

**For purposes of Executive Order (E.O.) of August 24, 2017, “Imposing Additional Sanctions with Respect to the Situation in Venezuela,” is Petroleos de Venezuela, S.A. (PdVSA) considered part of the Government of Venezuela?**

Yes. Prohibitions on dealing in new debt vary based on whether the entity involved is PdVSA or another part of the Government of Venezuela. Subsection 1 (a)(i) of E.O. of August 24, 2017 prohibits engaging in transactions related to, providing financing for, or otherwise dealing in debt if (1) that debt is issued on or after the sanctions effective date ("new debt"); (2) has a maturity of longer than 90 days; and (3) is issued by, on behalf of, or for the benefit of PdVSA, its property, or its interests in property. Subsection 1 (a)(ii) of E.O. of August 24, 2017 prohibits engaging in transactions related to, providing financing for, or otherwise dealing in new debt with a maturity of longer than 30 days issued by, on behalf of, or for the benefit of any other segment of the Government of Venezuela, its property, or its interests in property. Subsection 1(a)(ii) of E.O. of August 24, 2017 further prohibits engaging in transactions related to, providing financing for, or otherwise dealing in equity issued on or after the sanctions effective date ("new equity") by, on behalf of, or for the benefit of the Government of Venezuela, its property, or its interests in property, which includes PdVSA.

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**What do the prohibitions in E.O. of August 24, 2017 mean? Are they blocking actions?**

Subsection 1(a)(i) of E.O. of August 24, 2017 prohibits engaging in transactions related to, providing financing for, or otherwise dealing in new debt with a maturity of longer than 90 days by, on behalf of, or for the benefit of PdVSA, its property, or its interests in property.

Subsection 1(a)(ii) of E.O. of August 24, 2017 prohibits engaging in transactions related to, providing financing for, or otherwise dealing in new debt with a maturity of longer than 30 days issued by, on behalf of, or for the benefit of any other segment of the Government of Venezuela, its property, or its interests in property. That subsection further prohibits engaging in transactions related to, providing financing for, or otherwise dealing in new equity issued by, on behalf of, or for the benefit of the Government of Venezuela, its property, or its interests in property, which includes PdVSA.

Subsection 1(a)(iii) of E.O. of August 24, 2017 prohibits engaging in transactions involving bonds issued by the Government of Venezuela prior to the order's effective date.

Subsection 1(a)(iv) of E.O. of August 24, 2017 prohibits engaging in transactions involving dividend payments or other distributions of profits to the Government of Venezuela by any entity owned or controlled, directly or indirectly, by the Government of Venezuela.

Section 1(b) of E.O. of August 24, 2017 prohibits purchasing any securities from the Government of Venezuela other than securities qualifying as new debt with a maturity of less than or equal to 90 days (for PdVSA) or 30 days (for the rest of the Government of Venezuela).

These actions prohibit transactions by U.S. persons as defined in E.O. of August 24, 2017, wherever they are located, and transactions within the United States. This action does not require

U.S. persons to block the property or interests in property of the Government of Venezuela, and the Government of Venezuela will not be added to the List of Specially Designated Nationals and Blocked Persons (SDN List). U.S. persons should reject transactions or dealings that are prohibited by E.O. of August 24, 2017, and to the extent required by Section 501.604 of the Reporting, Procedures and Penalties Regulations (31 C.F.R. part 501), U.S. persons must report to OFAC any rejected transactions within 10 business days.

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### **Is there a wind-down or safe harbor provision in E.O. of August 24, 2017?**

General License 1 provides a wind-down period with respect to contracts and other agreements that were in effect prior to E.O. of August 24, 2017 taking effect. That general license provides 30 days from the order's effective date in which to conduct all transactions and activities otherwise prohibited by Subsections 1(a)(i)-(iii) and (b) of the E.O. that are ordinarily incident and necessary to winding down such agreements.

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### **Has OFAC issued general licenses related to E.O. of August 24, 2017?**

OFAC has issued four general licenses related to E.O. of August 24, 2017. General License 1 applies to contracts and other agreements that were in effect prior to the order's effective date. It provides 30 days as of the order's effective date in which to conduct all transactions and activities otherwise prohibited by Subsections 1 (a)(i)-(iii) and (b) of the E.O. that are ordinarily incident and necessary to winding down such agreements.

