

DECREE WITH FORCE OF LAW ON CURRENCY REDENOMINATION
HUGO CHÁVEZ FRÍAS
PRESIDENT OF THE REPUBLIC

In exercise of the powers conferred to by Article 236, 8 of the Constitution of the Bolivarian Republic of Venezuela, and pursuant to provisions set forth in Article 1, number 5 of the Law, enabling the President of the Republic to issue decree with force of law in the delegated matters, published in Official Gazette of the Bolivarian Republic of Venezuela N° 38,617, dated February 1st, 2007, in Board of Ministers,

Decreases the following,

DECREE WITH FORCE OF LAW ON CURRENCY REDENOMINATION
Chapter I
GENERAL PROVISIONS

Article 1. As of January 1st, 2008, the unit of the monetary system of the Bolivarian Republic of Venezuela is to be expressed in the equivalent of one thousand current bolivares. The bolivar resulting from this redenomination will continue to be represented with the symbol “Bs.”, being divisible by one hundred (100) cents. Consequently, any amount expressed in national currency before the abovementioned date shall be converted to the new unit of currency, dividing it by 1,000, and taken to the closest cent.

The rounding off of any fraction resulting from the new expression addressed in Article 1, being lower than zero up to zero point five (0,5) cents, shall be equivalent to the previous lower cent; while the rounding off of any fraction resulting from the new expression, being equal or higher to zero point five cents, shall be equal to the next higher cent.

Article 2. In occasion of the currency redenomination referred to in the previous Article, all bonds in national currency shall be incurred in the new expression of the bolivar, in its multiples, and, if necessary, submultiples. Likewise, without detriment of the stipulated in the Temporary Provision One of this Decree-Law, as of January 1st, 2008, all payment bonds in national currency shall be solved by handing over, according to its nominal value, the monetary signs that represent the new expression of the bolivar.

Article 3. As of January 1st, 2008, prices, wages and other economic benefits of social nature, as well as taxes and other sums expressed in national currency contained in financial statements or in other accounting documents or credit instruments, and, in general, any transaction or reference expressed in national currency shall be expressed in accordance with the new unit of currency.

Article 4. The currency redenomination stipulated in Article 1 of this document is ruled by the principles of value equality, nominal equivalence, fungibility and gratuity pursuant the terms listed as follows:

- a) Value equality: The currency redenomination is neutral since it does not cause any alteration of the value of goods, services, loans and debts, of any nature.

- b) Nominal equivalence: Any amount expressed before January 1st, 2008 shall be equivalent to the monetary amount expressed in bolivares, upon the conversion referred to in Article 1.
- c) Fungibility: The expressions contained in any mean or instrument shall keep the same validity and efficiency once the adjustment to the corresponding equivalence has been made as stipulated in Article 1 of this Decree-Law.
- d) Gratuity: The conversion of the bolivar, as well as the completion of the transactions considered herein, or any other that might be necessary to its application, shall be gratuitous for consumers and users. This shall not imply the collection or payment of expenditures, commissions, fees, prices or analogue concepts. Any clause, covenant or agreement opposite to the provisions herein stipulated shall not have legal force.

Article 5. The Central Bank of Venezuela is entitled to rule by means of Resolutions any matter related to the execution and implementation of the currency redenomination set forth herein, as well as to carry out all the activities leading to the due substitution of the monetary basket up to the moment in which the new coins and banknotes are issued. To these effect, the other State Powers, in exercise of their competences, shall support, cooperate and facilitate the means to contribute to the aforementioned objective, aiming at preparing and assuring the adequate and timely operation of the new expression ruling the monetary system, with the respective protection to the people's interests.

Article 6. The Central Bank of Venezuela, in coordination with the National Government, shall be accountable for the definition of a communication campaign about the currency redenomination set forth in Article 1 herein. This campaign shall have informative and communicative nature, and be implemented through all media, including the design of informative initiatives directed towards the most isolated communities.

To such effects, the comprehensive educational and informative campaign about the currency redenomination will: guarantee the learning process in price conversion and rounding matters, by means of the creation of rules and practical examples allowing to illustrate the effects of this redenomination; raise awareness about the importance and usefulness of this measure; inform about the mechanisms, terms and operational details of the process; emphasize on the new monetary basket; and suggest precaution measures to protect people.

The institutions from the financial sector and the bodies and entities of the State Administration shall devote in their advertising plans, regardless the mean applicable to their transactions or activities with the public, a space for disseminating the new bolivar's equivalence provided in Article 1 herein, pursuant to the Resolutions on the matter.

