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CONSOLIDATED RULES AND REGULATIONS ON CURRENCY NOTES AND COINS

BSP CIRCULAR NO. 61, January 21, 1995

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Pursuant to Monetary Board Resolution No. 9 dated January 4, 1995, the following rules and regulations governing treatment and disposition of counterfeit Philippine and foreign currency notes and coins; the reproduction and/or use of facsimiles of legal tender Philippine currency notes and coins; the replacement and redemption of legal tender Philippine currency notes and coins considered mutilated or unfit for circulation; and the treatment and disposition of Philippine currency notes and coins called in for replacement, are hereby promulgated:

Definition of Terms

For purposes of this circular, the following terms are defined:

A. Legal Tender Philippine Currency - Notes and coins issued and circulating in accordance with R.A. No. 265 as amended and/or R.A. No. 7653, which when offered for the payment of public or private debt must be accepted.

B. Counterfeit Note - An imitation of a legal and genuine note intended to deceive or to be taken for that which is original, legal and genuine.

C. Counterfeit Coin - An imitation or forged design of a genuine and legal coin regardless of its intrinsic value or metallic composition, intended to deceive or pass for the genuine coin.

D. Unauthorized Reproduction Of Legal Tender Philippine Note - A reproduction of a facsimile or any illustration or object bearing the likeness or similitude of legal tender Philippine currency note or any part thereof, without prior authority from the Governor of Bangko Sentral or his duly authorized representative.

E. Unauthorized Reproduction Of Legal Tender Philippine Coin - A reproduction of a facsimile or any object in metal form bearing the likeness or similitude of legal tender Philippine currency coin or any part thereof, without prior authority from the Governor of Bangko Sentral or his duly authorized representative.

Chapter I
Treatment and Disposition of Counterfeit Philippine and Foreign Currency Notes and Coins

SECTION 1. Authority - Section 50 of R.A. 7653, provides that:

> "The Bangko Sentral shall have the sole power and authority to issue currency, within the territory of the Philippines. No other person or entity, public or private, may put into circulation notes, coins or any other object or document which, in the opinion of the Monetary Board, might circulate as currency, nor reproduce or imitate the facsimiles of Bangko Sentral notes without prior authority from the Bangko Sentral.
>
> "The Monetary Board may issue such regulations as it may deem advisable in order to prevent the circulation of foreign currency or of currency substitutes as well as to prevent the reproduction of facsimiles of Bangko Sentral notes.

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> "The Bangko Sentral shall have the authority to investigate, make arrests, conduct searches and seizures in accordance with law, for the purpose of maintaining the integrity of the currency.
>
> "Violation of this provision or of any regulation issued by the Bangko Sentral pursuant thereto shall constitute an offense punishable by imprisonment of not less than five (5) years but not more than ten (10) years. In case the Revised Penal Code provides for a greater penalty, then that penalty shall be imposed.

SECTION 2. Any person or entity, public or private, who receives or takes hold of a note or coin which is counterfeit or whose genuineness is questionable whether Philippine or foreign currency shall issue a temporary receipt to its owner/holder and must indicate therein his name, address and community tax certificate number or the passport number, in case of a foreigner, the date of receipt, the denomination, serial number of the note or the coin series as the case may be. The owner/holder shall be required to countersign the receipt and in case of refusal, the reason shall be stated in the receipt.

SECTION 3. Any person or entity, public or private, who receives, takes hold or has in his possession a note or a coin which is counterfeit or whose genuineness is questionable, whether Philippine or foreign currency, shall forward the same within five (5) working days from date of receipt/possession thereof, together with a copy of the temporary receipt required under Section 2 hereof, for examination to:

The Cash Department
Bangko Sentral ng Pilipinas
A. Mabini St., Manila

In cases where personal delivery to the Cash Department (CD), Bangko Sentral ng Pilipinas (BSP), Manila, is not feasible, delivery of the aforestated notes or coins may be made through any of the following agencies:

a. The Bangko Sentral Regional Offices/Units; or
b. Any banking institution under the supervision of the Bangko Sentral.

SECTION 4. Any law enforcement agency which conducted any seizure of notes and coins, whether Philippine or foreign, which are counterfeits or suspected to be counterfeit currency, shall within five (5) working days from date of seizure, advise in writing the Cash Department, BSP, Manila of said seizure enclosing therewith a copy of the receipt and inventory taken on the seized items. All seized notes or coins which are not or no longer needed as evidence in any investigation/legal proceedings shall be immediately turned over to the Cash Department, BSP, for proper disposition.

SECTION 5. The Cash Department, BSP, after examining all notes and coins submitted to it for examination and/or determination as to its genuineness, shall:

a. Issue a corresponding certification for the currency examined, if needed;

b. Stamp the word "COUNTERFEIT" on both the face and the back of each note found to be counterfeit;

c. Return to the owner/holder, and/or sender the Philippine or foreign currency notes or coins found to be genuine in accordance with existing accounting and auditing regulations.