General License 2 authorizes all transactions otherwise prohibited by Subsections 1(a)(i), (a)(ii), and (b) of E.O. of August 24, 2017 provided that the only Government of Venezuela entities involved in the transactions are CITGO Holding, Inc. and any of its subsidiaries.

General License 3 authorizes all transactions related to, the provision of financing for, and other dealings in bonds contained on the List of Authorized Venezuela-Related Bonds that would otherwise be prohibited by Section 1(a)(iii) of E.O. of August 24, 2017. That list is appended to General License 3 and also available as a stand-alone document on the Venezuela-related Sanctions page of OFAC's website. General License 3 further authorizes all transactions related to, the provision of financing for, and other dealings in bonds issued prior to the effective date of E.O. of August 24, 2017, if such bonds were issued by U.S. person entities owned or controlled, directly or indirectly, by the Government of Venezuela, such as CITGO Holding, Inc.

General License 4 authorizes all transactions related to the provision of financing for, and other dealings in new debt related to the exportation or reexportation of agricultural commodities, medicine, medical devices, or replacement parts and components for medical devices, to Venezuela, or to persons in third countries purchasing specifically for resale to Venezuela, provided that the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce.

All of the general licenses are available on OFAC's website ([www.treasury.gov/ofac](http://www.treasury.gov/ofac)) on the Venezuela-related Sanctions page. Review them for details.

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**What does OFAC interpret to be debt and equity? Can U.S. financial institutions continue to maintain correspondent accounts and process U.S. dollar-clearing transactions for the entities subject to these sanctions?**

The term *debt* includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers acceptances, discount notes or bills, or commercial paper. The term *equity* includes stocks, share issuances, depositary receipts, or any other evidence of title or ownership.

The prohibitions in Subsections 1(a)(i) of E.O. of August 24, 2017 apply to all transactions involving new debt with a maturity of longer than 90 days; all financing in support of such new debt; and any dealing in, including provision of services in support of, such new debt.

The prohibitions in Subsections 1(a)(ii) of E.O. of August 24, 2017 apply to all transactions involving new debt with a maturity of longer than 30 days or new equity; all financing in support of such new debt or new equity; and any dealing in, including provision of services in support of, such new debt or new equity.

These prohibitions extend to rollover of existing debt, if such rollover results in the creation of new debt with a maturity of longer than 90 days (with respect to PdVSA) or longer than 30 days (with respect to the rest of the Government of Venezuela).

Engaging in transactions related to, providing financing for, or otherwise dealing in any equity issued by, on behalf of, or for the Government of Venezuela is permissible, if the equity was issued prior to the effective date of E.O. of August 24, 2017.

Engaging in transactions related to, providing financing for, or otherwise dealing in any debt issued by, on behalf of, or for the Government of Venezuela is permissible, if the debt was issued prior to the effective date of E.O. of August 24, 2017, and, in the case of bonds, either (1) the bonds are included on the List of Authorized Venezuela-Related Bonds referenced in General License 3, or (2) the bonds were issued by U.S. person entities owned or controlled, directly or indirectly, by the Government of Venezuela (such as CITGO Holding, Inc.). The List of Authorized Venezuela-Related Bonds is available as an appendix to General License 3, and is also available as a stand-alone document on the Venezuela-related Sanctions page of OFAC's website. The list will also be published in the Federal Register, as will any changes to the list.

Despite the above allowances, E.O. of August 24, 2017 prohibits U.S. persons from purchasing securities of any kind - including debt and equity securities - from the Government of Venezuela. The exception to this prohibition is purchasing securities that qualify as (a) new debt of PdVSA with a maturity of less than or equal to 90 days, or (b) new debt of any other part of the Government of Venezuela with a maturity of less than or equal to 30 days. U.S. persons are authorized to deal with the Government of Venezuela as counterparty to transactions involving securities that fall into either of these two categories. U.S. persons are not authorized to

purchase, directly or indirectly, bonds on the List of Authorized Venezuela-Related Bonds from the Government of Venezuela.

U.S. financial institutions may continue to maintain correspondent accounts and process U.S. dollar-clearing transactions for the Government of Venezuela, so long as those activities do not involve engaging in transactions related to, providing financing for, or otherwise dealing in transaction types prohibited by E.O. of August 24, 2017.

