying the individual euro banknotes and physically separating the euro banknotes according to their classifications without the intervention of the machine operator, subject to Annex IIa and IIb. 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
B. Other customer-operated machines		
4.	Cash-out machines (COM)	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)

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

Where customers feed euro banknotes to be deposited into TARMs or TAMs, or take the euro banknotes dispensed by these machines, these machines have to be considered customer-operated machines and have to classify and treat the euro banknotes in accordance with Annex IIa.

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.

REPORTING FORMS FOR CASH HANDLING ACTIVITY

FORM A: For cash handlers that use banknote handling machines and/or cash dispensers

To: Banca d'Italia – Amministrazione Centrale
Servizio Cassa Generale
Via Nazionale, 91
00184 – Rome

The undersigned:.....
Born in (city) on (date), resident in (address, city)
.....¹

as legal representative² of Name of cash handler, ABI code (for banks) and address of registered office

notifies

the performance of the activity of recirculation of euro banknotes using banknote handling machines and/or cash dispensers.

In this regard, the following information is herewith supplied:

TYPE OF OPERATOR (bank, provider of payment services [specify], other operator [specify])

GS1 CODE (if cash handler has one)³

BRIEF DESCRIPTION OF ACTIVITY

BANKNOTE HANDLING MACHINES (model taken from ECB website and, for each model, the number of machines used)

.....
.....
.....

¹ Position or role at the cash handling party.

² Attach document demonstrating power of proxy as representative.

³ The GS1 standard automatically and univocally identifies products, packaging units and locations. The codes are assigned in leasing to the individual parties that apply for them by the national representatives of the GS1 international association, which guarantees their global uniqueness. For Italy, requests for GS1 codes must be addressed to Indicod-Ecr, the sole representative in Italy of GS1 International. In this field, give the GLN of the registered office.

OUTSOURCING (specify the phases of banknote handling outsourced and, for each, the agent to whom it is outsourced)

.....
.....
.....

INFORMATION ON ORGANIZATION OF CASH HANDLING (describe briefly: the organization of the various phases in cash handling, indicating the number of staff involved in each phase and the safeguards that guarantee compliance with the standards for sorting the banknotes handled; the type of controls provided for and the procedures by which they are carried out)

.....
.....
.....
.....

Date

Signature

FORM B: For cash handlers using exclusively manual handling and operating exclusively at teller counters

To: Banca d'Italia – Amministrazione Centrale
Servizio Cassa Generale
Via Nazionale, 91
00184 – Rome

The undersigned:.....
Born in (city) on (date), resident in (address, city)
.....¹

as legal representative² of Name of cash handler, ABI code (for banks) and address of registered office

notifies

the performance of the activity of recirculation of euro banknotes using exclusively manual checking by trained staff and recirculation exclusively in operations at teller counter.
In this regard, the following information is herewith supplied:

TYPE OF OPERATOR (bank, provider of payment services [specify], other operator [specify])
.....

Date

Signature

¹ Position or role at the cash handling party

² Attach document demonstrating power of proxy as representative.

INFORMATION FOR THE COMPILATION OF THE WRITTEN REPORT
ON THE WITHDRAWAL OF SUSPECT BANKNOTES

The written report on the withdrawal of suspect counterfeit banknotes shall contain the following information:

A) Identifying particulars of the party compiling the report

- 1) Date of report (dd/mm/yyyy)
- 2) Reporting party
 - company name
 - address
 - street number
 - city
 - postal code
 - province
 - telephone number
- 3) ABI code, if any
- 4) CAB code, if any
- 5) Any other identifying code
- 6) Date of detection of suspected counterfeit (dd/mm/yyyy)

B) Identifying particulars of withdrawn banknotes

- 1) Denomination
- 2) Series (“A” for the first series, issued in 2002, “B”, “C”, etc. for subsequent series)
- 3) First serial number
- 4) Second serial number, if different from first
- 5) Plate number
- 6) Number of notes of the same denomination and series, with the same serial number (or the same combination of serial numbers, see points 3 and 4) and the same plate number

C) Withdrawal procedure

- 1) Withdrawal in presence of the person presenting the note (e.g., at a teller counter)
- 2) Withdrawal in the absence of the person presenting the note (e.g., note found in a customer-operated device)
- 3) Other information on withdrawal procedure (e.g., turned over spontaneously by a person who asks for the note’s authenticity to be checked, declarations on provenance of the note by the person presenting it)

D) Identifying particulars of person presenting the note

- 1) Last name and first name(s)

- 2) Date of birth (dd/mm/yyyy)
- 3) Place of birth
- 4) Residence
 - address
 - street number
 - city
 - postal code
 - province

E) Information to be given to the person presenting the note

- 1) The banknotes withdrawn as suspected counterfeits have been sent for analysis to the National Analysis Centre at the central administration of the Bank of Italy in Rome.
- 2) If the examination finds that the notes are authentic, the Bank of Italy will so inform the party compiling the report and reimburse the person who presented the note for the amount involved.
- 3) If the examination confirms that they are counterfeit, the Bank of Italy will so inform the party compiling the report; in this case, naturally, there is no reimbursement for the person presenting the note.

* * *

The report of withdrawal of suspected counterfeit euro banknotes, signed by the party compiling the report and the person who presented the notes, shall be sent, together with the notes – within the term specified in Chapter 4 – to one of the branches of the Bank of Italy indicated on the Bank’s website under the “Banknotes and coins” section.

A copy of the report shall be given to the person who presented the notes.

Pursuant to Article 97(2) of Decree Law 1/2012, the Ministry for the Economy and Finance shall establish, by an order published in the *Gazzetta Ufficiale della Repubblica Italiana*, the procedures for transmitting to the Ministry the information and data relating to the withdrawal from circulation of suspected counterfeit banknotes. In sending the suspected counterfeit banknotes to the Bank of Italy and giving a receipt to the person who presented the notes, the parties compiling the withdrawal reports may use the report drafted according to the foregoing.

LIST OF ADMINISTRATIVE PROCEDURES

	PROCEDURE	UNIT RESPONSIBLE	TERM	LEGISLATIVE SOURCE
1	Authorization for manual fitness checking of banknotes to feed automatic cash dispensers at “remote branches”	General Cashier’s Department	90 days	Decree Law 1 of 24 January 2012, Art. 97 Bank of Italy Order,
2	Authorization for manual fitness and authenticity checking of banknotes to feed automatic cash dispensers in exceptional, temporary circumstances	General Cashier’s Department	90 days	Decree Law 1 of 24 January 2012, Art. 97 Bank of Italy Order,
3	Ban on recirculation of banknotes	General Cashier’s Department	120 days	Decree Law 1 of 24 January 2012, Art. 97 Bank of Italy Order,
4	Sanction proceeding for violation of rules on cash handling and obligation to withdraw suspected counterfeits and consign them to the Bank of Italy	General Cashier’s Department	240 days ⁽¹⁾	Decree Law 1 of 24 January 2012, Art. 97 Bank of Italy Order,

⁽¹⁾ From the deadline for the submission of a defensive brief by the party subjected to the sanction proceeding.