SECTION 6. All notes and coins, whether Philippine or foreign, determined by the CD, BSP to be counterfeit currency, shall not be returned to the owner/holder, but shall be retained and later disposed of in accordance with such guidelines as may be adopted by the BSP, except those which will be used as evidence in an investigation or legal proceedings, in which case, the same shall be retained and preserved by the BSP for evidentiary purposes.

SECTION 7. The BSP shall extend assistance as may be requested of it in the investigation, apprehension and/or

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prosecution of person/s responsible for counterfeiting of notes and coins, both Philippine or foreign.

Chapter II
Reproduction and/or Use of Facsimiles of Legal Tender Philippine Currency Notes

SECTION 8. No person or entity, public or private, shall design, engrave, print, make or execute in any other manner, or utter, issue, distribute, circulate or use any handbill, advertisement, placard, circular, card, or any other object whatsoever bearing the facsimile, likeness or similitude of any legal tender Philippine currency note, or any part thereof, whether in black and white or any color or combination of colors, without prior authority therefore having been secured from the Governor, BSP or his duly authorized representative.

SECTION 9. The reproduction and/or use of facsimiles or any illustration bearing the likeness or similitude of legal tender Philippine currency notes referred to in the foregoing section may be authorized by the Governor, BSP or his duly authorized representative, for printed illustrations in articles, books, journals, newspapers or other similar materials and strictly for numismatic, educational, historical, newsworthy or other purposes which will maintain, promote or enhance the integrity and dignity of said note, provided, however, that any such facsimile or illustration shall be of a size less than three-fifths (3/5) or more than one and one-half (1½) times in size of the currency note being illustrated and that there will be no deviation from the purpose for which the notes will be used.

Chapter III
Reproduction and/or Use of Facsimile of Legal Tender Philippine Currency Coins

SECTION 10. No person or entity, public or private, shall design, engrave, make or execute in any other manner, or use, issue, or distribute any object whatsoever bearing the likeness or similitude as to design, color or the inscription thereon of any legal tender Philippine currency coin or any part thereof, in metal form, irrespective of size and metallic composition, without prior authority from the Governor, BSP or his duly authorized representative.

SECTION 11. The reproduction and/or use of facsimiles or of any object bearing the likeness or similitude of legal tender Philippine currency coins referred to in the foregoing section may be authorized by the Governor, BSP or his duly authorized representative, strictly for numismatic, educational, historical and other purposes which will maintain, promote or enhance the integrity and dignity of said coins.

Chapter IV
Clean Note Policy

SECTION 12. To effect an expeditious withdrawal from circulation of unfit Philippine currency notes classified under Section 15, Chapter V of this Circular, banks and their branches shall observe the following guidelines and procedures when making cash deposits with the Cash Department or any of the Regional Offices/Units of Bangko Sentral ng Pilipinas:

a. Banks shall classify their cash deposits into two types:

- clean and fit notes and

- dirty or unfit notes in accordance with the "Currency Guide for Bank Tellers, Money Counters and Cash Custodians" prepared by Cash Department, BSP. The notes thus classified shall be further sorted by series and by denomination.

b. Banks shall provide securely sealed bags or containers separately for the clean or fit notes and for the dirty or unfit notes accompanied by a deposit slip for each type/category. The deposit slip for unfit currency notes shall be

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clearly labelled as "unfit".

c. To facilitate handling of deposits, banks deposits shall be packed in sealed bags or containers in standard quantity of twenty (20) full bundles per denomination (each bundle containing 1,000 notes in ten (10) equal straps, each strap containing 100 notes).

d. Provincial branches of banks may make direct deposits of currency notes, duly identified and sorted, with the nearest Bangko Sentral Regional Office/Unit. In areas where there are no Bangko Sentral Regional Office/Unit, provincial branches of banks shall arrange with their respective Head Offices the shipment of their unfit or dirty notes for deposit with BSP Cash Department in Manila. Cost of shipment and other related expenses to be incurred shall be solely for the account of the bank concerned.

SECTION 13. The Cash Department and the Regional Offices/Units of Bangko Sentral may refuse acceptance of cash deposits that do not conform to these guidelines and procedures.

Chapter V
Replacement and Redemption of Legal Tender Philippine Currency Notes and Coins Considered Mutilated or Unfit for Circulation

SECTION 14. Authority - Section 56 of R.A. 7653 provides that:

> "The Bangko Sentral shall withdraw from circulation and shall demonetize all notes and coins which for any reason whatsoever are unfit for circulation and shall replace them by adequate notes and coins. Provided, however, that the Bangko Sentral shall not replace notes and coins the identification of which is impossible, coins which show signs of filing, clipping or perforation, and notes which have lost more than two-fifths (2/5) of their surface or all of the signatures inscribed thereon. Notes and coins in such mutilated condition shall be withdrawn from circulation and demonetized without compensation to the bearer."

