

Pursuant to Article 38, paragraph (2) of the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia (Official Gazette 57/2022 and 88/2022) and Article 43, paragraph (2), item (10) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020), the Governor of the Croatian National Bank hereby issues the

Decision on the exchange of kuna cash

I GENERAL PROVISIONS

Subject matter

Article 1

This Decision regulates in detail the dealing with kuna cash by the Croatian National Bank:

- 1) procedures and methods of the exchange of kuna cash for euro cash;
- 2) dealing with specimens of kuna cash;
- 3) dealing with kuna cash suspected to be counterfeit.

Terms and definitions

Article 2

For the purposes of this Decision, the following terms shall have the following meaning:

- 1) '*authentic kuna cash*' means kuna banknotes and coins for which it has not been established by authentication that it should be singled out as suspect, or for which it has been established by technical analysis that it is not counterfeit;
- 2) '*bearer*' means any natural or legal person wishing to exchange kuna cash for euro cash;
- 3) '*fixed conversion rate*' means the irrevocably fixed conversion rate between the euro and the kuna, which has a total of five decimal places, established by Council Regulation (EU) 2022/1208 of 12 July 2022 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Croatia (1 euro = 7.53450 kuna);
- 4) '*cash*' means banknotes and coins;
- 5) '*kuna cash*' means kuna banknotes and coins for which, by the decisions of the Croatian National Bank or pursuant to the Act, the status of legal tender has expired;
- 6) '*criminal offence in relation to cash*' means a criminal offence against humanity and human dignity referred to in Title 9 of the Criminal Code (Official Gazette 125/2011, 144/2012, 56/2015, 61/2015, 101/2017, 118/2018, 126/2019, 84/2021 and 114/2022; hereinafter referred to as 'Criminal Code'), a criminal offence against the health of people referred to in Title 19 of the Criminal Code, a criminal offence against property referred to in Title 23 of the Criminal Code, a criminal offence against the economy referred to in Title 24 of the Criminal Code, a criminal

offence of forgery referred to in Title 26 of the Criminal Code and a criminal offence against official duty referred to in Title 28 of the Criminal Code, as well as any behaviour prescribed by the Anti-money Laundering and Terrorist Financing Act (Official Gazette 108/2017 and 39/2019) to be deemed as money laundering, terrorist financing or a criminal offence of terrorism;

- 7) '*counterfeit kuna cash*' means an object similar to a kuna banknote or coin, for which technical analysis has established that it partly or fully has the appearance of a kuna banknote or coin and which has been made or modified partly or fully without authorisation;
- 8) '*authentication*' means the procedure used to verify kuna cash for the purpose of identifying suspect banknotes and coins;
- 9) '*suspect cash*' means kuna banknotes and coins the authenticity of which cannot be determined clearly or with regard to which there is reasonable doubt that it is counterfeit;
- 10) '*specimen banknote*' means an authentic kuna banknote, which has the word "UZORAK" overprinted on the reverse in the colour red and the word "SPECIMEN" overprinted on the obverse in the colour red, as well as the unique serial number of the banknote specimen in the colour red. Such a banknote was not a legal means of payment; and
- 11) '*Act*' means the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia (Official Gazette 57/2022 and 88/2022).

II EXCHANGE OF KUNA CASH

Time limits for the exchange of kuna cash for euro cash

Article 3

- (1) As of 1 January 2024, the Croatian National Bank shall exchange free of charge kuna cash for euro cash, as follows:
 - a) kuna banknotes, without time limit; and
 - b) kuna coins, until 31 December 2025.
- (2) The Croatian National Bank shall carry out the exchange referred to in paragraph (1) of this Article by applying the fixed conversion rate and in accordance with the rules on the conversion and rounding referred to in the Act.

Conditions for the exchange of kuna cash for euro cash

Article 4

- (1) When exchanging kuna cash with more than 50% of the surface area of a whole authentic banknote and without any signs of damage or staining and a whole kuna coin recognisable from the obverse and the reverse, the Croatian National Bank shall:
 - a) perform kuna cash authentication on authentication machines or manually, by a qualified employee, applying authentication equipment;
 - b) at each exchange in the value of HRK 15,000.00 to HRK 75,000.00, regardless of whether it concerns a one-off exchange or multiple exchanges totalling HRK 15,000.00 to HRK

75,000.00, establish and verify: for a natural person, the data referred to in paragraph (2), items (a) to (d) and (h) and (i); for a legal person, the data referred to in paragraph (2), items (a) to (c); for a legal representative or proxy, the data referred to in paragraph (2), items (a) to (d), (h), (i) and (k) of this Article;

- c) at each exchange in the value of HRK 75,000.00 or more, regardless of whether it concerns a one-off exchange or multiple exchanges totalling HRK 75,000.00 or more, establish and verify: for a natural person, the data referred to in paragraph (2), items (a) to (j); for a legal person, the data referred to in paragraph (2), items (a) to (c), (g) and (j); for a legal representative or proxy, the data referred to in paragraph (2), items (a) to (d), (h), (i) and (k) of this Article;
- d) at each exchange regardless of the amount the bearer wishes to exchange, when there are indicators for the exchange of cash raising suspicion that a criminal offence in relation to cash has been committed, establish and verify the data referred to in indent (c) of this paragraph.

