

DECISION OF THE EUROPEAN CENTRAL BANK

of 25 November 2010

on the quality accreditation procedure for manufacturers of euro banknotes

(ECB/2010/22)

(2010/773/EU)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 128(1) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), and in particular Article 16 thereof,

Whereas:

- (1) Article 128(1) of the Treaty and Article 16 of the Statute of the ESCB provide that the European Central Bank (ECB) has the exclusive right to authorise the issue of euro banknotes within the Union. This right includes the competence to take measures to protect the integrity of euro banknotes as a means of payment.
- (2) Producing euro banknotes and euro banknote raw materials according to identical quality standards is of paramount importance to guaranteeing their quality, wherever they are produced.
- (3) A quality accreditation procedure should therefore be put in place to ensure that only manufacturers conforming with minimum quality requirements are accredited to produce euro banknotes and euro banknote raw materials,

HAS ADOPTED THIS DECISION:

SECTION I

GENERAL PROVISIONS

Article 1

Definitions

For the purposes of this Decision:

- (a) 'quality accreditation' means the status, the scope of which is set out in Articles 3 and 4, granted by the ECB to a manufacturer confirming that it is in conformity with the quality requirements;
- (b) 'euro banknote production activity' means the production of euro banknotes or of any euro banknote raw materials;
- (c) 'manufacturer' means any entity that is, or wishes to be, involved in a euro banknote production activity;

(d) 'manufacturing site' means any premises that a manufacturer uses, or wishes to use, for a euro banknote production activity;

(e) 'quality requirements' means the substantive rules to be conformed with by a manufacturer seeking quality accreditation, as separately laid down by the ECB;

(f) 'quality arrangements' means the measures taken by a manufacturer at a manufacturing site to conform with the quality requirements;

(g) 'certification authority' means an independent certification authority which evaluates manufacturers' quality management systems and is entitled to certify that a manufacturer fulfils the requirements of the ISO 9001 series of standards;

(h) 'euro banknote raw materials' means paper, ink, foil and thread used to produce euro banknotes;

(i) 'euro secure items' and 'euro secure activity' have the meaning given to them in Decision ECB/2008/3 of 15 May 2008 on security accreditation procedures for manufacturers of euro secure items for euro banknotes ⁽¹⁾;

(j) 'ECB working day' means a day from Monday to Friday, excluding ECB public holidays;

(k) 'NCB' means the national central bank of a Member State whose currency is the euro;

(l) 'pre-audit questionnaire' means a form used by the quality audit team to collect information from a manufacturer on the specificities of a manufacturing site and on any changes that have been made to the quality arrangements since the last quality audit.

Article 2

General principles

1. A manufacturer shall apply for and receive quality accreditation from the ECB before starting or continuing its euro banknote production activity.

2. An accredited manufacturer may only carry out a euro banknote production activity at the manufacturing sites for which it has been granted quality accreditation under this Decision.

⁽¹⁾ OJ L 140, 30.5.2008, p. 26.

3. The ECB requirements for quality accreditation shall be minimum requirements. Manufacturers may adopt and implement stricter quality standards, which shall be laid down in their quality plan, as defined in the quality requirements.

4. The Executive Board shall be competent to take all decisions relating to a manufacturer's quality accreditation, taking into account the views of the Banknote Committee, and shall inform the Governing Council thereof.

5. Any costs and associated losses that a manufacturer incurs in connection with the application of this Decision shall be borne by the manufacturer.

6. The provisions of this Decision are without prejudice to any full or temporary quality accreditation granted before the entry into force of this Decision.

Article 3

Full quality accreditation

1. A manufacturer may only carry out a euro banknote production activity if the ECB grants it full quality accreditation for that activity.

