

“Approved”
by the Central Bank of the
Republic of Azerbaijan
Resolution No. 23/1
18 May 2020

Regulations on signs of currencies unfit for circulation, their exchange and expertise

1. General provisions

1.1. These Regulations have been prepared in accordance with Articles 36, 37, 39 and 40 of the Law of the Republic of Azerbaijan “On the Central Bank of the Republic of Azerbaijan”.

1.2. These Regulations shall define the signs of national currencies unfit for circulation and determine the procedure for their exchange in the Central Bank of the Republic of Azerbaijan and banks operating in the territory of the Republic of Azerbaijan, local branches of foreign banks and the national postal operator (hereinafter - banks), as well as determine the procedure of national and foreign currency expertise in these organizations.

2. Definitions

2.0. The definitions used in these Regulations shall have the meanings given below:

2.0.1. **genuine currency** - a currency issued into circulation by the Central Bank of the Republic of Azerbaijan (hereinafter - the Central Bank) that has certain technical parameters, design and secure elements;

2.0.2. **unfit currency** - a genuine currency that exhibits any of the signs of unfitness set forth in these Regulations and is prohibited for recirculation;

2.0.3. **suspicious currency** - a currency, which authenticity is in doubt;

2.0.4. **counterfeit currency** - a currency that imitates (resembles) the currency issued by the Central Bank, regardless of the method of production and processing, or is produced as a result of changing the denomination or other parameters of genuine currency;

2.0.5. **expert** – an employee of the Central Bank who carries out the expertise of currencies;

2.0.6. **currency expertise** – determining the genuineness or payment of the face value of a currency;

2.0.7. **processing** - *counting currencies by pieces in automated equipment, classifying them by denomination, authenticity, fitness and unfitness for circulation and counting currencies by pieces in money counters, classifying them by authenticity and visual fitness and unfitness for circulation;*

2.0.8. **special packaging unit** – a packaging unit that ensures safe storage and transportation of national currencies in cassettes of ATMs and payment terminals, special containers and other packaging units, and automatically renders currencies unusable by

special means (special paints, chemicals, adhesives, etc.) in case of attempt of illegal interference;

2.0.9. **CCMS** - Counterfeit Currency Monitoring System, which registers expertise operations at the Central Bank, provides information and reporting on these operations, as well as provides automated coordination with banks and other organizations.

2.0.10. **operator bank** – a bank that carries out the sorting and recirculation of national currencies received from other banks, along with the currencies received from its customers, based on the contract concluded with the Central Bank.

3. Signs of national currencies unfit for circulation

3.1. National currencies accepted by banks shall be put into circulation only after processing. In the process of processing, banks are prohibited from putting back into circulation unfit national currencies with the marks specified in these Regulations; such currencies shall be handed over to the Central Bank.

3.2. If the processing of banknotes in the equipment reveals any of the signs specified in Annex 1 to these Regulations, such banknotes shall be considered unfit for circulation. ~~In this case, the banknote may be considered fit for circulation if there is a deviation of up to 5% of these indicators.~~

3.3. *A visual inspection of banknotes counted in the money counting equipment shall be carried out. At this point, if any of the following signs are detected, the currency shall be considered unfit for circulation:*

3.3.1. with tears of any size, missing fragments, visually visible scribbling or stains;

3.3.2. with visually discernible contamination, loss of color, luster and freshness;

3.3.3. bound with tape or other adhesive means.

3.4. If the diameter or thickness, weight and physical properties of national coins are found to differ from those of genuine coins during their processing ~~in the equipment~~, *as well as if any of the signs listed in Annex 2 to these Regulations appear*, such coins shall be considered unfit for circulation.

~~3.5. If the manual processing of coins reveals any of the signs specified in Annex 2 to these Regulations, such coins shall be considered unfit for circulation.~~

3.6. Banks may issue to circulation through ATMs only national currencies that are fit for circulation and processed in automated systems in accordance with the requirements of these Regulations (including those received from the Central Bank *or the operator bank*).

