

OFAC Issues Amended General Licenses and Guidance Concerning Dealings in Bonds of the Government of Venezuela and PdVSA Securities

February 13, 2019

As discussed in our previous [alert](#), on January 28, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Petróleos de Venezuela, S.A. (PdVSA) on the Specially Designated Nationals and Blocked Persons (SDN) List and also issued a series of general licenses, including general licenses related to dealings in bonds of the Government of Venezuela and PdVSA securities.

On February 11, 2019, OFAC issued two amended general licenses, [General License 3C](#) (GL-3C) and [General License 9B](#) (GL-9B), and amended [three](#) FAQs related to the Venezuelan sanctions regime.

- The amended general licenses extend the deadlines from 12:01 a.m. eastern standard time on March 3, 2019 to 12:01 a.m. eastern standard time on March 11, 2019, for all transactions and activities that are ordinarily incident and necessary to the wind down of financial contracts or other agreements (1) entered into prior to 4:00 p.m. eastern standard time on February 1, 2019 involving, or linked to, the GL-3C Bonds or (2) entered into prior to 4:00 p.m. eastern standard time on January 28, 2019 involving, or linked to PdVSA securities. These amendments extend the deadlines for all transactions and activities, including transactions in securities and security derivatives, that are ordinarily incident and necessary to such wind down, which were authorized under the General Licenses issued on February 1, 2019.
 - GL-3C Bonds are defined in GL-3C as bonds specified in the Annex to GL-3C.
 - PdVSA securities are defined in GL-9B as any debt (including the bonds listed on the Annex to GL-9B, promissory notes, and other receivables) of, or any equity in, PdVSA or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest, issued prior to August 25, 2017.

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- With respect to permissible activities for U.S. persons, amended FAQs 661 and 662 clarify that U.S. persons may engage in “transactions related to the receipt and processing of interest or principal payments, and acting as a custodian for U.S. and non-U.S. persons holdings in” the GL-3C bonds or PdVSA securities, “including acting as a custodian for a non-U.S. person after that person has received [GL-3C bonds or PdVSA securities] from a U.S. person in a divestment transaction.”
- Amended FAQs 650, 661 and 662 clarify that, with respect to the prohibitions on purchases by U.S. persons, OFAC may issue authorizations (licenses) allowing such purchases by U.S. persons.
- The amended general licenses also clarify that U.S. persons are not authorized to purchase or invest in, or to facilitate the purchase of or investment in, directly or indirectly, bonds issued by the Government of Venezuela prior to August 25, 2017 (including the GL-3C Bonds) or PdVSA securities, other than purchases of or investments in GL-3C Bonds or PdVSA securities that are ordinarily incident and necessary to the divestment or transfer of holdings in GL-3C Bonds or PdVSA securities, respectively.

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