2. A manufacturer may be granted full quality accreditation for a euro banknote production activity provided that it fulfils all of the following conditions:

(a) it has been involved in a euro banknote production activity in the 24 months preceding the request for full quality accreditation or has been granted temporary quality accreditation as laid down in Article 4 and has started a euro banknote production activity in accordance with Article 10(3);

(b) it conforms with the quality management series of standards ISO 9001 at a particular manufacturing site for a particular euro banknote production activity and a certification authority has issued a certificate to that effect;

(c) it conforms with the quality requirements at the abovementioned manufacturing site for the abovementioned euro banknote production activity;

(d) if it produces euro secure items, it has full security accreditation at the abovementioned manufacturing site for the abovementioned euro secure activity pursuant to Decision ECB/2008/3;

(e) if it is a printing works, its manufacturing site is located in a Member State; and

(f) if it is not a printing works, its manufacturing site is located in a Member State or in a European Free Trade Association (EFTA) Member State.

3. The Executive Board may grant exemptions to the location requirement set out in points (e) and (f) on a case-by-case basis,

taking into account the views of the Banknote Committee. Any such decision shall be promptly notified to the Governing Council. The Executive Board shall abide by any decision of the Governing Council on this issue.

4. Full quality accreditation shall be granted to a manufacturer for 24 months, subject to a decision taken pursuant to Articles 15, 16 or 17. Full quality accreditation may be renewed every 24 months.

5. The ECB's prior written consent shall be required for an accredited manufacturer to outsource the production of euro banknotes or euro banknote raw materials to another manufacturing site or to any third party, including the manufacturer's subsidiaries and associated companies.

Article 4

Temporary quality accreditation

1. If a manufacturer has not been involved in a euro banknote production activity in the 24 months preceding the request for full quality accreditation as described in Article 3(2)(a), it may be granted temporary quality accreditation for a planned euro banknote production activity.

2. A manufacturer may be granted temporary quality accreditation for a planned euro banknote production activity provided that it fulfils all of the following conditions:

(a) it conforms with the quality management series of standards ISO 9001 at a particular manufacturing site for a planned euro banknote production activity and a certification authority has issued a certificate to that effect;

(b) it has established the procedures and the infrastructure necessary to conform with the quality requirements at the abovementioned manufacturing site for the abovementioned euro banknote production activity;

(c) if it plans to produce a euro secure item, it has been granted security accreditation at the abovementioned manufacturing site for a planned euro secure activity pursuant to Decision ECB/2008/3;

(d) if it is a printing works, its manufacturing site is located in a Member State; and

(e) if it is not a printing works, its manufacturing site is located in a Member State or in an EFTA Member State.

3. Temporary quality accreditation shall be granted to a manufacturer for one year, subject to a decision taken pursuant to Articles 15, 16 or 17. If the manufacturer tenders for or is commissioned to carry out a euro banknote production activity within this period, its temporary quality accreditation may be extended as necessary until the ECB has taken a decision on whether to grant it full quality accreditation.

SECTION II

PROCEDURE FOR FULL QUALITY ACCREDITATION

Article 5

Initiation request and appointment of a quality audit team

1. A manufacturer with temporary quality accreditation for a planned euro banknote production activity who wishes to carry out this activity, or who has carried out a euro banknote production activity in the last 24 months and wishes to continue carrying out this activity, shall make a written request to the ECB to initiate the procedure for full quality accreditation. This request shall include all of the following:

- (a) a specification of the manufacturing site and its location and the euro banknote production activity for which the manufacturer seeks full quality accreditation;
- (b) information on the euro banknote production activity carried out;
- (c) a copy of the certificate referred to in Article 3(2)(b).

2. The ECB shall check whether the manufacturer has conformed with the requirements laid down in paragraph 1 and inform the manufacturer of the outcome of this evaluation within 30 ECB working days from the date of receipt of the initiation request. The ECB may extend this time limit once, with written notice to the manufacturer. While the ECB is carrying out this evaluation, it may request additional information from the manufacturer in relation to the requirements listed in paragraph 1. If the ECB requests additional information, it shall inform the manufacturer of the outcome of the evaluation within 20 ECB working days from the date of receipt of the additional information. The ECB may agree with the manufacturer to extend the deadlines mentioned in this paragraph.

3. In the event of a positive evaluation, the ECB shall inform the manufacturer that a quality audit will be carried out at the manufacturer's premises. The ECB shall appoint a quality audit team composed of experts from the ECB and NCBs. Such appointments shall avoid conflicts of interest. If a conflict of interest arises after an appointment, the ECB shall immediately replace the expert in question with an expert who does not have a conflict of interest.