Article 7. The Ombudsman's Office, the National Institute for the Defense of Consumers and Users (INDECU), the Banks and Other Financial Institutions Regulatory Body (SUDEBAN), the Integrated National Service of Customs and Tax Administration (SENIAT), Insurance Regulatory Body, and the National Committee of Securities, shall look over the compliance of this Decree-Law, acting separately in exercise of the attributions, capacities and matters of their specific competence according to the regulations set forth to such effects.

Article 8. The National Institute for the Defense of Consumers and Users (INDECU), is accountable for receiving and processing all denouncements and claims resulting from the lack of compliance with any of the precepts herein expressed, unless,

by virtue of its nature, these correspond to be known by other body or entity of monitoring or fiscal supervision in accordance with the rules set to such effects.

Such denouncements and claims shall be substantiated and solved pursuant to the corresponding administrative procedures, provided by the respective laws.

Article 9. Except for special provisions, those that refuse to apply the conversion provided in Article 1, or that do not comply with any of the obligations herein stipulated, shall be penalized with a fine amounting from ten tax units (10 T.U.) to ten thousand tax units (10,000 T.U.). The fine referred to in this Article shall be imposed and settled by the National Institute for the Defense of Consumers and Users (INDECU), in compliance with provisions stipulated in the Law of Protection for Consumers and Users.

If the subject of the fine is a financial institution, the fine referred to in this article shall be imposed and settled by the body or entity of control, surveillance, and fiscal supervision to which is subjected to, pursuant to the corresponding procedure.

Chapter II

TEMPORARY PROVISIONS

First: Coins and banknotes issued by the Central Bank of Venezuela, representing the unit of currency to be expressed by virtue of this Decree-Law, shall circulate after January 1st, 2008. It is completely understood that such monetary units will keep their releasing power until they are demonetized according to Resolutions of the Central Bank of Venezuela.

Second: While the banknotes and coins referred to in the First Temporary Provision have not being demonetized, the Central Bank of Venezuela shall include, among the characteristics and design of the banknotes and coins representing the new bolivar's monetary expression, distinctive indicators in order to set a difference between the monetary baskets circulating.

Third: As of January 1st, 2008, and until the Central Bank of Venezuela, by means of Resolutions, decides otherwise, the payment bonds in national currency shall indicate that these are to be denominated in the new unit of currency through the name: "Bolívar Fuerte" or the symbol "Bs. F".

The checks and other credit instruments issued up to December 31st, 2007, and presented to be cashed starting in January 1st, 2008, shall be cashed by banks and other financial institutions according to the equivalence stipulated in Article 1 herein.

It is understood that the sums to be cashed in checks and other credit instruments issued as from January 1st, 2008, shall comply with the currency redenomination provided herein.

Fourth: The sums expressed in national currency set forth in laws, regulations, decrees, resolutions, provisions, circulaires, instruments or administrative acts of general or personal nature, as well as judicial sentences, negotiable instruments or other documents that produce legal effects dictated and/or entered into force, according to the case, before January 1st, 2008, shall be converted in accordance with the equivalence provided in Article 1.

Likewise, stamped paper, revenue stamps, seals and/or stamps, as well as any other similar document valued in current bolivares shall be used until they have been used up, being understood that, as from January 1st, 2008, their value shall be adjusted as provided in Article 1.

Fifth: As of January 1st, 2008, and until the Integrated National Service of Customs and Tax Administration (SENIAT) has fixed the new value of the tax unit, this shall be the deriving from the application of the current equivalence stipulated in Article 1.

Sixth: The financial statements corresponding to accounting periods finished before January 1st, 2008, that are to be approved after this date, shall be expressed in the new unit of currency.

Seventh: As of October 1st, 2007, and until the Central Bank of Venezuela, by means of Resolution, stipulates otherwise, all instruments used to exhibit prices of good and services, as well as other that show monetary amounts, shall be exhibited in both the unit of currency prior to the new monetary expression provided in Article 1, and the new unit deriving therefrom.

Eight: The Central Bank of Venezuela shall carry out, peremptorily, the actions required in order to meet the production and distribution of the new banknotes and coins to be issued in accordance with the provisions set forth herein. Thus, the BCV shall choose the suppliers of banknotes and coins as finished products, as well as the goods and services necessary for its production, and hire the services related to the substitution of the existing monetary basket and the distribution of the new one, by means of the procedure stipulated in Chapter II, Title IV of the Decree with Force of Law on the Partial Reform of the Bidding Law, published in Official Gazette of the Bolivarian Republic of Venezuela N° 5,556, Extra, dated November 13th, 2001.

