

DECREE NUMBER 17-2002

THE CONGRESS OF THE REPUBLIC OF GUATEMALA

WHEREAS:

That in Guatemala the current banking legislation dates from 1945 and 1946, when it issued, among others, Decree Number 203 of the Congress of the Republic, Monetary Law, therefore it is convenient to adequate the referred legal frame of changes that have been generated by the financial markets and to the modern implementation practices of the monetary policy and the financial policy.

WHEREAS:

The *Banco de Guatemala* is the only entity that can issue bills and coins in the national territory, and according to the Political Constitution of the Republic of Guatemala, it adheres to the Organic Law and to the Monetary Law, for which it is proceeding to include this last one, and the dispositions that develop all related to the monetary species.

WHEREAS:

In Light of these changes, we have registered, especially in the international financial markets, the need to issue appropriate legislation is considered important in Exchange, matters that allow, on the one hand, the generations of trust in economic agents, and on the other hand, revise the juridical certainty the operations with foreign currency that they do within the country, so that they guarantee the free convertibility of the national currency, as well as the free movement of capital, that makes orderly and correct transactions viable in foreign currency.

THEREFORE:

In the exercise of the attributions that are conferred by article 171, literally, a) of the Constitution of the Republic of Guatemala.

DECREES:

The following:

MONETARY LAW

TITLE I

NATIONAL CURRENCY

CHAPTER I

MONETARY UNIT, ISSUE AND LEGAL COURSE

ARTICLE 1. Monetary Unit. The monetary unit of Guatemala is known as the Quetzal. The monetary symbol of the quetzal is represented with a 'Q'.

The Quetzal is divided in one-hundred equal parts denominated centavos.

ARTICLE 2. Issue custody. Only the *Banco de Guatemala* can issue bills and coins within the territory of the Republic, according to the current law and with the Organic Law of the *Banco de Guatemala*. The issue is constituted by the national bills and coins that are not in the hands of the *Banco de Guatemala*.

ARTICLE 3. Illegal Circulation. Any person, not the *Banco de Guatemala* that circulates bills, coins, values, payments or other documents that contain promissory notes, to the bearer and at sight, or chips, cards, metal foil, metal sheets, or other objects, with the purpose of serving as national currency, will be sanctioned, according to the case, with the prescribed penalties in the Penal Code.

The national currency bills and coins identified in the banking system as falsified or false prior Proof of the bearer must be confiscated and transferred without any compensation, to the *Banco de Guatemala*, for the corresponding effects.

In any case, the Bank involved must issue the respective person proof of the confiscation.

ARTICLE 4. Approval of impression and minting. The impression of bills and the minting of specie in the national monetary unit, will be made exclusively in the quantities and conditions approved by the Monetary Board.

ARTICLE 5. Illegal Impression or minting. The impression of bills or the minting of coins of the national monetary unit that are formed by or in quantities not determined by the Monetary Board, will have those who determine it or execute it, incur in the responsibilities and penalties prescribed in the Penal Code.

ARTICLE 6. Course of the currency. Except for when the parties conventionally and expressly decide the contrary, the Quetzal will be employed as the currency for accounts and as means of payment in all acts or business containing monies, and will have the power to fee debts. In any case, the jurisdictional and administrative organs must respect and obligate the faithful fulfillment convened by the parties.

Any person, individual or juristic, will pact freely and in mutual agreement, the payment in currency the fees, salaries, wages, or commissions that are deserved for work or services, according to the case.

CHAPTER II EXCHANGE AND AMORTIZATION

ARTICLE 7. Exchange. The *Banco de Guatemala* will change, at sight or without charge of any nature, the bills and national currency of any series or denomination, for bills and national currency of any other series or denomination.

The *Banco de Guatemala* will recall for the exchange of bills or coins of the issue that it deems pertinent.

ARTICLE 8. Amortization and Exchange. The *Banco de Guatemala* will redeem and exchange the national pieces deteriorated by use that result inadequate for circulation; for new bills and national currency.

The *Banco de Guatemala* will not have the obligation of exchanging the bills whose identification is impossible, or those which have lost more than two fifths of their surface, nor will it be obligated to exchange currency that is no longer identifiable, as well as those

that are filed, cut or perforated. Such bills and coins must be confiscated and retired from circulation.