4. The ECB shall reject the initiation request and inform the manufacturer in writing of its decision to do so and the reasons if any of the following applies:

- (a) the manufacturer fails to provide the information required pursuant to paragraph 1;

- (b) it fails to supply any additional information requested by the ECB pursuant to paragraph 2 within a reasonable period to be mutually agreed;

- (c) the ECB has revoked the manufacturer's full quality accreditation and the period of prohibition on reapplication specified in the revocation decision has not elapsed;

- (d) the location of the manufacturing site does not meet the requirements laid down in Article 3(2)(e) or (f);

- (e) the manufacturer produces euro secure items and the ECB has not granted it security accreditation as referred to in Article 3(2)(d).

5. If an accredited manufacturer wishes to have its quality accreditation renewed, and provided it re-applies for full quality accreditation before the date established in accordance with Article 7(2)(c), its quality accreditation shall remain valid until the ECB has taken a decision pursuant to Article 7(1).

Article 6

Quality audit

1. The quality audit shall commence on a date that has been mutually agreed between the manufacturer and the ECB. If the manufacturer is a printing works, the quality audit shall take place during euro banknote production.

2. At the latest two weeks before the quality audit, the ECB shall provide the manufacturer with a pre-audit questionnaire which it shall complete and send back to the ECB at least one week before the quality audit.

3. The quality audit shall take place at the manufacturing site for which the manufacturer seeks quality accreditation.

4. The quality audit team shall assess whether the manufacturer's quality arrangements conform with the quality requirements. If the manufacturer proposes improvements to conform with the quality requirements, quality accreditation shall not be granted until such improvements are in place. The quality audit team may conduct a follow-up quality audit to verify whether, following such improvements, the quality arrangements conform with the quality requirements, before submitting to the manufacturer the draft audit report referred to in paragraph 6.

5. On completion of the quality audit, and, where applicable, the follow-up quality audit, and before leaving the manufacturing site, the quality audit team shall set out its findings, including any non-conformity with the quality requirements and any improvements proposed by the manufacturer, in a preliminary summary, agreed and signed by both the quality audit team and the manufacturer.

6. The quality audit team shall prepare a draft audit report based on the preliminary summary. This report shall in particular contain details of:

- (a) the quality arrangements in place at the manufacturing site that conform with the quality requirements;
- (b) any instances of non-conformity with the quality requirements that the quality audit team has identified;
- (c) any action taken by the manufacturer during the quality audit;
- (d) any improvements proposed by the manufacturer and, in cases where a follow-up quality audit is carried out, the quality audit team's assessment of whether such improvements have been carried out;
- (e) the quality audit team's assessment of whether full quality accreditation should be granted.

7. The draft audit report shall be sent to the manufacturer within 30 ECB working days from the date of completion of the quality audit or, where applicable, the follow-up quality audit. The manufacturer may comment on the draft audit report within 30 ECB working days from receipt. The ECB shall finalise the draft audit report taking into account the manufacturer's comments before taking a decision pursuant to Article 7. The ECB may agree with the manufacturer to extend the deadlines mentioned in this paragraph.

8. Notwithstanding the provisions of this Article, in the event of a quality problem affecting the quality of euro banknotes or of euro banknote raw materials, the ECB may organise an ad hoc quality audit to investigate the issue. Paragraphs 5 to 7 shall apply accordingly.

Article 7

Decision on full quality accreditation

1. The ECB shall notify the manufacturer in writing of its decision on the request for full quality accreditation within 30 ECB working days from receipt of the manufacturer's comments on the draft audit report, or from the expiry of the time limit for providing such comments.

2. In the event of a positive decision, the ECB shall grant the manufacturer full quality accreditation. The decision shall clearly identify:

- (a) the manufacturer;
- (b) the euro banknote production activity and the manufacturing site for which full quality accreditation is granted;
- (c) the date of expiry of the full quality accreditation;
- (d) any specific conditions relating to points (a) to (c).

The decision shall be based on the information set out in the final audit report, which shall be attached to the decision.