3.7. Cash handling equipment used by banks, including money counters, processors, receivers (automated cash-in machines), etc. shall recognize genuine national currencies and not accept counterfeit currencies.

4. Exchange and expertise of national currencies

4.1. National currencies may be submitted to banks or the Central Bank for exchange. Currency exchange shall be carried out by checking the authenticity and paying the face value.

4.2. *The authenticity of national currencies, including bullion and commemorative coins, is checked by means of visual inspection, equipment and tools (magnifying glass, ultraviolet light, infrared light, scales, metal composition determining equipment or other special equipment) on the basis of their secure elements and other technical parameters.*

4.3. Payment of the face value of national banknotes shall be determined by measuring their surface using the sheets indicated in Annex 3 to these Regulations.

4.4. *The face value of a banknote consisting of a whole part or consecutive parts belonging to the same banknote, with not less than 60% of its surface and at least one of the two serial numbers on it intact and the face value of a banknote consisting of non-consecutive parts belonging to the same banknote, with not less than 60 percent of its surface and both serial numbers intact, shall be paid by the Central Bank. The face value of circulation coins with images and inscriptions on its entire surface in the volume that allows determining its denomination and not subjected to deformation shall be paid by the Central Bank.*

4.5. The Central Bank shall issue an expert opinion on counterfeit national currencies ~~or on the fact that parts of a currency that retain 100% of its surface belong to the same currency.~~

4.6. The Central Bank shall exchange national currencies free of charge and the currencies with paid face value shall be replaced without limitations. Banks may perform such exchange operations on a paid or unpaid basis in accordance with their own tariff policy.

4.7. For the purpose of determining the payment of the face value of a banknote, the entire surface of which has not been preserved, 200 equally sized cell grids corresponding to the size of each denomination, as specified in Annex 3 to these Regulations, shall be used.

4.8. The area of the banknote's remaining surface shall be defined by the sheet as follows:

4.8.1. *parts of the same denomination are placed on the cell grid and a line is drawn along the perimeter of the parts of the banknote;*

4.8.2. Whole cells remaining inside the line *drawn along the perimeter of each piece* are calculated, the number of cells cut with the line is considered half cells and added to the number of whole cells;

4.8.3. If the number of resulting cells *on all parts* equals 120, the banknote is considered to have retained 60%.

4.9. The exchange of national currencies shall take place during the business hours determined by the internal regulations of the banks and the Central Bank. Currencies not exchanged during this period shall be returned to the person delivering them.

4.10. If it is not possible to determine the surface of the national currency delivered to the Bank for exchange, or to determine whether the fragments of the currency that retain 60% of its surface belong to the same currency, the bank shall, with the consent of the delivering person, send the currency to the Central Bank for expert examination.

4.11. If a suspicious currency is discovered, it is forbidden to return it to the customer, issue into circulation, stamp it or make any physical changes (put a written mark, cut, tear, pierce, etc.). In all cases, such currencies shall be sent to the Central Bank for expertise.

4.12. In the cases provided for in items 4.10 and 4.11 of these Regulations, currencies shall be delivered to the Central Bank for expertise within 3 (three) business days. In this

case, the bank develops an application in triplicate (Annex 4). One of the copies shall be given to the customer with an appropriate note made by the bank, the second one shall be kept in the bank, while the third copy shall be submitted to the Central Bank together with the currency.

4.13. When national currencies, the authenticity of which is in doubt or the surface of which cannot be identified, are delivered directly to the Central Bank for expert examination, the Central Bank shall develop an electronic application in triplicate in the CCMS (Annex 5). One copy of the application shall be given to the customer with an appropriate note, the second copy shall be filed *in the relevant structural unit of the Central Bank providing cash services*, and the third copy shall be submitted *to the structural unit carrying out the expertise* together with the currency.

4.14. When suspicious national currencies are submitted to the Central Bank by law enforcement agencies, courts and other government agencies, such currencies shall be registered in the CCMS *by the structural unit providing cash services* and sent for expert examination.

