
Euro Replaces Twelve National Currencies

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On January 1, 2002 the European Central Bank and twelve national central banks put into circulation euro bank notes and coins in the following twelve Member States of the European Union (in alphabetical order): Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain together, the "euro area"). On March 1, 2002, the euro will become the sole legal tender throughout the euro area.

There are two elements to the changeover from the existing national currencies to the euro:

- The non-cash changeover, which occurred on January 1, 2002 and involved the conversion to euros of obligations in national currencies and non-cash payments. National currencies are not to be used after January 1, 2002 except for cash payments.
- The cash changeover, involving the introduction of euro notes and coins and the withdrawal of national notes and coins, commenced on January 1, 2002 and is scheduled to end not later than February 28, 2002. This period of dual legal tender will vary from country to country (see the list at the end of this alert).

When the euro was originally introduced on January 1, 1999, the denomination of monetary obligations under existing contracts was not altered and payments under such contracts could have been made in the specified currency (if any) until January 1, 2002. However, after January 1, 2002, all non-cash payments (e.g., wire transfers, checks) must be made in euros only. Contracts and other legal instruments will automatically be read after January 1, 2002 as if references to national currency units are to euros at the fixed conversion rate (see the list at the end of this alert). The compulsory rounding rules require that, after a conversion into euros, the amount to be paid shall be rounded up or down to the nearest euro cent (if this produces a result that is in the middle, the sum shall be rounded up).

With regard to company share capital, the European Commission has stated that a company does not have to formally redenominate its share capital in euros unless it decides to alter the amount of its share capital or issue new shares. New shares must be issued in euros after

January 1, 2002 and the method of implementation will be decided by national law.

Company financial statements for periods ending before January 1, 2002 can be prepared in national currency units or euros (even if they are filed after this date) unless otherwise required by national law. Only a minority of member states (France and Greece) are expected to insist on all financial statements filed after January 1, 2002 being in euros. The European Commission has stated that internal accounts, historical data and records relating to transactions entered into prior to January 1, 2002 may be maintained in national currency units after that date, unless required by national law to be converted into euros.

Denmark, Sweden and the United Kingdom are currently outside the euro area, but payments in these countries may be made in euros if the parties to a contract agree to do so.

In Austria, Belgium, Greece and Portugal, prices must be displayed in the national currency and the euro. In other member states, there are voluntary agreements for such dual display. The European Commission has recommended that member states display dual prices at least until such time as the relevant national currency ceases to be national tender.

These price display requirements pose some interesting issues for companies engaging in e-commerce in the European Union, given the fact that the switch to euro-only payments will occur on different dates, depending on the particular country involved. From January 1, 2002 until the last date for using the national currency in a particular country (February 9 in Ireland, February 17 in France and February 28 in the other ten countries), prices may or may not have to be quoted in both euros and the national currency, but the end user must be given the option to pay in either euros or the national currency. After the last date for using the national currency in a particular country, prices should be quoted only in euros (unless that country requires otherwise) and payments should be received only in euros. In Denmark, Sweden and the United Kingdom, the web site can display prices at it chooses, and can require payments in euros, but is not legally required to do so.

In converting national currency to euros, the fixed rates below are stated to six figures. To avoid inaccuracies, conversion rates are fixed only between the euro and national currency units.

For more information about the euro, please click [here](#).

NCU One euro equals Last date for using old currency

Austrian schilling 13.7603 28th February, 2002

Belgian franc 40.3399 28th February, 2002

Finnish markka 5.94573 28th February, 2002

French franc 6.55957 17th February, 2002

German deutsch mark 1.95583 28th February, 2002

Greek drachma 340.750 28th February, 2002

Irish pound 0.787564 9th February, 2002

Italian lira 1936.27 28th February, 2002

Luxembourg franc 40.3399 28th February, 2002

Netherlands guilder 2.20371 28th February, 2002

Portuguese escudo 200.482 28th February, 2002

Spanish peseta 166.886 28th February, 2002

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