



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 829

Series of 2014

Subject: Amendments to Consolidated Rules and Regulations on Currency Notes and Coins (BSP Circular No. 61, Series of 1995)

Pursuant to Monetary Board Resolution Nos. 1097 dated 4 July 2013 and 48 dated 9 January 2014, the **Consolidated Rules and Regulations on Currency Notes and Coins** is hereby amended, to read as follows:

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 1

TREATMENT AND DISPOSITION OF COUNTERFEIT PHILIPPINE AND FOREIGN CURRENCY NOTES AND COINS

Section 1. Authority – Section 50 of R.A. No. 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 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.

“The Bangko Sentral shall have the authority to investigate, make arrests, and 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 a reference number sourced from any Philippine government-issued ID or passport number, or 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 CURRENCY ISSUE AND INTEGRITY OFFICE

Security Plant Complex
Bangko Sentral ng Pilipinas
East Avenue, Diliman
1101 Quezon City

In cases where personal delivery to the Currency Issue and Integrity Office (CIIO), Bangko Sentral ng Pilipinas (BSP), Quezon City, is not feasible, delivery of the aforesaid notes or coins may be made through any of the following agencies:

- (a) The BSP Regional Offices/Branches; or
- (b) Any banking institution under the supervision of the BSP.

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 CIIO, BSP, Quezon City 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 CIIO, BSP, for proper disposition.

Section 5. The CIIO, BSP, after examining all notes and coins, whether Philippine or foreign, 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 front and the back of each note found to be counterfeit; and
- (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 CIIO, 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 prosecution of person/s responsible for counterfeiting of notes and coins, both Philippine and 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 therefor 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 (1 ½) 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 FACSIMILES 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 AND COIN 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 (CD) or any of the Regional Offices/Branches of the BSP.

- (a) Banks shall classify their cash deposits according to: (1) clean or fit notes; and (2) dirty or unfit notes in accordance with the *"Currency Guide for Bank Tellers, Money Counters and Cash Custodians"* prepared by CIIO, 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 the unfit currency notes shall be clearly labeled 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 BSP Regional Office/Branch. In areas where there are no BSP Regional Offices/Branches, provincial branches of banks shall arrange with their respective Head Offices the shipment of their unfit or dirty notes for deposit with CD, BSP in Quezon City. Cost of shipment and other related expenses to be incurred shall be solely for the account of the bank concerned.
- (e) In order to ensure compliance with the BSP's Clean Note Policy, banks shall incorporate measures on the implementation thereof in their compliance program.

Section 13. Coins submitted by banks to BSP for deposit/determination of redemption value shall be packed/bagged in accordance with the following procedure:

- (1) Coins shall be free from adhesive tapes;
- (2) Coins shall be sorted into fit, unfit or mutilated, per denomination and per series;

- (3) Each bag of coins shall contain the following standard number of pieces and amount per denomination:

Denomination	Pieces Per Bag	Amount Per Bag
10-piso	1,200	12,000.00
5-piso	1,500	7,500.00
1-piso	2,000	2,000.00
25-sentimo	3,000	750.00
10-sentimo	4,500	450.00
5-sentimo	5,000	250.00
1-sentimo	5,000	50.00

Provided, however, that in the case of unfit or mutilated coins, these could be packed in amounts of One Thousand Pesos (P1,000.00) for denominations 10-, 5-, and 1-piso; and Fifty Pesos (P50.00) for 25-, 10-, 5-, and 1-sentimo.

Section 14. The CD and the Regional Offices/Branches of BSP 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 15. Authority – Section 56 of R.A. No. 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 16. 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; 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 and/or it can not sustain its upright position when held at the mid portion of one of the shorter borders.

Section 17. A currency note shall be considered mutilated when:

- (a) Torn parts of the banknote are joined together with adhesive tape aimed at preserving 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; or
- (f) The Embedded Security Thread or Windowed Security Thread placed on the banknote is lost.

Section 18. A currency coin shall be considered unfit for circulation when:

- (a) It is bent or twisted out of shape or defaced or show signs of corrosion, 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 19. 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, corroded or has been so defaced, that its genuineness and/or denomination cannot be readily and clearly identified.

Section 20. 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 21. Banks shall accept from the public mutilated notes and coins for referral/transmittal to CIO, BSP - Quezon City or any of the BSP Regional Offices/Branches for determination of redemption value. Banks may charge reasonable handling fees from clients and/or the general public relative to the handling/transporting to BSP of mutilated notes and coins.

Section 22. The BSP shall replace or redeem notes and coins considered unfit for circulation or mutilated except under the following conditions:

- (a) Identification of notes and coins is impossible; or
- (b) Coins that show signs of filing, clipping or perforation; or
- (c) Notes which have lost more than two-fifths (2/5) of their surface or all of the signatures inscribed thereon; or
- (d) Notes which are split edgewise resulting in the loss of the whole of or part of, either the face or back portion of the banknote paper; or
- (e) Notes where the Embedded Security Thread or Windowed Security Thread placed thereon is completely lost except when the damage appears to be caused by wear and tear, accidental burning, action of water or chemical or bites of rodents/insects and the like.

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 23. *Section 57 of R.A. No. 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 24. 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 BSP when the notes are still considered legal tender, within one year from the date of call; or
- (b) The CD or Regional Offices/Branches of the BSP, within the redemption period as may be determined by the Monetary Board.

Section 25. The CD or Regional Offices/Branches of the BSP 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 26. 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 27. 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 28. This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO JR.
Governor

13 March 2014