

'State registered'

The Ministry of Justice
The Republic of Azerbaijan
Registration № 3118

18 March 2005

Minister

_____ F.F.Mammadov

'Approved'

Management Board of the
Central Bank of Azerbaijan
Protocol № 05

3 March 2005

Chairman of the Management Board

_____ E.S.Rustamov

REGULATIONS

on launch and maintenance of currency expertise in the banking system

(with amendments of 23.12.2005 and 15.04.2010)

Baku 2005

1. General provisions

1.1. These Regulations have been developed in accordance with the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan, the Law of the Republic of Azerbaijan on Banks, and other legislative acts of the Republic of Azerbaijan and determine the rules for organization and maintenance of currency expertise in the banking system of the Republic of Azerbaijan in order to identify counterfeiting features of currency, whether they are counterfeit and the area of banknotes whose surface is not whole.

1.2. The Central Bank of the Republic of Azerbaijan (hereinafter – the Central Bank) issues an expert opinion whether national currency is genuine (not counterfeit) and on the area of banknotes whose surface is not whole, and an expert opinion on counterfeit features of foreign banknotes.

1.3. The Central Bank arranges expertise of:

1.3.1. suspect national currency;

1.3.2. foreign currency presented by banks authorized to conduct foreign currency operations and relevant public and other authorities of the Republic of Azerbaijan, whose official exchange rates against the national currency is set by the Central Bank in order to identify counterfeit features in them.

1.4. Banks expertise the surface of national currency whose surface is not whole and suspect notes to identify counterfeit features.

1.5. The Central Bank determines and accordingly informs the banks on the list of necessary equipment and devices that meet minimum requirements for maintaining expertise.

2. Definitions

2.1. **Currency expertise** – identification whether the surface of currency is defective, there are counterfeit features and they are counterfeit using special equipment and facilities.

2.2. **Specimen** – the currency that is not legal tender, not issued into circulation, manufactured by a producer at the order of an issuer with specific notes on it.

2.3. **Defective money** – money that diverges from parameters set by the Central Bank per denomination in the process of manufacturing or underwent any changes (visual view, dimension etc.).

2.4. **Counterfeit money** – the money that imitate the currency issued to circulation by the bank issuer (duplicate, analogy), produced (pasted) using parts of genuine currency, or developed as a result of changes made to denominations and other parameters of genuine currency irrespective the means of manufacturing and production.

2.5. **Currency fit for circulation:**

2.5.1. those whose authenticity cause no suspicion;

2.5.2. meets the standards set by the Central Bank in terms of design and dimensions (dimensions of banknotes may deviate from the standard by 1-2 mm);

2.5.3. those whose surface is whole;

2.5.4. whose denomination may be identified clearly and in full;

2.5.5. that preserve visual view;

2.5.6. not defective.

2.6. **Currency unfit for circulation** – money that fail to have the features specified in Article 2.5 herein.

3. Arrangement and maintenance of initial expertise of money in banks

3.1. Banks conduct initial expertise of national currency whose surface is not whole and whose authenticity cause suspicions to identify counterfeiting features.

3.2. When banknotes unfit for circulation and whose authenticity cause suspicions, are detected during counting and sorting they may not be:

3.2.1. returned to a customer;

3.2.2. issued into circulation;

3.2.3. destroyed;

3.2.4. stamped on being unfit for circulation or being counterfeit or no physical changes may be made to them (make written notes, cut, tear, make a hole etc.).

3.3. Banks should accept and change without any limitations national currency fit for circulation, unfit for circulation whose authenticity cause no suspicions (not counterfeit) and those that have not less than 60% of their surface as one whole.

3.4. Banks receive national currency that preserve 100% of its surface consisting of several parts to identify whether they belong to the same banknote according to Articles 3.7 and 3.8 herein and deliver to the Central Bank for expertise. In the event the expertise opinion is positive, the face value of banknotes is paid.

3.5. A special 200 checkered table is used to identify the surface of banknotes whose surfaces are not whole (Annexes # 1, 2, 3).

3.6. The surface of remaining parts of banknotes is identified as follows:

3.6.1. remaining parts of the damaged banknote is put on the checkered table, adjusted with left up corner and a line is drawn along the perimeter with a red pen;

3.6.2. whole checkers, remaining inside the outline are calculated, the quantity of checkers cut with outline is divided into two and added to the quantity of the whole checkers. In case the quantity of resulting checkers does not fall below 120, the face value of the banknote is paid.

3.7. Individuals and legal entities may deliver banknotes to banks, the Central Bank or its offices to have them authenticated with no additional charges.

