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Pursuant to the power and authority conferred upon it by Section 5 and 6 **UNMIK Regulation No.2006/47** On the CBAK, **UNMIK Regulation No. 1999/4** On the Currency Permitted to be used in Kosovo, **UNMIK Administrative Direction No. 2001/24** Amending **UNMIK Administrative Direction No. 1999/2** Implementing **UNMIK Regulation No. 1999/4** On the Currency Permitted to be used in Kosovo, and in compliance with the EU Council Regulation (EC) No.1338/2001 of 28 June 2001 laying down measures for the protection of the euro against counterfeiting, as well as in compliance with the Governing Board orientations approved on its meeting of May 20,2004 and reconfirmed on its meeting of January 26, 2005.

The CBAK hereby is amending the Instruction No. 2 of 14 March 2005:

## **Amended Instruction No.2**

### **On Retaining Counterfeit Euro Banknotes and Coins from Circulation**

#### Section 1

##### **Scope**

This Instruction applies to all financial institutions operating in Kosovo and licensed by the Central Banking Authority of Kosovo (CBAK).

#### Section 2

##### **Purpose**

The purpose of this Instruction is to lay down measures necessary with a view to retain counterfeit euro banknotes and coins from circulation.

#### Section 3

##### **Definitions**

3.1. "Counterfeit banknotes" and "counterfeit coins" shall mean banknotes and coins denominated in euro or which have the appearance of euro banknotes or coins and which have been fraudulently made or altered.

3.2. "Competent authority" shall mean the authority (-ies) designated for investigating and analyzing banknotes and coins suspected as counterfeits and counterfeit banknotes and coins.

3.3. "Technical and statistical data" shall mean data by means of which counterfeit banknotes or coins may be identified (technical description of type of counterfeit) and data on the number of counterfeit banknotes and coins by the origin, in particular geographical, and by the date.

## Section 4

### **Technical and Statistical Data – Gathering and Access Counterfeit Analyses Committee**

- 4.1. Technical and statistical data relating to counterfeit banknotes and coins discovered by the financial institutions shall be gathered and indexed.
- 4.2 The CBAK shall gather and store technical and statistical data relating to counterfeit banknotes and coins discovered within the operation of the financial sector.
- 4.3. The CBAK shall exchange with the competent authority the technical and statistical data, under a special arrangement.
- 4.4 The CBAK shall establish the Counterfeit Analyses Committee as a joint committee with the competent authority in order to coordinate gathering and analyses of technical and statistical data and enhance measures regarding retaining of counterfeit banknotes and coins from circulation.
- 4.5. The CBAK shall make available the technical and statistical data to the European Central Bank (ECB) and/or euro area national central banks.

## Section 5

### **Obligations and Sanctions**

- 5.1. Financial institutions, namely credit institutions and any other institution engaged in the sorting and distribution to the public of banknotes and coins as a professional activity, including establishments whose activity consists in exchanging banknotes and coins of different currencies, such as bureau de change, shall be obliged to withdraw from circulation all euro banknotes and coins received by them which they know or have sufficient reason to believe to be counterfeit. Banknotes and coins suspected as counterfeits shall be immediately handed over to the competent authority.
- 5.2. The financial institutions shall receive feedback from the competent authority upon completion of analyses of banknotes and coins suspected as counterfeits it handed over.
- 5.3. Financial institutions shall report to the CBAK on banknotes and coins suspected as counterfeits they handed over to the competent authority on a monthly basis.
- 5.4. The CBAK shall take the necessary measures to ensure that the institutions referred to in paragraph 5.1 that fail to discharge their obligations under the said paragraph are subject to effective, proportionate and deterrent sanctions. The CBAK shall charge a fee (similar with that in the euro area) to each financial institution that issue counterfeit banknotes and coins to their customer.
- 5.5. The CBAK shall cooperate with the competent authority on all required actions with regard to the banknotes and coins suspected as counterfeits and counterfeit banknotes and coins.

## Section 6

### **Cooperation and Mutual Assistance**

- 6.1. The CBAK shall foster cooperation with the financial institutions and the competent authority in order to:
  - Exchange information on detecting and preventing counterfeiting and combating the uttering of counterfeit banknotes and coins;
  - Advise financial institutions to use banknote-checking devices that have successfully been tested by euro area national central banks; and
  - Ensure mutual assistance such as trainings on the euro banknotes and their security features.

## Section 7

### **Entry into Force**

This Amended Instruction shall enter into force on 1 March 2007