4.15. The expertise of the currency shall be carried out within 15 (*fifteen*) business days after the receipt by the Central Bank. If it is not possible to determine the authenticity of the currency within this period, the process of expertise may be extended up to 30 (*thirty*) business days. The person submitting the currency shall be notified in writing.

4.16. If, as a result of the expertise at the Central Bank, it is determined that the currency is genuine and the face value can be paid, the expert puts a stamp on the currency with the inscription "VALUE PAID" and the formalization works are carried out in accordance with item 4.18 of these Regulations.

4.17. If the Central Bank determines that the currency is authentic, but the face value is not payable, the expert shall put a stamp with the words "NO VALUE PAID" on the currency and register it in accordance with paragraph 4.18 of these Regulations.

4.18. The Central Bank shall develop an electronic report on the results of the expertise in the CCMS (Annex 6), which is approved by the expert and the head of the structural unit conducting the expertise. This report shall be submitted to banks in an electronic form via CCMS, and to banks and other persons not connected to CCMS, on paper.

4.19. If the expertise determines that the currency is genuine and the face value of the currency is payable, the *face value* of the currency shall be paid by the Central Bank to the person who submitted it.

4.19-1. *The expertise of bullion and commemorative coins, determination of their authenticity as a result of the expertise and payment of their face value shall be carried out in accordance with these Regulations and the "Regulation on sale and buyback of bullion and commemorative coins issued into circulation by the Central Bank of the Republic of Azerbaijan" approved by Resolution No. 38/1 of the Management Board of the Central Bank of the Republic of Azerbaijan dated August 11, 2020.*

4.20. The national currency found to be counterfeit, as well as unpayable as a result of the expertise shall not be exchanged and the face value of the currency shall not be paid. The person submitting the currency for expertise shall be notified in advance by banks and the Central Bank, respectively.

4.21. Upon completion of the expertise process, the expertise report on the counterfeit currency and information on legal entity or individual submitting the counterfeit currency shall be sent to the law-enforcement agencies within *10 (ten)* business days for taking actions in accordance with the legislation.

4.22. Upon completion of the criminal case, the counterfeit currencies shall be handed over to the Central Bank.

4.23. If there is a suspicion that the currency submitted for exchange or expertise has been intentionally rendered unfit for circulation as a result of an illegal act, the currency shall be submitted to the law-enforcement authorities for taking actions in accordance with the legislation.

5. Acceptance for expertise and exchange of national currencies that rendered unfit for circulation in special packaging units

5.1. The Central Bank shall accept national banknotes that have become unfit in special packaging units for expertise only from banks.

5.2. In case of compliance with the requirements of items 5.3 and 5.4 of these Regulations, currencies that have become unfit for circulation in special packaging units shall be examined by the Central Bank. ~~In case of non-compliance with these requirements, banknotes that have become unusable in special packaging units shall not be accepted for expertise and their face value shall not be paid.~~

5.3. At least 30 (thirty) working days prior to the commencement of the use of special packaging units, banks shall submit to the Central Bank information on the technical characteristics of the special packaging units (samples and technical documents of special means that ensure rendering currencies unfit for circulation, including a certificate on the harmlessness and non-toxicity of such means for human health).

5.4. At least 30 (thirty) business days prior to the start of the use of special packaging units for transportation of cash, the bank's customers shall provide the bank with information on their technical characteristics (samples and technical documents of special means that ensure rendering currencies unfit for circulation, including a certificate on the harmlessness and non-toxicity of such means for human health).

5.5. The bank shall submit the information received from the customer on the technical characteristics of the special packaging units to the Central Bank within 3 (three) business days.

5.6. The Central Bank shall notify the bank in writing within 3 (three) business days of the completeness of the information provided in accordance with items 5.3 and 5.4 of these Regulations.

5.7. If currencies become unfit for circulation as a result of the opening special packaging units caused by technical error, negligence and other similar cases without illegal intervention, such currencies shall be submitted for expertise to the Central Bank together with an application (Annex 7) accompanied by an official request from the head of the relevant bank.