Ninth: State or private individual and legal entities shall be responsible for coordinating the pertinent actions so that as of January 1st, 2008, the calculation systems and any other mechanism used thereof for businesses and/or transactions processing referred to national currency, are adjusted in order to use the new expression in accordance with the redenomination stipulated in Article 1.

To that effect, the Central Bank of Venezuela is entitled to implement the necessary measures and stipulate the pertinent provisions oriented towards facilitating the adjustments herein referred to.

Tenth: The banks and other financial institutions shall adjust their systems and coordinate the pertinent actions so that as of January 1st, 2008, the account balances of their clients, whether resulting from passive, active or other transactions, are totally converted pursuant to provisions stipulated herein. Likewise, the banks and other financial institutions shall timely inform through the means deemed necessary to such effect about these actions; without detriment of any regulations stipulated by the supervision and fiscal control bodies established for this purpose.

Eleventh: Those activities or transactions necessary for producing and distributing the new banknotes and coins to be issued by the Central Bank of Venezuela as provided herein are exempted from any national, state, district or municipal tax, duty, fee or contribution, as well as the goods and services necessary for their production, and the contracting of the services related to the substitution of the existing monetary basket and the distribution of the banknotes and coins with the new unit of currency, as well as those to be generated while the communication strategy led by the Central Bank of Venezuela is implemented on the occasion of this Decree-Law.

The Integrated National Service of Customs and Tax Administration (SENIAT) shall provide the necessary means to guarantee the rapid completion of the procedures to allow the imports related to this Decree-Law.

Twelfth: Those natural or legal persons that refuse to accept and receive the unit of currency, as referred to in the First Temporary Provision of this Decree-Law, by way of the discharge of monetary obligations, shall be penalized with a fine equivalent to four times the sum that was refused to be accepted. The fine mentioned herein shall be imposed and settled by the Central Bank of Venezuela.

Chapter III

FINAL PROVISION

The present Decree with force of Law shall enter into force from its publication date in Official Gazette of the Bolivarian Republic of Venezuela.

Given in Caracas, on this 16th day of March, 2007. 196 years of Independence and 148 years of Federation.

Let it be executed,

(L.S.) HUGO CHÁVEZ FRÍAS

Ratified

Executive Vice President

(L.S.) JORGE RODRÍGUEZ GÓMEZ

Ratified

Minister of the People's Power for the Presidency Office

(L.S.) HUGO CABEZAS BRACAMONTE

Ratified

Minister of the People's Power for Domestic Affairs and Justice

(L.S.) PEDRO CARREÑO ESCOBAR

Ratified

Minister of the People's Power for Finance

(L.S.) RODRIGO CABEZA MORALES

Ratified

Minister of the People's Power for Defense

(L.S.) RAÚL ISAÍAS BADUEL

Ratified

Minister of the People's Power for Tourism

(L.S.) OLGA CECILIA AZUAJE

Ratified

Minister of the People's Power for Higher Education

(L.S.) LUIS ACUÑA CEDEÑO

Ratified

Minister of the People's Power for Education

(L.S.) ADÁN CHÁVEZ FRÍAS

Ratified

Minister of the People's Power for Health

(L.S.) ERICK RODRÍGUEZ MIÉREZ

Ratified

Minister of the People's Power for Labor and Social Security

(L.S.) JOSÉ RIVERO GONZÁLEZ

Ratified

Minister of the People's Power for Infrastructure

(L.S.) JOSÉ DAVID CABELLO RONDÓN

Ratified

Minister of the People's Power for Energy and Petroleum

(L.S.) RAFAEL DARÍO RAMÍREZ CARREÑO

Ratified

Minister of the People's Power for Environment

(L.S.) Yuvirí Ortega Lovera

Ratified

Minister of the People's Power for Planning and Development

(L.S.) JORGE GIORDANI

Ratified

Minister of the People's Power for Communication and Information

(L.S.) WILLIAN RAFAEL LARA

Ratified

Minister of the People's Power for Food

(L.S.) RAFAEL JOSÉ OROPEZA

Ratified

Minister of the People's Power for Housing and Habitat

(L.S.) RAMÓN ALONSO CARRIZÁLEZ RENGIFO

Ratified

Minister of the People's Power for Participation and Social Development

(L.S.) DAVID VELÁSQUEZ CARABALLO

Ratified

Minister of the People's Power for Telecommunications and Information
Technology

(L.S.) JESSE CHACÓN ESCAMILLO

Ratified

Minister of the People's Power for Indigenous Peoples

(L.S.) NICIA MALDONADO MALDONADO

Published in Official Gazette of the Bolivarian Republic of Venezuela N° 38,638,
dated March 6th, 2007.