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**Why is OFAC imposing sanctions and issuing general licenses specific to bonds and other securities?**

The Government of Venezuela is selling assets for much less than they are worth at the expense of the Venezuelan people and using proceeds from these sales to enrich supporters of the regime. Bonds and other securities are among the assets being sold. The prohibitions and related general licenses are meant to prevent U.S. persons from contributing to the Government of Venezuela's corrupt and shortsighted financing schemes while mitigating market disruptions and harm to investors.

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**Do the prohibitions imposed pursuant to E.O. of August 24, 2017 also extend to entities owned 50 percent or more by the Government of Venezuela?**

Yes. These prohibitions apply to the Government of Venezuela, its property, and its interests in property, which includes entities owned 50 percent or more, individually or in the aggregate, by the Government of Venezuela. Note, however, that General License 2 authorizes all transactions otherwise prohibited by Subsections 1(a)(i), (a)(ii), and (b) of E.O. of August 24, 2017 provided that the only Government of Venezuela entities involved in the transactions are CITGO Holding, Inc. or its subsidiaries. General License 3 also authorizes all transactions related to, provision of financing for, and other dealings in bonds that U.S. person entities owned or controlled, directly or indirectly, by the Government of Venezuela issued prior to the effective date of E.O. of August 24, 2017. Additional information on OFAC's 50 Percent Rule is available [here](#).

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**If a U.S. person entered into a revolving credit facility or long-term loan arrangement for the Government of Venezuela prior to the sanctions effective date, what are the restrictions on drawdowns from that facility? Do all drawdowns and disbursements pursuant to the parent agreement need to carry repayment terms of 90 days or less (for PdVSA) or 30 days or less (for the rest of the Government of Venezuela)?**

If a U.S. person entered into a long-term credit facility or loan agreement prior to the sanctions effective date, drawdowns and disbursements with repayment terms of 90 days or less (for PdVSA) or 30 days or less (for the rest of the Government of Venezuela) are permitted. Drawdowns and disbursements whose repayment terms exceed the applicable authorized tenor are not prohibited if the terms of such drawdowns and disbursements (including the

length of the repayment period, the interest rate applied to the drawdown, and the maximum drawdown amount) were contractually agreed to prior to the sanctions effective date and are not modified on or after the sanctions effective date. U.S. persons may not deal in a drawdown or disbursement initiated after the sanctions effective date with a repayment term of longer than 90 days (for PdVSA) or 30 days (for the rest of the Government of Venezuela), if the terms of the drawdown or disbursement were negotiated on or after the sanctions effective date. Such a newly negotiated drawdown or disbursement would constitute a prohibited extension of credit.

Note that General License 2 authorizes all transactions in new debt of any tenor with CITGO Holding, Inc. and its subsidiaries.

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**Is the term "new equity" limited to equity that is issued by an entity owned or controlled by the Government of Venezuela after the sanctions effective date, or would equity purchased or acquired by an entity owned or controlled by the Government of Venezuela from a third party after the sanctions effective date be considered new equity?**

Under E.O. of August 24, 2017, the term "new equity" pertains to equity issued, directly or indirectly, by the Government of Venezuela on or after the sanctions effective date. That said, E.O. of August 24, 2017 prohibits U.S. persons from purchasing any securities - including equity securities issued by a non-sanctioned party - from the Government of Venezuela. The exception to this prohibition is purchasing securities that qualify as (1) new debt of PdVSA with a maturity of less than or equal to 90 days, or (2) new debt of any other part of the Government of Venezuela with a maturity of less than or equal to 30 days. U.S. persons are authorized to deal with the Government of Venezuela as counterparty to transactions involving securities that fall into either of these two categories. General License 2 further authorizes U.S. persons to deal in new equity issued by CITGO Holding, Inc. or any of its subsidiaries, or purchase securities from CITGO Holding, Inc. or any of its subsidiaries, provided that no other entities owned or controlled by the Government of Venezuela are involved.

