

# OFAC Provides Sanctions Relief to Certain Transactions Involving Venezuela

October 24, 2023

On October 18, 2023, the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") issued broad sanctions relief in response to Nicolás Maduro agreeing to an electoral roadmap for Venezuela's next presidential election.<sup>1</sup>

The relief is subject to continued concrete steps toward a democratic election in Venezuela by the end of 2024 and could be amended or revoked at any time. OFAC's relief is anchored around a six-month general license authorizing transactions involving Venezuela's oil and gas sector. Additional relief extends to certain dealings with Venezuela's gold sector and a lifting of the secondary trading ban on certain Venezuelan sovereign bonds and securities of Petroleos de Venezuela, S.A. ("PdVSA"). OFAC also issued new and amended frequently asked questions ("FAQs") related to these general licenses.<sup>2</sup>

## GENERAL LICENSES—NEW AND AMENDED

The new and amended licenses authorize the following activities, notwithstanding prohibitions under Venezuela Sanctions Regulations, 31 CFR part 591 (the "VSR").

### New General Licenses

- **General License 44—Oil and Gas Transactions.** Transactions involving PdVSA or any entity in which PdVSA owns a 50 percent or greater interest that relate to the oil or gas sector in Venezuela are authorized for a period of six months (through 12:01 a.m. eastern daylight time, April 18, 2024). The license includes a non-exclusive list of authorized transactions, including sale and exportation of oil or gas from Venezuela, new investment in oil or gas sector operations in Venezuela and delivery

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<sup>1</sup> Press Release, "In Response to Electoral Roadmap, Treasury Issues New Venezuela General Licenses" (October 18, 2023), available [here](#).

<sup>2</sup> Venezuela Sanctions FAQs 1136 & 1137 (October 18, 2023), available [here](#); Frequently Asked Questions Related to the Suspension of Certain U.S. Sanctions with Respect to Venezuela on October 18, 2023, available [here](#); Venezuela Sanctions FAQs 595, 661, 662 and 629, available [here](#).

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of oil or gas from Venezuela to creditors of the Government of Venezuela, including creditors of PdVSA. The license will be renewed only if representatives of Maduro meet their commitments under the electoral roadmap, as well as other commitments with respect to certain detained U.S. citizens.

- **General License 43—Gold Transactions.** Transactions involving CVG Compania General de Minería de Venezuela CA (“Minerven”), the Venezuelan state-owned gold mining company, as well as any entity in which Minerven owns a 50 percent or greater interest, are authorized.
- **General License 45—Repatriation of Venezuelan Nationals.** Transactions involving Consorcio Venezolano de Industrias Aeronáuticas y Servicios Aéreos, S.A. (“Conviasa”), or any entity in which Conviasa owns a 50 percent or greater interest, that are ordinarily incident and necessary to the repatriation of Venezuelan nationals from non-U.S. jurisdictions in the Western Hemisphere to Venezuela and are exclusively for purposes of such repatriation are authorized.

#### Amended General Licenses

- **General License 9H—PdVSA Securities.** Dealings in securities of PdVSA, or any entity in which PdVSA owns a 50 percent or greater interest, issued prior to August 25, 2017 (the effective date of Executive Order 13808) are authorized, including the divestment or transfer, or the facilitation of divestment or transfer, of any holdings in such securities to a U.S. person. General License 9H replaces and supersedes General License 9G, dated May 12, 2020, in its entirety and reverses the restriction, which was imposed in early 2019, on transfers to U.S. persons. This means that the wind down of financial contracts or other agreements (including securities loans) that involve or are linked to PdVSA securities and that remain outstanding is now authorized.
- **General License 3I—Sovereign Bonds.** Dealings in certain Venezuelan sovereign bonds specified in the Annex to General License 3I are authorized, including the divestment or transfer, or facilitation of divestment or transfer, of any holdings in such bonds to a U.S. person. General License 3I replaces and supersedes General License 3H, dated May 12, 2020, in its entirety and, as with General License 9H, reverses the restriction imposed in early 2019 on transfers to U.S. persons. As a result, the wind down of financial contracts or other agreements that involve or are linked to the specified bonds and that remain outstanding is now authorized.
- **General License 5M—PdVSA 2020 8.5 Percent Bond.** Consistent with earlier policy regarding the PdVSA 2020 8.5 Percent Bond, which is secured by Citgo shares, General License 5M replaces and supersedes General License 5L, dated July 19, 2023,

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in its entirety and pushes out authorization for dealings in the bond's collateral until January 18, 2024. As a result, until that time, transactions related to the sale or transfer of Citgo shares in connection with the PdVSA 2020 8.5 Percent Bond are prohibited, unless authorized by OFAC.

### NEW FAQs

As noted above, OFAC also issued new and amended FAQs in conjunction with the Venezuela-related general licenses described above. Newly issued FAQs include the following:

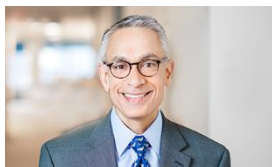
- **FAQ 1136—Sovereign Bonds and PdVSA Securities.** OFAC clarified that it issued amended General Licenses 3I and 9H to remove the restriction that any divestment by U.S. persons of holdings in the bonds listed in General License 3I or PdVSA securities must be to non-U.S. persons. All sanctions related to trading in the primary Venezuelan bond market remain in place, however.
- **FAQ 1137—Repatriation of Venezuelan Nationals.** OFAC also clarified that, for the purposes of General License 45, OFAC considers the term “Western Hemisphere” to mean those countries and areas identified by the Department of State on its website as comprising the Western Hemisphere.
- **Frequently Asked Questions Related to the Suspension of Certain U.S. Sanctions with Respect to Venezuela on October 18, 2023.** OFAC published this FAQ document to provide additional information on the specific transactions authorized under the general licenses described above.

The FAQ document specifies, for example, that while General License 44 provides sanctions relief to the oil and gas sector in Venezuela, key prohibitions on transactions with designated financial institutions, blocked property and blocked persons under the VSR, as well as new debt transactions such as the provision of loans to PdVSA that are not for the payment of invoices or repayment of debt through delivery of oil or gas, remain in place.

The FAQ document also states that OFAC is prepared to revoke the authorizations provided under the general licenses described above “if appropriate to support U.S. foreign policy and national security priorities.”

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Please do not hesitate to contact us with any questions.



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