

# HOUSE BILL No. 5835

May 7, 1998, Introduced by Reps. Richner, Birkholz, Horton, Kaza, Voorhees, Jellema, Brewer, Thomas, Baade, Scranton and Raczkowski and referred to the Committee on Commerce.

A bill to address currency changes in Europe; and to provide for acceptance of euro currency as a substitute or replacement for original currency referenced in a contract.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "euro conversion act".

3       Sec. 2. As used in this act:

4       (a) "ECU" or "European currency unit" means the currency  
5 basket that is from time to time used as the unit of account of  
6 the European union as defined in European council regulation no.  
7 3320/94.

8       (b) "Euro" or "euros" means the currency of participating  
9 member states of the European union that adopt a single currency  
10 in accordance with the treaty on European union signed February  
11 7, 1992.

1 (c) "Introduction of the euro" means, but is not limited to,  
2 the implementation from time to time of an economic and monetary  
3 union in member states of the European union pursuant to the  
4 treaty on European union of February 7, 1992.

5 Sec. 3. (1) If a subject or medium of payment of a con-  
6 tract, security, or instrument is a currency that has been sub-  
7 stituted or replaced by the euro, the euro shall be a commer-  
8 cially reasonable substitute and substantial equivalent that may  
9 be either of the following:

10 (a) Used in determining the value of that currency.

11 (b) Tendered at the conversion rate specified in and calcu-  
12 lated according to the regulations adopted by the council of the  
13 European union.

14 (2) If a subject or medium of payment of a contract, securi-  
15 ty, or instrument is the ECU, the euro shall be a commercially  
16 reasonable substitute and substantial equivalent that may be  
17 either of the following:

18 (a) Used in determining the value of that currency.

19 (b) Tendered at the conversion rate specified in and calcu-  
20 lated according to the regulations adopted by the council of the  
21 European union.

22 (3) Unless the parties to a contract, security, or instru-  
23 ment described in subsection (1) or (2) agree otherwise, the  
24 tendering of money under that contract, security, or instrument  
25 may be made in either of the following:

26 (a) Euros.

1 (b) The currency originally designated by the contract,  
2 security, or instrument, if that originally designated currency  
3 remains legal tender at the time of performance.

4 (4) The right to tender payment in a currency described in  
5 subsection (3)(b) is not affected by either of the following:

6 (a) The currency has been substituted or replaced by the  
7 euro.

8 (b) The currency is considered a denomination of the euro  
9 and has a fixed conversion rate with respect to the euro.

10 Sec. 4. None of the following discharge or excuse per-  
11 formance under a contract, security, or instrument or give a  
12 party the right unilaterally to alter or terminate a contract,  
13 security, or instrument:

14 (a) The introduction of the euro.

15 (b) Tendering euros under section 3 in connection with any  
16 obligation.

17 (c) Determining the value of an obligation in compliance  
18 with section 3.

19 (d) Calculating or determining the subject or medium of pay-  
20 ment of a contract, security, or instrument under section 3 with  
21 reference to an interest rate or other calculation rate that has  
22 been substituted or replaced due to the introduction of the euro  
23 and that is a commercially reasonable substitute for and substan-  
24 tial equivalent to an original interest rate.

25 Sec. 5. A reference to ECU in a contract, security, or  
26 instrument without defining ECU is presumed to be a reference to  
27 the currency basket that is from time to time used as the unit of

1 account of the European community. The presumption is rebuttable  
2 by showing that the presumption is contrary to intention of the  
3 parties.

4       Sec. 6. When an agreement between parties to a contract  
5 specifically relates to the introduction of the euro and is in  
6 conflict with this act, the agreement between the parties to the  
7 contract controls.

8       Sec. 7. This act applies to all contracts, securities, and  
9 instruments, including contracts with respect to commercial  
10 transactions, and is not displaced by any other law of this  
11 state.

12       Sec. 8. In a circumstance of currency alteration other than  
13 the introduction of the euro, this act does not create a negative  
14 inference or negative presumption regarding the validity or  
15 enforceability of a contract, security, or instrument denominated  
16 in whole or part in a currency affected by that alteration.

17       Sec. 9. This act applies to a contract, security, and  
18 instrument entered into or issued before, on, or after the effec-  
19 tive date of this act.