5.8. If currencies become unfit for circulation as a result of the opening special packaging units caused by illegal actions (theft and other illegal intervention), such

currencies shall be submitted to the Central Bank together with an application (Annex 7) accompanied by a statement on the case issued by the law-enforcement agency.

5.8-1. In accordance with items 5.3 and 5.4 of these Regulations, if the information on the technical characteristics of special packaging units is not provided in advance, currencies unfit for circulation shall be submitted to the law enforcement agency for the purpose of conducting investigation, and the person submitting the currencies shall be informed thereof. If the law enforcement body does not identify any illegal act related to the special packaging unit, the currencies that have rendered unfit for circulation in the special packaging unit shall be accepted for expert examination by the Central Bank.

5.9. If the expertise determines that the currency is genuine and the face value is payable, the face value of the currency shall be paid by the Central Bank in accordance with item 4.16 of these Regulations. If the expert opinion determines that the face value is not payable, appropriate measures shall be taken in accordance with item 4.17 of these Regulations, and if the expertise finds that the currency is counterfeit, appropriate measures shall be taken in accordance with item 4.21 hereof.

5.10. Banks and other persons shall immediately inform law-enforcement agencies and the Central Bank about the theft of a special packaging unit or currencies that rendered unusable in such packaging unit. The Central Bank, in turn, shall provide information to law-enforcement agencies and other banks, and such information shall be published in the media.

5.11. The expertise and registration of currencies that have become unfit for circulation in special packaging units shall be carried out in accordance with these Regulations.

6. Expertise of foreign currencies

6.1. The expertise of foreign currencies may be carried out by banks in accordance with their internal regulations.

6.2. If the bank is unable to determine the authenticity of a foreign currency, it may submit the currency to the Central Bank or the issuing bank for expertise. In such cases, the acceptance of currency shall be registered in accordance with item 4.12 of these Regulations.

6.3. If the bank determines that the currency is counterfeit, it shall be delivered to the law enforcement body for taking appropriate measures in accordance with legislation.

6.4. The Central Bank shall accept suspicious foreign currencies for expert examination from banks, law-enforcement agencies, courts and other government bodies (institutions).

6.5. The expertise of foreign currencies by the Central Bank shall be carried out within 15 (*fifteen*) business days on the basis of known secure elements. If it is necessary to request the expertise from the institution that issued the currency, the person who submitted the currency shall be informed in writing.

6.6. If counterfeiting of foreign currency is detected during the expert examination by the Central Bank, measures shall be taken in accordance with item 4.21 of these Regulations. If the expert examination does not reveal any signs of counterfeiting, the currency shall be returned to the person who delivered it, together with the report prepared in the CCMS.

Signs of unfit banknotes processed in the automated equipment

- a) *At least 7% decrease in obverse and/or reverse banknote brightness due to contamination (any spectrophotometric or colorimetric instrument can be used to measure brightness).*

When measuring contamination, the decrease in the brightness (lightness) value L^ of the CIE LAB colorimetric system is used as the main indicator. This indicator is calculated using the following formula based on the decrease in the brightness of the measured currency relative to the brightness value ($L(0)$) of a new currency of each denomination.*