3. If full quality accreditation is not granted to the manufacturer, the ECB shall specify the reasons and the manufacturer may initiate the review procedure laid down in Article 18.

SECTION III

PROCEDURE FOR TEMPORARY QUALITY ACCREDITATION

Article 8

Initiation request and appointment of a quality pre-audit team

1. If a manufacturer:

- (i) has not carried out a euro banknote production activity in the 24 months preceding the request for temporary quality accreditation; or
- (ii) has not carried out any euro banknote production activity but has been requested by an NCB or a printing works to start a euro banknote production activity;

it shall make a written request to the ECB to initiate the procedure for temporary quality accreditation.

This request shall include all of the following:

- (a) a specification of the manufacturing site and its location and the euro banknote production activity for which the manufacturer seeks temporary quality accreditation;
- (b) information on the euro banknote production activity to be carried out;
- (c) a copy of the certificate referred to in Article 4(2)(a).

2. A manufacturer whose temporary quality accreditation has expired may apply for a new temporary quality accreditation. In addition to the information required under paragraph 1, it shall specify in the written request to the ECB the reasons for not having (a) tendered for; or (b) been commissioned to carry out a euro banknote production activity as referred to in Article 4(3).

3. The ECB shall check whether the manufacturer has conformed with the requirements laid down in paragraphs 1 and 2 and inform the manufacturer of the outcome of this evaluation within 30 ECB working days from the date of receipt of the initiation request. The ECB may extend this time limit once with written notice to the manufacturer. While the ECB is carrying out this evaluation, it may request additional information from the manufacturer in relation to the requirements listed in paragraphs 1 and 2. If the ECB requests additional information, it shall inform the manufacturer of the outcome of the evaluation within 20 ECB working days from the date of receipt of the additional information. The ECB may agree with the manufacturer to extend the deadlines mentioned in this paragraph.

4. In the event of a positive evaluation, the ECB shall inform the manufacturer that a quality pre-audit will be carried out at the manufacturer's premises. The quality pre-audit team shall be appointed as laid down in Article 5(3).

5. The ECB shall reject the initiation request and inform the manufacturer in writing of its rejection and the reasons if any of the following applies:

- (a) the manufacturer fails to provide the information required pursuant to paragraphs 1 and 2;
- (b) it fails to supply any additional information requested by the ECB pursuant to paragraph 3 within a reasonable period to be mutually agreed;
- (c) the ECB has revoked its temporary or full quality accreditation and the period of prohibition on reapplication specified in the revocation decision has not elapsed;
- (d) the location of the manufacturing site does not meet the requirements laid down in Article 4(2)(d) and (e);
- (e) the manufacturer plans to produce euro secure items and the ECB has not granted it security accreditation as referred to in Article 4(2)(c).

6. Subject to paragraph 2, if an accredited manufacturer wishes to have its quality accreditation renewed, and provided it re-applies for temporary quality accreditation before the date established in accordance with Article 10(2)(c), its quality accreditation shall remain valid until the ECB has taken a decision pursuant to Article 10(1).

Article 9

Quality pre-audit

1. The quality pre-audit shall commence on a date that has been mutually agreed between the manufacturer and the ECB.
2. The quality pre-audit shall take place at the manufacturing site for which the manufacturer seeks quality accreditation.
3. The quality pre-audit team shall assess whether the quality arrangements that the manufacturer has in place will conform with the quality requirements as soon as the manufacturer starts a euro banknote production activity.
4. The quality pre-audit team shall set out its findings in a draft pre-audit report. This draft pre-audit report shall in particular contain details of all of the following:
 - (a) the quality arrangements already in place at the manufacturing site that conform with the quality requirements;
 - (b) any quality arrangements that the manufacturer still needs to put in place in order to conform with the quality requirements;

(c) the quality pre-audit team's assessment of whether temporary quality accreditation should be granted.

5. The draft pre-audit report shall be sent to the manufacturer within 30 ECB working days from the date of completion of the quality pre-audit. The manufacturer may comment within 30 ECB working days from receipt of the draft pre-audit report. The ECB shall finalise the draft pre-audit report taking into account the manufacturer's comments before taking a decision pursuant to Article 10. The ECB may agree with the manufacturer to extend the deadlines mentioned in this paragraph.

