



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL**

DECISION

No 57, dated 11.09.2013

APPROVAL OF THE REGULATION

"ON EXCHANGING DAMAGED ALBANIAN BANKNOTES AND COINS"

Pursuant to Article 12(a), Article 43(c) and Chapter V of the Law No. 8269 dated 23/12/1997 "On the Bank of Albania", as amended, and the Law No. 9662 of 18/12/2006 "On banks in the Republic of Albania", as amended, having regard to the proposal of the Department of Issue, the Supervisory Council of the Bank of Albania

DECIDED:

1. To approve the Regulation "On exchanging damaged Albanian banknotes and coins", according to the text attached in this Decision.
2. Bank of Albania's Department of Issue is responsible for implementing this Decision.
3. The Foreign Affairs, European Integration and Communication Department is responsible for the publication of this Regulation in Official Bulletin of the Bank of Albania and in the Official Journal of the Republic of Albania.
4. Upon entry into force of this Regulation, Guideline "On damaged banknotes the criteria for their exchange", approved by Supervisory Council Decision No. 29, dated 30.03.1998, shall be repealed.

This Regulation shall enter into force 15 (fifteen) days after its publication in the Official Journal of the Republic of Albania.

SECRETARY

YLLI MEMISHA

CHAIRMAN

ARDIAN FULLANI

REGULATION

"ON EXCHANGE OF DAMAGED ALBANIAN BANKNOTES AND COINS"

CHAPTER I

General

Article 1

Scope

This Regulation sets out the criteria and procedures for the exchange of damaged Albanian banknotes and coins and their withdrawal from circulation.

Article 2

Legal grounds

This Regulation is issued in accordance with:

- a) Article 12(a), Article 43(c) and Chapter V of the Law No. 8269, dated 23/12/1997 "On the Bank of Albania", as amended";
- b) Law No. 9662 of 18/12/2006 "On banks in the Republic of Albania", as amended, which herein shall be referred to as the "Law on Banks".

Article 3

Entities subject to this Regulation

Entities subject to this Regulation shall be banks and branches of foreign banks licensed to exercise banking and/or financial activities in the Republic of Albania, conform to the license issued by the Bank of Albania.

Article 4

Definitions

1. For the purposes of this Regulation, the following terms shall have the following meaning:
 - a) competent authorities - means law enforcement authorities in Albania, such as the Albanian State Police, prosecution office;
 - b) anti-theft devices - means devices installed in storage or transportation vehicles of banknotes. In case of an attempted theft, they are activated by decolourising, ink staining, or mutilating banknotes to such an extent that renders them unusable for cash transactions.
 - c) packet – means the enclosed packing, such as: envelope, box, or plastic bags where the banknotes or the metal coins are placed.

CHAPTER II

Requirements for the exchange of damaged banknotes and coins

Article 5

General requirements for exchanging damaged banknotes

1. The Bank of Albania shall, in compliance with the procedures laid down in this Regulation, exchange damaged lek banknotes for their nominal value, when:
 - a) more than 50% of the banknote is presented;
 - b) 50% or less of the banknote is presented; the banknote, for major reasons that do not depend on the user, is burned, impregnated, or damaged; and the missing parts of the banknote have been totally destroyed.
2. The applicant shall submit a written statement on the cause of the damage, when more than 50% of the banknotes presented for exchange are ink-stained, soiled, flooded or damaged.
3. When 50% or less of the banknote is presented, in addition to requirements set out in paragraph 2 of this Article, the Bank of Albania may ask the applicant to present additional documents by competent authorities, or local government bodies regarding the cause and circumstances of the damage.

Article 6

General requirements for exchanging damaged coins

The Bank of Albania shall, in compliance with the procedures laid down in this Regulation, exchange damaged lek coins for their nominal value, when more than 50% of the coin is presented;

Article 7

Refusal to exchange damaged banknotes or coins

1. The Bank of Albania shall refuse to exchange damaged banknotes where it knows or has sufficient reason to believe that:
 - a) banknotes presented for exchange have been intentionally damaged; or
 - b) Banknotes presented for exchange have been obtained as a result of committing a criminal offence.
2. The banknotes damaged intentionally shall be confiscated without compensation and shall be destroyed in accordance with the relevant procedures at the Bank of Albania. Banknotes which are damaged to a minor

degree, e.g. by having annotations or written words placed on them, holes or minor tears, will not be considered to be intentionally damaged banknotes.