**TITLE II
CONVERTIBILITY, MOBILITY OF CAPITAL AND
INTERNATIONAL MONETARY RESERVE**

ONLY CHAPTER

ARTICLE 9. Convertibility and Mobility of capital. The external convertibility of national currency is free, as well as the mobility of capital.

ARTICLE 10. International Monetary Reserve. The international monetary reserves of the *Banco de Guatemala* are constituted by the following assets:

- a) Gold;
- b) Bills and foreign currency accepted as a means of international payment;
- c) Deposits of foreign currency immediately receivable and installments, in international financial institutions or in foreign banks determined by the Monetary Board;
- d) Titles or first class values, liquid or issued by foreign governments of recognized solvency, international organisms and corporations or financial institutions determined by the Monetary Board;
- e) Special rights bill of Exchange of the country from the International Monetary Fund;
- f) Contributions to international financial organisms when they are considered internationally as reserve actives; and,
- g) Other assets that the Monetary Board qualifies, according to the derived circumstances of the evolution of the instruments of the international financial market.

The international monetary reserves are untouchable and cannot be the object of precautionary measures, administrative nor judicial. Neither are they subject to the payment of taxes, tributes or special contributions.

**TITLE III
MONETARY SPECIES**

CHAPTER I

BILLS

ARTICLE 11. Denominations and characteristics of the bills. The bills that can be issued will be of the following denominations: one, five, ten, twenty, fifty, one hundred, two hundred, five hundred and one thousand *Quetzales*. The bills will have the following characteristics:

The shape of a rectangle of one hundred fifty-six (156) millimeters on the base and sixty-seven (67) millimeters high;

- a) On the front they will have the series number and signatures, in facsimile, of the President and the General Manager of the *Banco de Guatemala*;
- b) The front and back will have the nominal value printed in numbers and letters, in the Arabic and Mayan numbering system;
- c) The main pictures on the front and back of the bills will be the following:
 - i) The one Quetzal bill will have an effigy on the front of General José María Orellana, and on the back the building of the *Banco de Guatemala*. Dominating color: green.
 - ii) The five Quetzal bill will have an effigy on the front of General Justo Rufino Barrios and on the back, an allegory to education. Dominating color: lilac.
 - iii) The ten Quetzal bill will have an effigy on the front of General Miguel García Granados and on the back, an allegory of the Legislative National Assembly of 1872. Dominating color: red.
 - iv) The twenty Quetzal bill will have an effigy on the front of Doctor Mariano Gálvez and on the back, an allegory to the signing of the declaration of independence of Central America. Dominating color: blue.
 - v) The fifty Quetzal bill will have an effigy on the front of Carlos Zachrisson and on the back an allegoric picture of the coffee harvest. Dominating color: orange.
 - vi) The one hundred Quetzal bill will have an effigy on the front of Bishop and Bachelor Francisco Marroquín and on the front, the University of San Carlos de Borromeo Building located in Antigua Guatemala. Dominating color: sepia; and,
- e) The main pictures on the front and back, as well as the dominating color of the two hundred, five hundred and one thousand Quetzal bills will be determined by the Congress of the Republic of Guatemala, based on the opinion of the Monetary Board.

The Monetary Board will determine mechanisms, special engravings and other security elements applicable to bills, according to modern techniques of impression.

CHAPTER II COINS

ARTICLE 12. Denominations of metallic coins. The coins that can be issued are of the following denominations: five (5), two (2) and one (1) Quetzales, fifty (50), twenty-five (25), ten (10), five (5) and one (1) centavo of a Quetzal. -

The alloys, tolerance of alloys, quantity of metals and weights, tolerance of the weights, designs, diameters and widths, of the two and five Quetzales coins, will be determined by the Congress of the Republic of Guatemala, with the opinion of the Monetary Board. -

ARTICLE 13. Alloys. The alloys of the coins will be as follows: The ones of one Quetzal and fifty centavos of a Quetzal, seven hundred thousandths of copper, two hundred forty five thousandths of zinc and fifty-five thousandths of nickel; the coins of twenty-five, ten

and five centavos, six hundred ten thousandths of copper, two hundred thousandths of zinc and one hundred ninety thousandths of nickel; the one of one centavo, nine hundred eighty five thousandths of aluminum and fifteen thousandths of magnesium.

