

CHAPTER 23

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

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

C.2A:49A-34 Findings, declarations relative to Euro as medium of payment.

1. The Legislature finds and declares:

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

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

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

C.2A:49A-35 Definitions relative to Euro as medium of payment.

2. As used in this act:

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

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

C.2A:49A-36 Replacement of ECU by Euro in contract, security, or instrument references.

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

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

C.2A:49A-37 Euro considered equivalent substitute for replaced currency.

4. a. If a subject or medium of payment of a contract, security or instrument is a currency that has been substituted or replaced by the Euro, the Euro shall be a commercially reasonable substitute and substantial equivalent that may be either:

(1) used in determining the value of that currency; or

(2) tendered, in each case at the conversion rate specified in, and otherwise calculated or rounded, as appropriate, in accordance with, the regulations adopted by the Council of the European Union.

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

(1) used in determining the value of the ECU; or

(2) tendered, in each case at the conversion rate specified in, and otherwise calculated or rounded, as appropriate, in accordance with, the regulations adopted by the Council of the European Union.

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

Euro.

C.2A:49A-38 Existing contracts securities, instruments unaffected by introduction of Euro.

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

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

C.2A:49A-39 Existing specific agreements unaffected by introduction of Euro.

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

C.2A:49A-40 Applicability of act.

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

b. In circumstances of currency alteration, other than the introduction of the Euro, the provisions of this act shall not be interpreted as creating any negative inference or negative presumption regarding the validity or enforceability of contracts, securities or instruments denominated in whole or in part in a currency affected by that alteration.

8. This act shall take effect on the first business day following enactment and shall apply to all contracts, securities and instruments entered into or issued before, on or after the effective date of the act.

Approved May 9, 2000.