3. Banknotes, under the conditions laid down in paragraph 1 (b) herein, shall qualify for exchange only if, after the verification with competent authorities, it is established that the source of the presented banknotes is lawful.

Article 8 **Intentionally damaged banknotes and coins**

1. Banknotes or coins formed by joining two or more parts of different banknotes or coins shall be considered as intentionally damaged banknotes or coins.
2. The banknotes or coins classified as intentionally damaged shall be confiscated without compensation and shall be destroyed in accordance with the relevant procedures at the Bank of Albania.

Article 9 **Banknotes damaged by security (anti-theft) devices or banknote processing and delivery devices**

1. The Bank of Albania shall, pursuant to the procedures laid down in this Regulation, exchange lek banknotes damaged by anti-theft or banknote handling and delivery devices.
2. In the case laid down in paragraph 1 of this Article, the following requirements shall apply:
 - a) the banknotes shall be presented in sets of 100 banknotes, provided that the amount of lek banknotes presented is sufficient to form such sets;
 - b) applicants shall provide a written statement on the cause and nature of damage.

CHAPTER III **Exchange of damaged banknotes and coins**

Article 10 **Presenting damaged banknotes and coins for exchange**

1. Damaged banknotes and coins may be presented for exchange at the windows of the entities together with exchange application form in Annex 1,

attached to this Regulation, as well as when applicable, any other document necessary to establish the cause and circumstances of the damage.

2. The entities shall send to the Bank of Albania, enclosed in packaging, the damaged banknotes together with the application form for their exchange, no later than 10 working days from the date the customer submits the request

Article 11

Exchange of banknotes and coins at the windows

1. Entities shall, notwithstanding stipulations of Article 10 (2) of this Regulation, exchange at their windows, against the nominal value, banknotes with minor damages such as annotations or written words, stains, holes or minor tears.
2. The banknotes exchanged according to paragraph 1 of this Article, shall be sent to the Bank of Albania together with other banknotes qualified as unfit for circulation after their processing.

Article 12

Exchange of banknotes and coins at Bank of Albania windows

1. Damaged banknotes and coins are administered by the Department of Issue of the Bank of Albania.
2. The Bank of Albania shall, within 30 working days from the receipt of packet, assess the banknotes or coins and determine the amount of banknotes and coins that comply with the criteria for exchange.
3. The value of banknotes and coins that comply with the criteria for exchange is transferred to the applicant by crediting the entities account.
4. The entities ensure that the value of the exchanged banknotes or coins is transferred immediately to the applicant.

CHAPTER IV

Final provisions

Article 13

Transitional provisions

Damaged banknotes or coins presented for exchange before the entry into force of this Regulation, but have not been examined after the entry into force of this Regulation, shall be handled pursuant to the provisions of this Regulation.

Article 14
Supervisory and corrective measures

In the event of non-compliance of entities with the provisions of this Regulation, the Bank of Albania shall apply the supervisory and/or corrective measures required under the Law on banks and other by-laws in pursuance thereof.

Article 15
Final provision

The attached annex is an integral part of this Regulation.

ARDIAN FULLANI
Chairman

ANNEX 1**APPLICATION FORM****FOR EXCHANGING DAMAGED ALBANIAN BANKNOTES AND COINS**

First Name				
Family Name				
Address				
Date				
Telephone Number:		E-mail:		
(Exchange value)	Denomination	Quantity	Total amount	To the Bank of Albania
	1 Lek			
	5 Lekë			
	10 Lekë			
	20 Lekë			
	50 Lekë			
	100 Lekë			
	200 Lekë			
	500 Lekë			
	1000 Lekë			
	2000 Lekë			
5000 Lekë				
Total				

Please provide all the details of the banknote/coin damage:

Signature of the applicant: _____ **Date:** _____