

REGULATION ON EXCHANGING MUTILATED FOREIGN BANKNOTES

One. General provisions

- 1.1. The purpose of this regulation is to regulate activity of exchanging mutilated (but valid) foreign banknotes through banks based on the claims of individuals or legal entities.
- 1.2. International Economic Department (IED), Monetary Policy and Research Department (MPRD), Payment and Accounting Department (PAD), commercial banks and their directors, economists, accountants, and cashiers shall comply with this regulation in the activity of exchanging mutilated foreign banknotes stated in the Article 1.5 of this regulation with the same banknotes by charging relevant fees.
- 1.3. Foreign banknotes stated in the Article 1.1 of this regulation stands only for foreign banknotes or paper notes.
- 1.4. Foreign banknotes with the following characteristics shall have no value:
 - 1.4.1. More than half of a note is missing;
 - 1.4.2. When combining pieces of a notes, it is unrecognizable ;
 - 1.4.3. If a note cannot be checked by the counterfeit detector machine or a note is counterfeit;
 - 1.4.4. Numbers, alphabets, size, and color of a note are fully changed;
 - 1.4.5. Two separate note pieces are put together and the serial numbers are varied.
- 1.5. Foreign banknotes with the following characteristics but without characteristics stated in the Article 1.4 of this regulation shall be mutilated foreign banknotes:
 - 1.5.1. Badly soiled, dirty, worn;
 - 1.5.2. Less than one-half of a note is damaged (torn, split, punctured, joined split parts);
 - 1.5.3. Ink-stained, ink and oil impregnated, contaminated;
More than two-third is present after burned;
 - 1.5.4. Water damaged banknotes;
 - 1.5.5. Badly distorted.
- 1.6. Banks shall accept banknotes other than stated in the Article 1.4 and 1.5 into circulation.
- 1.7. Banks shall accept claims of individuals and legal entities to exchange mutilated foreign banknotes as stated in the Article of 1.5 via Annex I of this regulation.

Two. Activity of Exchanging Mutilated Foreign Banknotes

- 2.1. Banks which process cash replenishment shall organize its activity for exchanging mutilated foreign exchange in accordance with its own regulation.
- 2.2. Banks which do not process cash replenishment shall organize it via other banks with cash replenishment service in accordance with their agreement.

2.3. Banks stated in the Article of 2.2 of this regulation could organize activity to exchange mutilated foreign banknotes through the Bank of Mongolia. In this case:

- 2.3.1. Banks shall send claims for exchanging mutilated banknotes of individuals and legal entities to the Bank of Mongolia with Annex II of this regulation. The Bank of Mongolia shall record it in a special account;
- 2.3.2. Relevant foreign bank having an agreement with the Bank of Mongolia, in necessary condition note issuing institution has final decision on claims for mutilated foreign banknotes sent in accordance with the Article of 2.3.1 of this regulation;
- 2.3.3. The period of activity stated in the Article of 2.3.2 of this regulation and a foreign relevant institution's fees may vary per national banknotes and with respect of the condition of the mutilated note;
- 2.3.4. The Bank of Mongolia shall accept and submit the following notes to a relevant foreign institution:
 - 2.3.4.1. U.S. dollar;
 - 2.3.4.2. Euro;
 - 2.3.4.3. Japanese Yen;
 - 2.3.4.4. Pound.
- 2.3.5. If mutilated foreign banknotes sent for exchanging in accordance with the Article of 2.3.2 found as a counterfeit note, it cannot be exchanged or returned;
- 2.3.6. The Bank of Mongolia shall inform the banks within 3 business working days once the foreign bank has informed the Bank of Mongolia whether the mutilated banknotes, sent in accordance with the Article of 2.3.2, are exchanged;
- 2.3.7. The Bank of Mongolia shall charge 10 percent on the paid value.

Three.The Bank of Mongolia's full rights

- 3.1. The Bank of Mongolia does not guarantee that a relevant foreign institution will exchange any mutilated foreign banknotes sent in accordance with the Article of 2.3.2;
- 3.2. The Bank of Mongolia is not liable for doing the activity stated in the Article of 2.3.2 of this regulation within a specified period.

Four.Banks's rights and responsibilities

- 4.1. Banks have the following rights:
 - 4.1.1. To charge fees in accordance with its own regulation if it exchanges mutilated banknotes stated in the Article of 1.5;
 - 4.1.2. To refuse to exchange foreign banknotes that have characteristics stated in the Article of 1.4.
- 4.2. Banks have the following responsibilities:
 - 4.2.1. To have a counterfeit detector machine;
 - 4.2.2. To accept mutilated foreign banknotes for exchanging from individuals and legal entity with Annex I of this regulation;
 - 4.2.3. If the note is found to be possibly counterfeit, then it shall be sent to law authorities for further investigation;
 - 4.2.4. To put an explanation about banknotes stated in the Article of 1.4 and 1.5 in the place that customers could see and explain it for them.

Five. Responsibility

- 5.1. Officials who violated this regulation shall be subject to punishment in accordance with the related laws and regulation.

- 5.2. Banks shall be liable if they accept counterfeit notes intentionally or unintentionally.

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Annex I of “Regulation on exchanging mutilated foreign banknotes”

..... year.....month.....date

Bank’s name

Branch Code	Teller’s		Mutilated foreign banknote’s			Customer’s		
	Number	First/Last name	Type	Amount	Serial Number	First/Last name	Account Number	Current address, Phone number

Condition of damaged banknotes:.....

How and when is the note damaged:

Warning: Please enclose a copy of your identity card!

Submitted by:

Last name First name..... Signature /...../

Received by:

Last name First name..... Signature /...../

time..... min

Annex II of “Regulation on exchanging mutilated foreign banknotes”

..... year.....month.....date

Bank’s name.....

No

List of mutilated foreign banknotes sent to the Bank of Mongolia

Mutilated foreign banknotes’s			
Type	Face value	Serial number	Damage condition
USD			
USD			
USD			
Total USD	(.....)		
JPY			
JPY			
Total JPY	(.....)		
EUR			
EUR			
Total EUR	(.....)		
GBP			
GBP			
Total GBP	(.....)		

Total.....number

 banknotes are sent.

Submitted:
 Bank’s director:/ОБОГ, НЭР/
 /seal/
 Accountant:/ОБОГ, НЭР/
 Teller:/ОБОГ, НЭР/
 Submitted by:/ОБОГ, НЭР/

Received from the BOM: year month..... date time

Received: Accountant at banknotes division, Monetary Policy and Research Department Given
 name.....Last name.....
 /...../
 Signature