3.8. Banknotes intended for expertise are accepted from individuals and legal entities on the basis of an application (Annex # 4). Applications are developed in three copies. One of the copies is returned to the customer with an appropriate note, a second one is filed, while a third one is delivered to the Central Bank or its offices together with the application for authentication.

3.9. Banks deliver spotted national monetary units, the surface of which cannot be determined, those that preserve 100% of their surface consisting of several parts, authenticity of which cause suspicions, accepted for authentication (with the application) (Annex # 5) to the Central Bank or its offices within three work days.

3.10. The face value is paid only if incomplete banknotes have 60% of their surface as one whole. The Central Bank determines whether banknotes are incomplete.

3.11. Designated banks may replace mutilated foreign currency.

4. Arrangement and maintenance of currency expertise in the Central Bank and its offices

4.1. The Central Bank accepts and replaces national currency fit for circulation, unfit for circulation whose authenticity cause no suspicions (not counterfeit), that preserves not less than 60% of its whole part or 100% of the surface that include parts belonging to the same banknote. The Central Bank identifies whether the parts belong to the same banknote.

4.2. The Central Bank's structural units and offices organize expertise of national currency received from legal entities and individuals for expertise and detected during sorting whose authenticity cause no suspicions and whose surface is not whole.

4.3. When national currency whose authenticity causes suspicion is checked, counterfeit features are identified in terms of security elements and an expertise act is developed (Annex# 7). A copy of the act is kept in cash office documents; another copy is delivered to the Central Bank's relevant structural unit for an expert opinion together with the banknote in the order specified in Article 4.8 herein.

4.4. The area of the banknote whose surface is not whole is identified under Articles 3.5 and 3.6 herein.

4.5. When the face value of the banknote under expertise whose surface is not whole is paid, it is stamped as 'FACE VALUE IS PAID'.

4.6. When the remaining part of banknotes whose surface is not whole falls below 60%, they are stamped as 'UNFIT FOR CIRCULATION. FACE VALUE IS NOT PAID', a three copy act is developed (Annex # 6) and the face value is not paid. A copy is presented to the party that delivered the banknote, while another copy is kept in cash documents.

4.7. The banknotes specified in Article 4.4 and 4.5 herein are delivered to the related structural unit of the Central Bank together with the checkered table to be stored.

4.8. Central Bank's structural units and offices deliver to the Central Bank national currency whose authenticity cause suspicions, whose surface is not whole and identifiable for final expertise (Annex # 5).

5. Arrangement and maintenance of final expertise in the Central Bank

5.1. Final expertise of currency in the Central Bank is maintained by the related structural unit of the central body of the Central Bank, the unit issues a final expert opinion whether the currency is genuine (or counterfeit) and whether it should be paid for.

5.2. To issue an expert opinion, the expertise of received currency is maintained within no later than 10 days and a relevant expertise act is developed. In specific situations (in the event of lack of necessary technical equipment and devices for close examination of the currency, or in the event of necessity to send money to manufacturer) this period may be prolonged upon notifying the person that delivered currency for expertise in writing.

5.3. The presenting party is informed on the finding of the expertise and it receives an expertise act in a relevant order. The currency, that has been expertized but not paid for is stored at the Central Bank in a relevant order.

5.4. If an expert opinion is issued not to pay the face value of the currency, a copy of the act is sent to the presenting party, while 2 copies are kept in the Central Bank.

5.5. If it is identified that the part of the delivered banknote whose surface is not whole is less than 60%, the banknote is stamped 'UNFIT FOR CIRCULATION. FACE VALUE IS NOT PAID', an expertise act is developed in the relevant order (Annex # 6) and documented as per Article 5.3 herein.

5.6. The expertise of currency whose authenticity causes suspicions identifies whether it is genuine or fake. The expertise identifies availability of security elements of genuine currency, and if the currency is counterfeit, the facts of their imitation per security feature and differences from genuine security features. An act is developed as a result of the expertise (Annex # 8).

5.7. If the expertise identifies that the currency is genuine, it is returned to the presenting party with the act.

5.8. If the expertise identifies that the currency whose authenticity causes suspicions is counterfeit, the banknote is stamped as 'COUNTERFEIT', while coins are marked in a relevant order (holed, cut etc.).

5.9. Counterfeit money is sent to law-enforcement bodies with an expertise act.

5.10. After law-enforcement bodies take relevant measures returned counterfeit currency is stored in the Central Bank accordingly.