SECTION 15. A currency note shall be considered unfit for circulation when:

a. It contains heavy creases which break the fiber of the paper and indicate that disintegration has begun. Provided, however, that mere creasing or wrinkling which has not broken nor weakened the note does not render the note unfit for circulation; or

b. It is badly soiled/contaminated and/or with writings even if it has proper life or sizing; or

c. It presents a limp or raglike appearance.

SECTION 16. A currency note shall be considered mutilated when:

a. Torn parts of banknote are joined together with adhesive tape in a manner which tries to preserve as nearly as possible the original design and size of the note; or

b. The original size of the note has been reduced/lost through wear and tear or has been otherwise torn, damaged, defaced or perforated through action of insects, chemicals or other causes; or

c. It is scorched or burned to such an extent that although recognizable as such, it has become frail and brittle as to render further handling thereof impossible without disintegration or breaking; or

d. It is split edgewise; or

e. It has lost all the signatures inscribed thereon.

SECTION 17. A currency coin shall be considered unfit for circulation when:

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a. It is bent or twisted out of shape or defaced, but its genuineness and/or denomination can still be readily and clearly determined/identified; or

b. It has been considerably reduced in weight by natural abrasion/wear and tear.

SECTION 18. A currency coin shall be considered mutilated when:

a. It shows signs of filing, clipping or perforation; or

b. It shows signs of having been burned or has been so defaced, that its genuineness and/or denomination cannot be readily and clearly identified.

SECTION 19. Currency notes and coins considered unfit for circulation shall not be recirculated, but may be presented for exchange to or deposited with any bank.

SECTION 20. Currency notes and coins considered mutilated shall not be recirculated nor deposited/exchanged, but may be presented or forwarded, for determination of their redemption/exchange value to:

a. The Cash Department
Bangko Sentral ng Pilipinas
A. Mabini St., Manila; or

b. The nearest Bangko Sentral Regional Office/Unit

SECTION 21. The Bangko Sentral ng Pilipinas (BSP) shall replace or redeem notes and coins considered unfit for circulation or mutilated except when such notes and coins fall under any of the following classifications:

a. Notes and coins the identification of which is impossible; or

b. Coins which show signs of filing, clipping or perforations; or

c. Notes which have lost more than two-fifths (2/5) of their surface or all of the signatures inscribed thereon.

Notes and coins falling under any of the classifications mentioned under this Section shall be withdrawn from circulation and demonetized without compensation to the owner/bearer.

Chapter VI
Treatment and Disposition of Philippine Currency Notes and Coins Called In for Replacement

SECTION 22. Section 57 of R.A. 7653, provides that "The Bangko Sentral may call in for replacement notes of any series or denomination which are more than five (5) years old and coins which are more than ten (10) years old.

Notes and coins called in for replacement in accordance with this provision shall remain legal tender for a period of one (1) year from the date of call. After this period, they shall cease to be legal tender but during the following year, or for such longer period as the Monetary Board may determine, they may be exchanged at par and without charge in the Bangko Sentral and by agents duly authorized by the Bangko Sentral for this purpose. After the expiration of this latter period, the notes and coins which have not been exchanged shall cease to be a liability of the Bangko Sentral and shall be demonetized. The Bangko Sentral shall also demonetize all notes and coins which have been called in and replaced.

SECTION 23. Any person or entity, public or private, who receives, takes hold or has in his possession Philippine currency notes and coins called in for replacement shall forward the same during the redemption period to:

a. Any authorized agent banks of the Bangko Sentral ng Pilipinas when the notes are still considered legal tender,

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within one year from the date of call; or

b. The BSP Cash Department or BSP Regional Offices/Cash Units, within the redemption period as may be determined by the Monetary Board.

SECTION 24. The Cash Department or the BSP Regional Cash Units shall exchange the notes/coins called in for replacement if presented to the BSP within the redemption period as determined by the Monetary Board and subsequently dispose the same in accordance with BSP procedures for disposal.

Chapter VII
Penalties

SECTION 25. Any violation of the provisions of Sections 8 and 9, Chapter II, and Sections 10 and 11, Chapter III, of this Circular, shall subject the offender to imprisonment of not less than five (5) years, but not more than ten (10) years. In case the Revised Penal Code provides for a greater penalty, then that penalty shall be imposed.

Chapter VIII
Repealing Clause

SECTION 26. All Central Bank Circulars, pertinent provisions in the Manual of Regulations for Banks and Other Financial Intermediaries and other rules and regulations which are contradictory or inconsistent with this Circular are hereby revoked and repealed.

Chapter IX
Effectivity Clause

SECTION 27. This Circular shall take effect immediately.

Adopted: 21 Jan. 1995

(SGD.) GABRIEL C. SINGSON
Governor

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