$$\Delta L = \frac{L(0) - L^*}{L(0)} \times 100\%$$

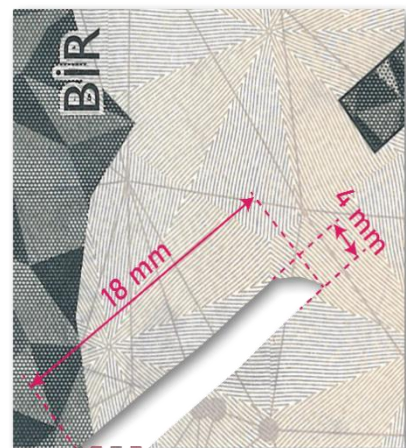
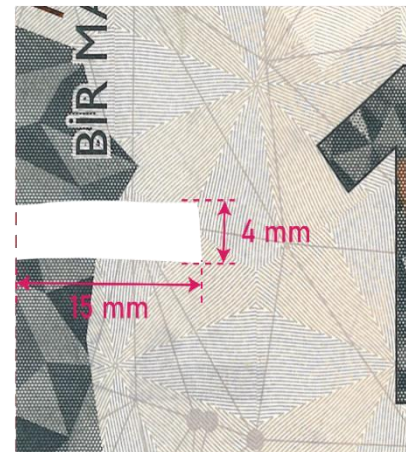
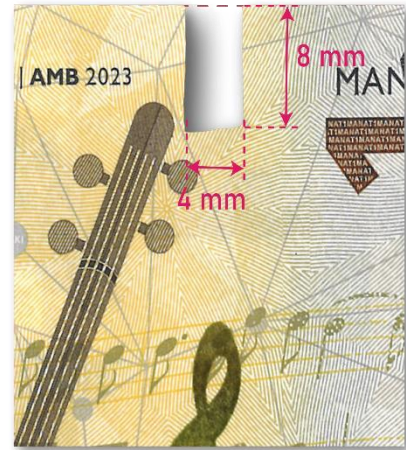
ΔL – decrease in the brightness of the contaminated currency (%);

$L(0)$ – brightness (lightness) value of newly issued currencies;

L^* – brightness (lightness) value of the contaminated currency.



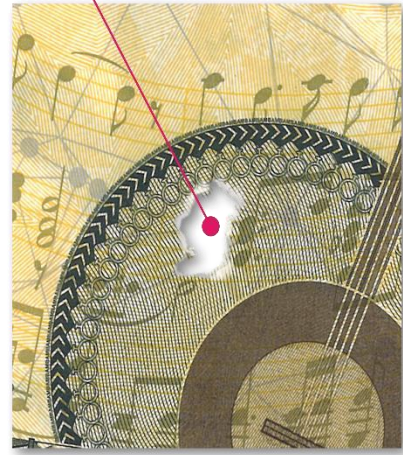
- b) *A missing fragment of a minimum width of 4 mm and a minimum length of 8 mm in the vertical direction, a missing fragment of a minimum width of 4 mm and a minimum length of 15 mm in the horizontal direction, and a missing fragment of a minimum width of 4 mm and a minimum length of 18 mm in the diagonal direction, which does not fall partially or completely onto the conveyor belts of the banknote processing machine.*



- c) A hole with a total area of at least 10 mm² that does not fall on the conveyor belts of the banknote processing equipment.



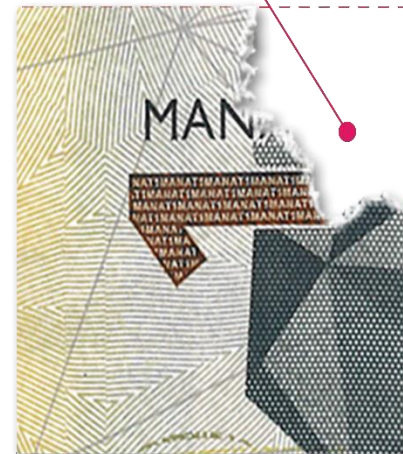
$S=10\text{mm}^2$



d) A missing or folded corner (corners) with a total area of at least 32 mm^2 .



$S=32\text{ mm}^2$



e) A missing portion of at least 3 mm from the width or length of the banknote.