(2) At the exchange of kuna cash referred to in paragraph (1) of this Article for euro cash, the Croatian National Bank shall collect the following data on the bearer, including his/her legal representative or proxy:

- a) name and surname/name of the legal person (from a court or another competent register);
- b) personal identification number (OIB), or for persons who do not have a personal identification number, the place, date, month and year of birth;
- c) residence or head office of the legal person (country, city, street and number);
- d) name and number of the identification document, country of the issuer;
- e) date, month and year of birth;
- f) citizenship;
- g) information on activity or occupation;
- h) telephone number;
- i) e-mail address (if any);
- j) source of cash that is presented for exchange;
- k) proof of authorisation for representation/power of attorney, where a bearer presents cash for exchange through a legal representative or a proxy.

(3) When the Croatian National Bank collects the data referred to in paragraph (2), item (j) of this Article, the bearer shall submit all documents, available depending on the source, which confirm that his/her allegations on the source of cash presented for exchange are true.

(4) The Croatian National Bank shall establish the data referred to in paragraph (2) of this Article by examining a valid official identification document (ID card or passport), directly from the bearer and from other valid public deeds, documents and registers.

(5) When the Croatian National Bank cannot establish the data referred to in paragraph (2) of this Article by direct examination, the bearer shall present a copy of a valid official identification document and proof of the original authorisation for representation.

(6) The Croatian National Bank shall determine the list of indicators for the exchange of cash referred to in paragraph (1), item (d) of this Article by a special decision.

(7) The decision on the list of indicators referred to in paragraph (6) of this Article is a business secret.

- (8) The Croatian National Bank shall exchange the kuna cash referred to in paragraph (1) of this Article for euro cash if it has been established by authentication or technical analysis that the cash is authentic, if the bearer has submitted complete data and made probable the allegations on the source of funds, all in accordance with the scope of the data established in paragraphs (1) and (2) of this Article.

Special conditions of the exchange of kuna cash for euro cash

Article 5

- (1) Where kuna cash is presented for exchange, which is:
- a) a kuna banknote with 50% or less than 50% of the surface area of the whole banknote;
 - b) a stained kuna banknote;
 - c) a kuna coin that is not whole or if it is unrecognisable from the obverse and the reverse;
 - d) a soiled kuna banknote or coin suspected to present a risk to health and safety due to soiling.
- (2) The Croatian National Bank shall act in accordance with Article 4 of this Decision and this Article, with the exception that for cash referred to in this paragraph in the amount of less than HRK 15,000.00 the data referred to in Article 4, paragraph (1), item (b) are also established and verified.
- (3) At the exchange of kuna cash referred to in paragraph (1) of this Article for euro cash, the bearer shall additionally submit to the Croatian National Bank the following:
- a) data on the manner in which the damage to kuna cash occurred;
 - b) where 50% or less than 50% of the surface area of an authentic banknote is presented for exchange:
 - (i) a written confirmation of the competent institution, for example, the Ministry of the Interior of the Republic of Croatia (hereinafter referred to as 'MUP RC'), proving the occurrence of a force majeure event as a result of which the missing parts of the kuna banknote have been destroyed; or
 - (ii) data that support the bearer's allegations on the manner in which the damage to the banknote occurred;
 - c) certificate of a health and safety assessment by the competent authorities on the type of soiling if soiled kuna cash is presented for exchange;
 - d) where a banknote stained as a result of electrochemical protection is presented for exchange:
 - (i) a written confirmation from the MUP RC regarding the event that caused the damage and a security and technical sheet of the ink from the electrochemical security system of the device by which the kuna banknote was stained; or
 - (ii) a record, statement or other documents that can prove that the damage occurred due to a technical malfunction of a security container or improper handling of a security container a security and technical sheet of the ink from the electrochemical security system of the device by which the kuna banknote was stained.
- (4) The bearer shall submit the kuna banknotes stained by the electrochemical protection devices for exchange dry and packed in a plastic security bag with a clearly visible sign that the bag contains banknotes stained by an electrochemical protection device.

- (5) The Croatian National Bank shall exchange kuna cash referred to in paragraph (1) of this Article if the following conditions are cumulatively met:
- a) following authentication or technical analysis it is established that cash referred to in paragraph (1) of this Article is authentic;
 - b) the bearer has submitted complete data and made the allegations about the source of funds probable, all in accordance with the scope of data established in Article 4, paragraphs (1) and (2) of this Decision and this Article; and
 - c) where kuna banknotes are stained by the electrochemical protection devices, the bearer has submitted them for exchange in accordance with paragraph (3) of this Article.