5.11. The Management Board of the Central Bank takes a decision on destruction of counterfeit currency at position paper by the designated structural unit. Such a currency is destroyed by a commission set by the Management Board of the Central Bank.

6. Expertise of foreign currency (banknotes)

6.1. The Central Bank receives only suspect foreign currency banknotes for expertise from banks and relevant public and other authorities under Article 1.3 herein.

6.2. The expertise is maintained in line with the information on relevant currency's counterfeiting features available for the Central Bank as of the expertise date and Articles 5.1 and 5.2 herein and an expertise act is developed on its findings (Annex #9).

6.3. In the event no counterfeiting features are identified in the foreign currency banknote, it is returned to the presenting party with the act.

6.4. In the event counterfeiting features are identified in a foreign currency banknote, it is stamped as 'COUNTERFEITING FEATURES' and relevant measures are taken under Article 5.9 herein.

7. Final provisions

7.1 The Central Bank maintains centralized accounting of series and numbers of national and foreign currency that were authenticated.

7.2 These Regulations take effect on 1 April 2005.

**200 checkered TABLE No 1
equal to the surface of banknotes denominated 1, 5, 10, 50, 100, 250, 500 and
1 000 manat**

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

*Annex 2
to the Regulations on launch and
maintenance of currency expertise in
the banking system*

**200 checkered TABLE No 2
equal to the surface of banknote denominated 10 000 manat**

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

Annex 4
to the Regulations on launch and
maintenance of currency expertise in
the banking system

Bank, Central Bank's structural unit or office

receiving currency for expertise

APPLICATION

on presentation of currency to expertise

Presenting party _____
Requisites of the legal entity (if an individual, requisites of his/her ID card)

The list of currency (may be annexed as an additional list)

Denomination	Series №
1.	
2.	
3.	

Total amount

Presenting party	_____ <i>1st, middle and last names</i>	_____ <i>signature</i>
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Receiving party	_____ <i>1st, middle and last names</i>	_____ <i>signature</i>
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Date _____

Annex 5
to the Regulations on launch and
maintenance of currency expertise in
the banking system

to the _____

Central Bank of the Republic of
Azerbaijan

APPLICATION

National currency _____

whose authenticity cause suspicions and/or surface is unidentifiable is sent for
expertise.

Currency is sent by _____ of the CBA.
(CBA structural unit)

Currency is added under the below list (may be annexed as an additional list) total
amount _____.

(in numbers and words)

	Denomination	Series№
1.		
2.		
3.		

Amount

Presenting party _____
Requisites of the legal entity (if an individual, requisites of his/her ID card)

Why is the currency sent for expertise

Manager _____

Chief accountant _____

Head of cash office _____

Date _____

**Expertise ACT # ____
to identify the surface of the banknote**

Denomination

Series # _____

*Banknote consists of ____ parts. Parts belong _____ same or different
banknotes.*

The number of fully covered checkers _____
pcs

The number of not fully covered checkers _____
pcs

Total area of the banknotes remaining surface (%) _____

OPINION

According to Articles 3.5 and 3.6 of the Regulations on launch and maintenance of currency expertise in the banking system the face value of the banknote is _____.

Annex ____ checkered table (1 page)

Cashier (expert)

Head cashier (head of the division)

Expertise ACT # _____

on counterfeiting features of national currency

Type of currency –

Denomination –

Series # –

Dimension –

General description and technical specifications

Detected counterfeiting features

_____ -

OUTCOME

Cashier (expert)

Head cashier (head of the division)

Expertise ACT # ____

on authenticity of national currency

Type of currency	—
Denomination	—
Series #	—
Dimension	—

General description and technical specifications

Security features

Security features of paper _____

Print security elements _____

Other security features _____

OUTCOME

OPINION

Expert
Head of the division

Expertise ACT # ____

on counterfeiting features of foreign currency banknotes

Type of currency	—
Issuer	—
Denomination	—
Series #	—
Dimension	—

General description and technical specifications

Security features

Security features of paper _____

Print security features _____

Other security features _____

OUTCOME

OPINION

Expert
Head of division

**200 checkered TABLE No 4
equal to the surface of banknote denominated 1 manat**

1

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

**200 checkered TABLE No 5
equal to the surface of banknote denominated 5 manat**

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

**200 checkered TABLE No 6
equal to the surface of banknote denominated 10 manat**

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

**200 checkered TABLE No 7
equal to the surface of banknote denominated 20 manat**

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

**200 checkered TABLE No 8
equal to the surface of banknote denominated 50 manat**

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

**200 checkered TABLE No 9
equal to the surface of banknote denominated 100 manat**

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