ARTICLE 14. Tolerance in the alloys. The limits of tolerance in the alloys of all coins will be two percent (2%); more or less. -

ARTICLE 15. Quantities of metals and weights. The coins will have the quantities of metals and weights that are indicated as follows:

- a) The one Quetzal, seven grams seven hundred milligrams of copper, two grams seven hundred ninety-five milligrams of zinc and six hundred five milligrams of nickel. Weight: eleven grams;
- b) The fifty centavos, three grams eight hundred fifty milligrams of copper, one gram three thousand four hundred seventy-five tenths milligrams of zinc and three thousand twenty-five tenths milligrams of nickel. Weight: five grams five hundred milligrams;
- c) The twenty-five centavos, four grams eight hundred eighty milligrams of copper, one gram six hundred milligrams of zinc and one gram five hundred twenty milligrams of nickel. Weight: eight grams;
- d) The ten centavos, one gram nine hundred fifty two milligrams of copper, six hundred forty milligrams of zinc and six hundred eight milligrams of nickel. Weight: three grams two hundred milligrams;
- e) The five centavos, nine hundred seventy six milligrams of copper, three hundred twenty milligrams of zinc and three hundred four milligrams of nickel. Weight: one gram six hundred milligrams; and,
- f) The one centavo, six hundred eighty-eight milligrams of aluminum and twelve milligrams of magnesium. Weight: eight hundred milligrams.

ARTICLE 16. Tolerance of the weights. The coins that do not have the exact weights indicated in the previous article, will only be able to circulate when the difference, more or less, does not exceed the following limits:

- a) For the one Quetzal coin, in one piece, four hundred fifty milligrams;
- b) For the fifty centavos coin, in one piece, two hundred fifty milligrams;
- c) For the twenty-five centavos coin, in one piece, three hundred fifty milligrams;
- d) For the ten centavos coin, in one piece, one hundred fifty milligrams;
- e) For the five centavos coin, in one piece, one hundred milligrams; and,
- f) For the one centavo coin, in one piece, seventy milligrams.

ARTICLE 17. Designs. The coins will have the form of a disc. The back of all of them will have the National coat of arms. On the top and around the sides the words *República de Guatemala* will be engraved; and on the bottom, in a circular manner, the year of minting will be engraved.

The back of the coin will be as follows:

- a) The one Quetzal coin will have the inscription 'Peace' as a part of a stylish dove, with the saying 'Paz firme y duradera (Firm and Lasting Peace)' in the upper part; and 'December 29, 1996' on the bottom. In the right field, the number one (1) and the Word Quetzal;
- b) The fifty centavos coin will have the national flower (Monja Blanca, Lycaste Skinnerly Alba), in the right lateral field, in a perfect visible form, the number fifty (50), followed by the word centavos and in the left lateral field, the inscription 'Monja Blanca Flor Nacional' (Monja Blanca, national flower);
- c) The twenty-five centavos coin will have the head of an indigenous woman and in the right lateral field, in perfectly visible form, the number twenty-five (25), followed by the word centavos;
- d) The ten centavos coin will have the figure of a monolith of Quiriguá; in the right lateral field, in perfectly visible form the number ten (10), followed by the word centavos; in the lower part is the inscription 'Monolito de Quiriguá' (Quirigua Monolith);
- e) The five centavos coin will have the tree of liberty; and in the right lateral field, a perfectly visible number five (5), followed by the word centavos; and at the foot of the tree, the old patriotic saying: 'Libre crezca fecundo' (Grow free and fecund); and,
- f) The one centavo coin will have the effigy of Fray Bartolomé de las Casas and the inscriptions 'Un Centavo' y 'Fray Bartolomé de las Casas' (One centavo).

The edges of the coins of one quetzal, fifty; twenty five, ten and five centavos will be striated and their border dotted. The coins of one centavo will have a polygonal border and smooth edges.

ARTICLE 18. Diameters and Widths. The diameter of the coin of one Quetzal will be of twenty-nine millimeters; the fifty centavos coin will be twenty-four and twenty-five hundredths of a millimeter, the twenty-five centavos coin will be of twenty-seven millimeters; the ten centavos coin, twenty-one millimeters; the five centavos coin, of sixteen millimeters and the one centavo coin, of nineteen millimeters.

The widths of the coins will be required for their respective diameters, alloys and weights.

