

CALIFORNIA CODES ANNOTATED

CIVIL CODE

DIVISION 3. Obligations

PART 2. Contracts

TITLE 3. Interpretation of Contracts

Cal Civ Code § 1663 (2005)

§ 1663. Definitions; Effect of euro on certain contracts, securities, or instruments

(a) As used in this section, the following terms shall have the following meanings:

(1) "Euro" means the currency of participating member states of the European Union that adopt a single currency in accordance with the Treaty on European Union signed February 7, 1992, as amended from time to time.

(2) "Introduction of the euro" includes, but is not limited to, the implementation from time to time of economic and monetary union in member states of the European Union in accordance with the Treaty on European Union signed February 7, 1992, as amended from time to time.

(3) "ECU" or "European Currency Unit" means the currency basket that is from time to time used as the unit of account of the European community, as defined in European Council Regulation No. 3320/94.

(b) If a subject or medium of payment of a contract, security, or instrument is the ECU or 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 tendered or used in determining the value of the ECU or currency, in each case at the conversion rate specified in, and otherwise calculated in accordance with, the regulations adopted by the Council of the European Union.

(c) The introduction of the euro, the tendering of euros in connection with any obligation in compliance with subdivision (b), the determining of the value of any obligation in compliance with subdivision (b), or the calculating or determining of the subject or medium of payment of a contract, security, or instrument with reference to an interest rate or other basis that has been substituted or replaced due to the introduction of the euro and that is a commercially reasonable substitute and substantial equivalent, shall neither have the effect of discharging or excusing performance under any contract, security, or instrument, nor give a party the right unilaterally to alter or terminate any contract, security, or instrument.

(d) This section shall be subject to any agreements between parties with specific reference to, or agreement regarding, the introduction of the euro.

(e) Notwithstanding the Commercial Code or any other law of this state, this section 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.

(f) In the event of other currency changes, the provisions of this section with respect to the euro 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 part in those other currencies.