Article 10

Decision on temporary quality accreditation

1. The ECB shall notify the manufacturer in writing of its decision on the request for temporary quality accreditation within 30 ECB working days from receipt of the manufacturer's comments on the draft pre-audit report, or from the expiry of the time limit for providing such comments.
2. In the event of a positive decision, the ECB shall grant the manufacturer temporary quality accreditation. The ECB decision shall clearly identify:
 - (a) the manufacturer;
 - (b) the euro banknote production activity and the manufacturing site for which temporary quality accreditation is granted;
 - (c) the date of expiry of the temporary quality accreditation;
 - (d) any specific conditions relating to points (a) to (c).

The decision shall be based on the information set out in the final pre-audit report referred to in Article 9(5), which shall be attached to the decision.

3. A manufacturer that has been granted temporary quality accreditation may tender for or be commissioned to carry out a euro banknote production activity. Once the manufacturer starts a euro banknote production activity, it shall immediately make a written request to the ECB to initiate the procedure for full quality accreditation pursuant to Section II. The quality audit referred to in Article 6 shall commence no later than 12 months from the date on which the manufacturer has been granted temporary quality accreditation.

4. The ECB shall specify the reasons for not granting temporary quality accreditation. The manufacturer may initiate the review procedure laid down in Article 18.

SECTION IV

CONTINUING OBLIGATIONS

Article 11

Continuing obligations of quality accredited manufacturers and of the ECB

1. An accredited manufacturer shall, for the relevant manufacturing site, provide the ECB with a copy of the certificate for its quality management system each time the initial certificate referred to in Articles 3(2)(b) and 4(2)(a) is renewed.

2. An accredited manufacturer shall inform the ECB in writing and without undue delay of any of the following:

- (a) the commencement of any procedure for its winding-up or reorganisation or any analogous procedure;
- (b) the appointment of a liquidator, receiver, administrator or similar officer;
- (c) any intention to involve third parties in a euro banknote production activity, including through subcontracting;
- (d) any change made after quality accreditation has been granted that affects, or may affect, the fulfilment of the requirements for quality accreditation;
- (e) any change of control of the manufacturer following a change in its ownership structure or for any other reason.

3. An accredited manufacturer shall keep the quality requirements confidential.

4. The ECB shall inform accredited manufacturers of any update of the quality requirements.

SECTION V

CONSEQUENCES OF NON-CONFORMITY

Article 12

Decision-making procedure

1. In making an observation or taking a decision as referred to in Articles 14 to 17, the ECB shall:

- (a) assess the non-conformity, taking into account the (pre-)audit report; and
- (b) inform the manufacturer in writing of the observation made or decision taken within 30 ECB working days from receipt of the manufacturer's comments on the draft (pre-)audit report, specifying: (i) the non-conformity; (ii) the manufacturing site and euro banknote production activity to which

the observation or decision relates; (iii) the date of the observation or the date on which the decision will become effective; and (iv) the reasons for the observation or decision.

2. In all cases where the ECB makes an observation or takes a decision pursuant to Articles 14 to 17, it shall be proportionate to the seriousness of the non-conformity. The ECB shall inform the NCBs and all manufacturers of the observation made or decision taken, and its scope and duration. It shall also specify that the NCBs will be notified of any change in the non-conforming manufacturer's status.

Article 13

Instances of non-conformity

1. Non-conformity by a manufacturer with the quality requirements, the other requirements for quality accreditation, or the obligations laid down in Article 11, shall be classified by the quality (pre-)audit team in one of the categories listed in paragraphs 2 to 5.

2. Non-conformity that the quality (pre-)audit team deems to have an immediate and serious impact on the quality of the manufacturer's production of euro banknotes or euro banknote raw materials shall qualify as a major non-conformity and the ECB shall take a decision pursuant to Article 16.

3. Non-conformity that the quality (pre-)audit team deems not to have an immediate and serious impact on the quality of the manufacturer's production of euro banknotes or euro banknote raw materials but that may have a direct adverse effect on the quality of such production shall qualify as a standard non-conformity and the ECB shall take a decision pursuant to Article 15.