ARTICLE 19. Faculty of change of alloys and weights. When the circumstances of cost or quality advise it, the Congress of the Republic, with the opinion of the Monetary Board, can authorize the use of different metal alloys to those signaled in Article 13 of this law, as well as the changes in tolerance and weights referred to in Articles 14, 15, and 16 of the current law, in the proportions that are most convenient, as well as the modification of the characteristics of design and diameters specified for this Law.

**CHAPTER III
EXPENSES AND QUANTITIES ISSUED AND MINTED**

ARTICLE 20. Expenses of issue and minting. All the expenses of issue, minting and replacement of metallic coins will be applied to the operative costs of the Banco de Guatemala.

**TITLE IV
FINAL DISPOSITIONS**

ONLY CHAPTER

ARTICLE 21. Prohibitions. Except in those cases in which a reasonable request is made to the *Banco de Guatemala* by the interested parties, and they deem Express authorization, it is prohibited to any person, individual or juristic, to reproduce in any way, as well as making engravings, lithographs or impressions, of bills, or parts of bills issued by the *Banco de Guatemala*. Also the circulation, distribution or publicity uses of any kind, the use of imitations of bills and the circulation of fliers, cards or any other type of advertisement or publication that contains impressions, engravings or reproductions that represent these bills is prohibited.

The falsifiers or those who cooperate with them, as to the previous paragraph, will be sanctioned with fines for the equivalent in *quetzales* of up to ten thousand dollars from the United States, and the confiscation of the objects motive of the confiscation. The infractions will be imposed by the *Ministerio de Economía* (roughly equivalent to the Department of Economy) at the request of the *Banco de Guatemala*. The funds coming from said infractions will enter the accounts of the Government of the Republic- Common funds.

ARTICLE 22. Numismatic Species and Precious Metals. The bills, coins, precious metals like gold, silver and others are articles of free commercialization and therefore objects of free tenancy, importation, exportation and commercialization.

ARTICLE 23. Exceptions. The monetary species of legal course will be exempt of every type of tax, levy, arbitration and contribution.

Also, the operations of monetary Exchange that take place according to this law, whether they be Exchange of national monetary species for others, of the payment of checks against deposit accounts in banks and those of foreign currency for national currency, or of the acquisition and alienation of documents that imply international transfers, they will also be exempt of taxes, levy, arbitration and contributions.

ARTICLE 24. Qualified Majority. The present Law was approved through the favorable vote of two thirds the total number of congress persons that integrate the Congress of the Republic and, for its reform, will be required from the same qualified majority.

ARTICLE 25. Regulations. The Monetary Board must issue the regulations necessary for the adequate application of the present Law.

ARTICLE 26. Transitory. The coins and the bills issued according to Decree number 139-96 of the Congress of the Republic, Law of Monetary Species, will conserve its value, legal course and unlimited clearance power, as long as they are not called to exchange or substituted by the new coins and bills that the *Banco de Guatemala* issues according to the proposed in the present Law.

ARTICLE 27. Transitory. The *Banco de Guatemala* could continue issuing bills and coins with the established characteristics in Decree number 139-96 of the Congress of the Republic, Law of Monetary Species, until the inventory is exhausted.

ARTICLE 28. Annulment. Decree number 203 is annulled, Monetary Law; Decree number 139-96, Law of Monetary Species; Decree number 63-73, all of the Congress of the Republic, and article 1396 of Law Decree number 106, Civil Code, just like any other law, regulation or disposition of any nature that would oppose the current Decree.

ARTICULO 29. Current. The present Decree was declared with National urgency with a favorable vote of more than two thirds of the total number of congress persons that integrate the Congress of the Republic, approved in just one debate, will be published in the official paper and will be current on June first, two thousand two.

PASS ON TO THE EXECUTIVE BRANCH FOR SANCTION, PROMULGATION AND PUBLICATION.

GIVEN IN THE PALACE OF THE LEGISLATIVE BRANCH, IN THE CITY OF GUATEMALA, ON APRIL TWENTY-FOURTH OF TWO THOUSAND TWO.

**JOSE EFRAIN RIOS MONTT
PRESIDENT**

**RUDIO LECSAN MERIDA HERRERA
SECRETARIO**

**AURA MARINA OTZOY COLAJ
SECRETARIO**

*SANCTION ON DECREE FOR CONGRESS NUMBER 17-2002.
NATIONAL PALACE: Guatemala, May tenth, two thousand two.*

PUBLISH AND ENFORCE.
PORTILLO CABRERA

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Minister of the Home Office

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