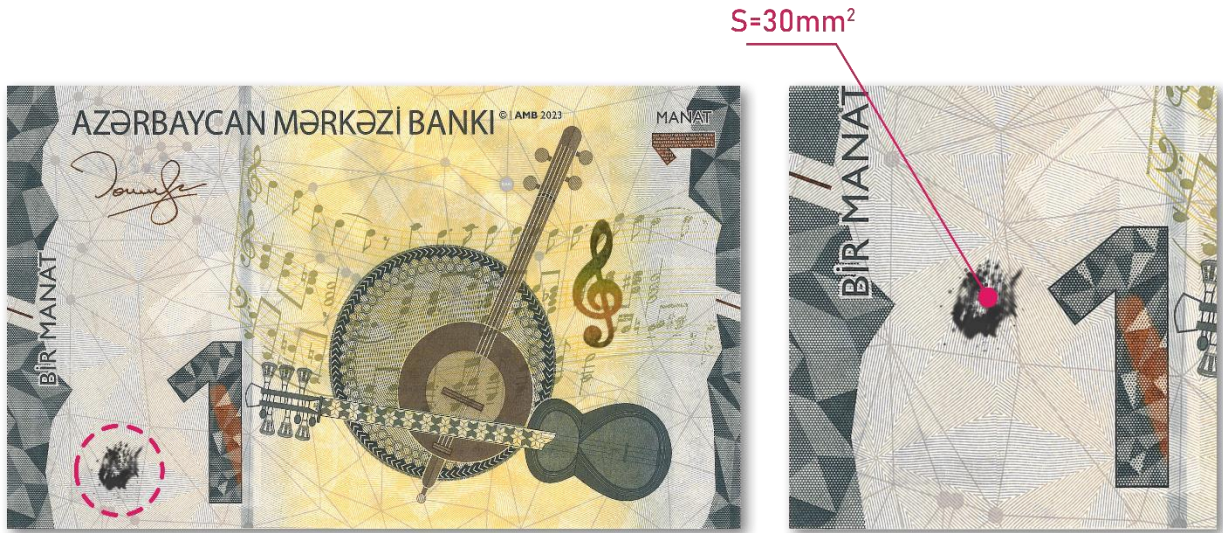
Note: the criterion is calculated on the part with the maximum loss.

- f) A folded portion along the length of the banknote not less than 6 mm or a folded portion along the width of the banknote not less than 5 mm.

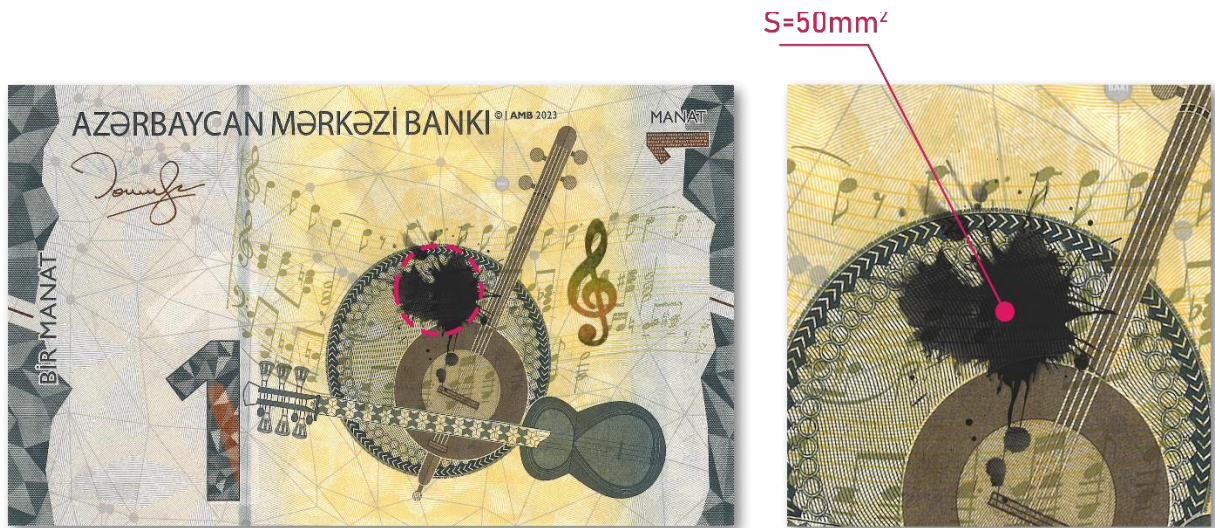


Note: the criterion is calculated on the part with the maximum folding.