4. Non-conformity that the quality (pre-)audit team deems not to have a direct adverse effect on the quality of the manufacturer's production of euro banknotes or euro banknote raw materials but that has to be remedied before the next quality audit shall be referred to in the (pre-)audit report as an observation and the ECB shall make a written observation pursuant to Article 14.

5. Non-conformity that is not of a type referred to in paragraphs 2 to 4 shall be referred to in the (pre-) audit report as a note but shall not give rise to any further action pursuant to Articles 14 to 17.

Article 14

Written observation

1. The ECB shall make a written observation to the manufacturer in the event of non-conformity of the type referred to in Article 13(4), which may be added to the (pre-)audit report.

2. The written observation shall state that if the non-conformity has not been remedied when the next (pre-)audit takes place, the ECB shall take a decision under Article 15.

*Article 15***Corrective measures and suspension of quality accreditation in relation to new orders**

If non-conformity of the type referred to in Article 13(3) is identified, but the manufacturer puts forward a reasonable case that it will be able to correct the non-conformity, the ECB shall take a decision:

- (a) laying down, in consultation with the manufacturer, a time limit for the manufacturer to remedy the non-conformity;
- (b) specifying that the manufacturer may not accept new orders for the relevant euro banknote production activity, including participation in relevant tender procedures, if the non-conformity has not been remedied by the expiry of the time limit referred to in point (a).

*Article 16***Suspension of euro banknote production activity**

1. If non-conformity referred to in Article 13(2) is identified, the quality (pre-)audit team may recommend to the ECB suspension of the relevant euro banknote production activity with immediate effect until the non-conformity has been remedied. The manufacturer shall provide the quality (pre-)audit team with information concerning any other manufacturer which may be affected as a customer or supplier by the suspension.

2. As soon as possible after suspension takes effect pursuant to paragraph 1, the quality (pre-)audit team shall, in a follow-up quality audit, assess whether the non-conformity has been remedied. If the quality (pre-)audit team decides that the non-conformity has been remedied, the ECB shall lift the suspension. If the manufacturer does not rectify the non-conformity, the ECB shall take a decision pursuant to Article 17.

*Article 17***Revocation of quality accreditation**

1. The ECB shall revoke a manufacturer's quality accreditation if it is not able to rectify non-conformity of a type referred to in Article 13(2).

2. In its revocation decision, the ECB shall specify the date from which the manufacturer may reapply for quality accreditation.

*Article 18***Review procedure**

1. If the ECB takes any of the following decisions:
 - (a) rejecting a request to initiate the full or temporary quality accreditation procedure;
 - (b) refusing to grant full or temporary quality accreditation;
 - (c) pursuant to Articles 14 to 17;

the manufacturer may, within 30 ECB working days of notification of such a decision, submit a written request to the Governing Council to review the decision. The manufacturer shall include its reasons for such a request and all supporting information.

2. If the manufacturer explicitly so requests, and gives reasons, the Governing Council may suspend the application of the decision that is to be reviewed.

3. The Governing Council shall review the decision and communicate its reasoned decision in writing to the manufacturer within two months of receipt of the request.

4. The application of paragraphs 1 to 3 shall be without prejudice to any rights under Articles 263 and 265 of the Treaty.

SECTION VI

FINAL PROVISIONS

*Article 19***ECB quality accreditation register**

1. The ECB shall keep a register of quality accreditations:
 - (a) listing the manufacturers which have been granted full or temporary quality accreditation and their manufacturing sites;
 - (b) indicating in respect of each manufacturing site the euro banknote production activity for which quality accreditation has been granted;
 - (c) recording the expiry of any quality accreditation.
2. If the ECB takes a decision under Article 16, it shall record the duration of the suspension.
3. If the ECB takes a decision under Article 17, it shall remove the name of the manufacturer from the register.
4. The ECB shall make available to NCBs and accredited manufacturers a list of all manufacturers contained in the register and any updates thereof.

*Article 20***Entry into force**

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Union*.

It shall apply from 1 May 2011.

Done at Frankfurt am Main, 25 November 2010.

The President of the ECB
Jean-Claude TRICHET