

ASSEMBLY, No. 1783

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

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District 33 (Hudson)

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Assemblymen Augustine, Bateman Assemblywoman Farragher,
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SYNOPSIS

Provides for the continuity of certain contracts, securities and instruments affected by introduction of the Euro.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/3/2000)

1 AN ACT concerning the continuity of certain contracts, securities and
2 instruments affected by the Euro and supplementing Title 2A of the
3 New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. The Legislature finds and declares:

9 a. The member states of the European Union have adopted a
10 uniform currency called the Euro. These states have provided a three-
11 year period of transition, from January 1, 1999 to December 31, 2001,
12 for this complex new monetary policy to be put into place. Prior to
13 January 1, 2002, both the individual currencies of the states and the
14 Euro will be in circulation. The rates of exchange for these currencies
15 when they are converted to Euro will be set by the new Central
16 European Bank. Additional member states of the European Union
17 may also convert their national currencies into the Euro.

18 b. During the transition from national currencies to a single
19 European Union currency, and after the Euro is in place, parties to
20 international contracts and financial transactions will require a clear
21 understanding of the terms and value of their transactions to conduct
22 their business with fairness and certainty.

23 c. There exists some uncertainty over the enforceability of certain
24 contracts, securities and instruments that call for payment in a
25 currency replaced by the Euro; this legislation is intended to ensure the
26 continuity of these contracts.

27

28 2. As used in this act:

29 "Euro" means the currency of participating member states of the
30 European Union signed February 17, 1992.

31 "European Currency Unit" or "ECU" means the currency basket
32 that is from time to time used as the unit of account of the European
33 community as referred to in Article 109g of the Treaty on European
34 Union and as defined in Regulation (EC) No 3320/94.

35

36 3. a. When the Euro first becomes the monetary unit of
37 participating member states of the European Union, references to the
38 ECU in a contract, security or instrument shall be replaced by
39 references to the Euro at the rate of one Euro to one ECU.

40 b. If it is unclear that a contractual reference to the ECU is a
41 reference to the official definition of the ECU, it shall be presumed to
42 be a reference to the ECU, which presumption shall be rebuttable,
43 taking into account the intentions of the parties.

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45 4. a. If a subject or medium of payment of a contract, security or
46 instrument is a currency that has been substituted or replaced by the

1 Euro, the Euro shall be a commercially reasonable substitute and
2 substantial equivalent that may be either:

- 3 (1) used in determining the value of that currency; or
4 (2) tendered, in each case at the conversion rate specified in, and
5 otherwise calculated or rounded, as appropriate, in accordance with,
6 the regulations adopted by the Council of the European Union.

7 b. If a subject or medium of payment of a contract, security or
8 instrument is the ECU, the Euro shall be a commercially reasonable
9 substitute and substantial equivalent that may be either:

- 10 (1) used in determining the value of the ECU; or
11 (2) tendered, in each case at the conversion rate specified in, and
12 otherwise calculated or rounded, as appropriate, in accordance with,
13 the regulations adopted by the Council of the European Union.

14 c. Performance of any obligations described in subsection a. or b.
15 of this section may be made in the currency or currencies originally
16 designated in the contract, security or instrument, so long as the
17 currency or currencies remain legal tender, or in Euros, but not in any
18 other currency, if that other currency has been substituted or replaced
19 by the Euro or is a currency that is considered a denomination of the
20 Euro and has a fixed conversion rate with respect to the Euro.

21
22 5. None of the following shall have the effect of discharging or
23 excusing performance under any contract, security or instrument, or
24 give a party the right to unilaterally alter or terminate any contract,
25 security or instrument:

- 26 a. The introduction of the Euro;
27 b. The tendering of Euros in connection with any obligation in
28 compliance with subsection a. or b. of section 4 of this act;
29 c. The determining of the value of any obligation in compliance
30 with subsection a. or b. of section 4 of this act; or
31 d. The calculating or determining of the subject or medium of
32 payment of a contract, security or instrument with reference to interest
33 rate or other basis that has been substituted or replaced due to the
34 introduction of the Euro and is a commercially reasonable substitute
35 and substantial equivalent.

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37 6. The provisions of this act shall not alter or impair, and shall be
38 subject to, any agreements between the parties with specific reference
39 to or agreement regarding the introduction of the Euro.

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41 7. a. Notwithstanding the Uniform Commercial Code, Title 12A
42 of the New Jersey Statutes, or any other law of this State to the
43 contrary, the provisions of this act shall apply to all contracts,
44 securities and instruments, including contracts with respect to
45 commercial transactions, and shall not be deemed to be displaced by
46 any other law of this State.

1 a currency that is considered a denomination of the Euro and has a
2 fixed conversion rate with respect to the Euro.

3 The bill provides that none of the following will have the effect of
4 discharging or excusing performance under any contract, security or
5 instrument, or give a party the right to unilaterally alter or terminate
6 any contract, security or instrument: the introduction of the Euro; the
7 tendering of Euros for ECUs or for currencies that have been replaced
8 or substituted by the Euro in contracts, securities or instruments
9 subject to the provisions of this bill; the use of the Euro to determine
10 the value of ECUs or currencies that have been replaced or substituted
11 by the Euro in contracts, securities or instruments subject to the
12 provisions of the bill; or the calculation or determination of the subject
13 or medium of payment of a contract, security or instrument with
14 reference to an interest rate or other basis that has been substituted or
15 replaced due to the introduction of the Euro and that is a commercially
16 reasonable substitute and substantial equivalent.

17 The bill provides that its requirements with regard to the
18 introduction of the Euro may be altered by agreement of the parties to
19 a contract, security or instrument. The provisions of the bill apply to
20 all contracts, securities and instruments, including contracts involving
21 commercial transactions, whether entered into before, on or after the
22 effective date of the bill. The bill does not apply to any currency
23 alteration other than the introduction of the Euro, and does not affect
24 the validity or enforceability of contracts, securities or instruments that
25 call for performance in currency affected by an alteration other than
26 introduction of the Euro.