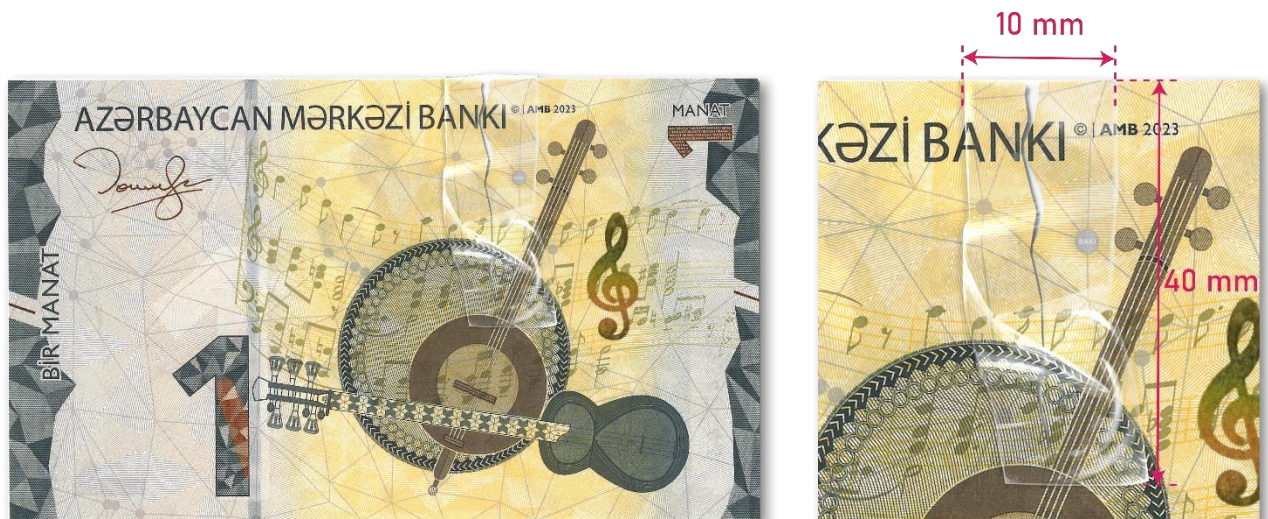
- g) A stain with a total area of at least 30 mm² on the uninscribed part of the banknote.



h) A stain with a total area of at least 50 mm² on the part of the banknote with inscriptions.



i) A banknote bound with adhesive tape at least 10 mm wide, 40 mm long and 50 micrometers thick.



j) A banknote that has been washed or subjected to chemical or thermal action.



k) Scribbles, symbols, signs and stamps on the banknote.



Note: In automated equipment, the measurement criterion for these signs is not defined.

l) Loss of freshness and luster due to crumpling or twisting of banknote.



*Annex 2
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

Signs of coins unfit for circulation

A coin that is discolored, soiled, or corroded on the obverse or reverse, but the denomination is clearly visible.



Annex 3-a
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise

200-cell grid equivalent to 1 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: *The dimensions of a genuine 1 manat banknote are 120 mm x 70 mm.*

Annex 3-b
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise

200-cell grid equivalent to 5 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: *The dimensions of a genuine 5 manat banknote are 127mm x 70 mm.*

*Annex 3-c
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

200-cell grid equivalent to 10 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: The dimensions of a genuine 10 manat banknote are 134 mm x 70 mm.

*Annex 3-d
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

200-cell grid equivalent to 20 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: The dimensions of a genuine 20 manat banknote are 141 mm x 70 mm.

*Annex 3-e
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

200-cell grid equivalent to 50 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: *The dimensions of a genuine 50 manat banknote are 148 mm x 70 mm.*

*Annex 3-f
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

200-cell grid equivalent to 100 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: The dimensions of a genuine 100 manat banknote are 155 mm x 70 mm.

*Annex 3-g
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

200-cell grid equivalent to 200 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: The dimensions of a genuine 200 manat banknote are 160 mm x 70 mm.

Annex 3-h
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise

200-cell grid equivalent to 500 manat denominated banknote

	1	2	3	4	5	6	7	8	9	10
1										
2										
3										
4										
5										

Note: *The dimensions of a genuine 500 manat banknote are 163 mm x 70 mm.*

Annex 4
*to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*

APPLICATION
to the Central Bank of the Republic of Azerbaijan

_____ national currencies, which
authenticity is doubtful and (or) which surface cannot be determined

are submitted for expert examination.