Manner, place and time limits for the exchange of kuna cash for euro cash

Article 6

- (1) The bearer shall present kuna cash for exchange to the Croatian National Bank directly, in the official premises, and the amount of up to HRK 15,000.00 may also be submitted for exchange through postal services.
- (2) The bearer submitting cash for exchange through a postal service shall, together with the cash that is presented for exchange, submit to the Croatian National Bank the following:
 - a) name and surname/name of the legal person, residence (city, street and number), telephone number and e-mail address of the bearer; and
 - b) information on the preferred manner of receipt of euro cash (receipt in the official premises at the cash desk of the Croatian National Bank or by delivery through a postal service to the bearer's address).
- (3) The bearer submitting the cash referred to in Article 5, paragraph (1) of this Decision for exchange through a postal service shall, together with the cash that is presented for exchange, submit to the Croatian National Bank the data referred to in paragraph (2) of this Article and the data referred to in Article 5 of this Decision through the Application for the exchange of kuna cash, with the accompanying attachments.
- (4) The Croatian National Bank shall publish the application form for the exchange referred to in paragraph (3) of this Article on its website.
- (5) The bearer submitting kuna banknotes stained by the electrochemical protection devices for exchange via a postal service shall submit the banknotes in the manner prescribed in Article 5, paragraph (3) of this Decision.
- (6) The Croatian National Bank shall establish whether the conditions for the exchange are met no later than within 60 (sixty) days of the day when kuna cash is presented for exchange in the manner and in accordance with the conditions prescribed by this Decision.
- (7) The Croatian National Bank shall issue a confirmation of received and retained kuna cash referred to in paragraph (6) of this Article to the bearer.
- (8) The Croatian National Bank shall not exchange received kuna cash in the amount equal to or exceeding HRK 15,000.00, which has been submitted through a postal service. The Croatian National Bank shall

hold it until the bearer approaches the Croatian National Bank in person, about which the bearer shall be notified.

- (9) Where a bearer intends to present directly for exchange kuna cash in the amount of HRK 40,000.00 and more, or in the number of coins exceeding 1,000 (one thousand) pieces, the bearer shall announce his/her arrival in advance as well as the amount of kuna cash or the number of kuna coins he/she intends to exchange to the e-mail address: gotov.novac@hnb.hr.

Confirmation of the exchange of kuna cash for euro cash

Article 7

- (1) The Croatian National Bank shall issue a confirmation of the exchange of kuna cash for euro cash to the bearer.
- (2) The confirmation referred to in paragraph (1) of this Article shall contain at least the following elements:
- 1) the amount of exchanged kuna cash;
 - 2) fixed exchange rate of the conversion of the kuna to the euro;
 - 3) equal amount in euros;
 - 4) unique confirmation number; and
 - 5) date and time of issuance (hour and minute);
 - 6) verification of the Croatian National Bank;
 - 7) note that the confirmation of exchange is not proof of the source of funds.

III HANDLING BY THE CROATIAN NATIONAL BANK OF SUSPECT AND COUNTERFEIT CASH AND KUNA CASH SUSPECTED TO BE CONNECTED WITH A CRIMINAL OFFENCE

Handling of suspect and counterfeit kuna cash

Article 8

- (1) The Croatian National Bank shall retain suspect cash it receives or singles out during authentication when executing the tasks of the exchange of kuna cash for euro cash for the purpose of conducting a technical analysis.
- (2) Where the Croatian National Bank establishes by technical analysis that the suspect kuna cash is counterfeit cash, it will retain the counterfeit cash and notify the bearer and the authorities competent for the investigation of criminal offences and criminal prosecution about the results of the technical analysis.
- (3) The Croatian National Bank shall keep and store counterfeit cash until the decision is adopted by the competent court or the competent state attorney's office about a further procedure with counterfeit kuna cash.

**IV DEALING BY THE CROATIAN NATIONAL BANK
WITH SPECIMENS OF KUNA BANKNOTES**

Replacement and lending of specimens of kuna banknotes

Article 9

- (1) A kuna banknote specimen may not be replaced with euro cash.
- (2) The Croatian National Bank may lend a kuna banknote specimen for temporary use for educational purposes, for organising exhibitions and similar events or for any other purpose that the Croatian National Bank deems justified. In such a case, the Croatian National Bank shall enter into a lending agreement with the borrower.

V TRANSITIONAL AND FINAL PROVISIONS

Cessation of effect

Article 10

On the date of the entry into force of this Decision, the Decision on the exchange of kuna cash in withdrawal (Official Gazette 133/2022 and 76/2023) shall cease to have effect, with the exception of Articles 9 to 15, which shall remain in force until 31 January 2024.

Entry into force

Article 11

This Decision shall be published in the Official Gazette and shall enter into force on 1 January 2024.