Suspicious signs of the currency, the authenticity of which cannot be determined:

Currencies will be submitted according to the following list (in the form of a list if there are more coins) in the total amount _____.

(in figures and words)

Denomination

Serial number

- 1.
- 2.
- 3.

Delivered by:

*full name, ID Series No. **

or

treasurer's full name, ID Series No., if detected during the processing

Submitted by:

full name

signature

Accepted by:

full name and position

signature

Bank's authorized person(s)

full name and position

signature

Attached: *copy of the document proving the person's identity.*

* when a currency is delivered on behalf of a legal entity, its name, address and TIN will be provided.

Date:

Annex 5
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise

APPLICATION
for acceptance of the currency to the expertise

Date:

Full name of the person delivered:

Series and number of the ID document:

Denomination and serial number of the currency or currencies:

Quantity:

Total amount:

Delivered: signature _____

Accepted (treasurer): signature _____

Chief Cashier: _____ signature _____

Annex 6-a
to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise



CENTRAL BANK OF THE REPUBLIC OF AZERBAIJAN

Expert Report No. ___/___ on determination of currency authenticity

Date

- Serial number -
- Currency type -
- Denomination -
- Dimension -
- Individual -
- Intermediary source -
- Credit institution (intermediary source) -
- Treasurer (intermediary source) -
- CMS barcode -

General description and technical parameters

Secure elements

- Watermark -
- Security thread -
- Security fibers -
- Fluorescent shapes -
- Intaglio print -
- Latent image -
- Micro text -
- Elements visible in light (lithographic printing)
- Color changing hidden element -
- Stencil printing -
- Serial number -
- Iridescent ink-
- Anti-copy screen -
- Type of counterfeiting
- UV properties -
- IR properties -
- IV grade print properties -
- Hologram -

Conclusion

Opinion

Confirmed

Head of Expertise Division
Expert of Expertise Division

Annex 6-b
*to the Regulations on signs of
currencies unfit for circulation,
their exchange and expertise*



CENTRAL BANK OF THE REPUBLIC OF AZERBAIJAN
Expert Report No. ___/___ on determination of currency surface

Date

Serial number -

Currency type -

Denomination -

Dimension -

Credit institution -

Treasurer -

Intermediary source -

CB Processing Division -

Processing Division officer -

CMS Barcode -

Information on the surface of the currency

Number of portions -

Number of fully complete and incomplete cells -

Total area of the currency (%) -

Number of complete or incomplete cells in the retained large currency portion -

Area of the retained whole portion of the banknote (%) -

Opinion

Confirmed

Head of Expertise Division

Expert of Expertise Division

**APPLICATION FORM FOR SUBMITTING NATIONAL BANKNOTES RENDERED
UNFIT FOR CIRCULATION IN THE SPECIAL PACKAGING UNITS
FOR EXPERT EXAMINATION**

1. Information about the organization
<i>1.1. Name of the organization:</i>
<i>1.2. Branch or division of the organization:</i>
<i>1.3. Address:</i>
2. Information on activation of the special packaging unit
<i>2.1. Reason for activation of the special packaging unit:</i> <input type="checkbox"/> – <i>Technical error, negligence and other similar events without any unlawful interference</i> <input type="checkbox"/> – <i>Unlawful interference (theft and other unlawful actions)</i>
<i>2.2. Date of activation of the special packaging unit (day, month, year):</i>
<i>2.3. Details of the fact of activation of the special packaging unit:</i>
<i>2.4. Additional notes:</i>
3. Information about the dye-painted currencies submitted to the expert examination:

Denomination	Piece	Amount
1 manat		
5 manat		
10 manat		
20 manat		
50 manat		
100 manat		
200 manat		
Total <i>(in figures and in writing)</i>		

Date:

Signatures: _____
full name and position