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**Does the prohibition on "otherwise dealing in new debt" of longer than 90 days maturity (for PdVSA) or 30 days (for the rest of the Government of Venezuela) prohibit dealing in debt with maturity that exceeds the applicable authorized tenor in which the Government of Venezuela is not directly or indirectly the borrower?**

E.O. of August 24, 2017 prohibits U.S. persons from dealing in debt of longer than 90 days maturity (for PdVSA) and longer than 30 days maturity (for the rest of the Government of Venezuela) issued on or after the order's effective date. E.O. of August 24, 2017 does not prohibit U.S. persons from dealing with the Government of Venezuela as counterparty to all transactions involving debt issued on or after the sanctions effective date by a non-sanctioned party. For example, U.S. persons are not prohibited from dealing in a loan exceeding the applicable authorized tenor that is issued after the sanctions effective date if such loan is provided by the Government of Venezuela to a non-sanctioned third-party, dealing with the Government of Venezuela when it plays the role of underwriter on new debt of a non-sanctioned third party exceeding the applicable authorized tenor, or accepting payment under a letter of

credit with terms exceeding the applicable authorized tenor that is issued, advised, or confirmed by the Government of Venezuela, so long as the Government of Venezuela is not the borrower.

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**May a U.S. person consent to a replacement of its participation by a non-U.S. person in a long-term loan facility that was extended to the Government of Venezuela prior to the sanctions effective date?**

E.O. of August 24, 2017 does not prohibit a U.S. person from engaging in transactions necessary to exit or replace its participation in a long-term loan facility that was extended to the Government of Venezuela prior to the sanctions effective date, provided that such transactions do not otherwise run afoul of the order's prohibitions. This would not constitute dealing in new debt. U.S. persons involved in such facilities should ensure that all newly negotiated drawdowns or disbursements from the facility utilize repayment terms that are not prohibited by the sanctions effective date. See [FAQ 394](#) for additional information on what constitutes a permitted drawdown or disbursement from an existing long-term loan obligation.

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**Is a U.S. person permitted under E.O. of August 24, 2017 to extend credit for greater than 90 days (for PdVSA) or 30 days (for the rest of the Government of Venezuela) to a non-sanctioned party for the purpose of purchasing goods or services from the Government of Venezuela?**

E.O. of August 24, 2017 does not prohibit U.S. persons from extending credit for longer than 90 days (for PdVSA) or 30 days (for the rest of the Government of Venezuela) to non-sanctioned parties for the purpose of purchasing goods or services from the Government of Venezuela, so long as the Government of Venezuela is not the indirect borrower.

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**How can I help the Venezuelan people while making sure to abide by the U.S. sanctions?**

With the exception of Specially Designated Nationals, the Venezuelan people are not subject to U.S. sanctions. Furthermore, E.O. of August 24, 2017 does not impose a complete blocking sanction on the Government of Venezuela. Sanctions do not preclude U.S. persons from exporting or re-exporting items to Venezuela if doing so is authorized under other applicable U.S. laws and regulations. OFAC has also issued General License 4 to authorize all financing and other dealings in new debt related to the exportation or reexportation of agricultural commodities, medicine, medical devices, components, or replacement parts for medical devices, to Venezuela, or to persons in third countries purchasing specifically for resale to Venezuela, provided that the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce. See General License 4 for details and relevant definitions.

In addition to this general license, OFAC can also issue a specific license to authorize particular transactions that may otherwise be prohibited by the sanctions, as long as those transactions are in the foreign policy interests of the United States.

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**Do I need a specific license from OFAC to send U.S.-origin food or medicine to Venezuela?**

No, as long as your transaction or other dealing does not involve property or interests in property of a Specially Designated National. That said, you should make sure that your proposed export is authorized by the U.S. Department of Commerce, Bureau of Industry and Security ("BIS"), which maintains jurisdiction over the export of items to Venezuela. For further guidance regarding the exportation of items to Venezuela, contact BIS by phone at (202) 482-4252.

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**I want to provide long-term financing to the Government of Venezuela to help with the exportation or reexportation of agricultural commodities, medicine, medical devices, components, or replacement parts and components for medical devices to Venezuela. Is that allowed?**

Yes. General License 4 authorizes all financing and other dealings in new debt related to the exportation or reexportation of agricultural commodities, medicine, medical devices, components, or replacement parts for medical devices, to Venezuela, or to persons in third countries purchasing specifically for resale to Venezuela, provided that the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce. Note, however, that General License 4 does not otherwise authorize any transaction that is prohibited by E.O. of August 24, 2017, E.O. 13692, or any part of 31 C.F.R. Chapter V.

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**Other than through the existing general licenses, under what circumstances might U.S. persons be authorized to deal in new debt of greater than 30 or 90 days issued by the Government of Venezuela?**

In the Lima Declaration of August 8, 2017, twelve countries across the Americas refused to recognize the Constituent Assembly or the laws it adopts because of its illegitimate nature, while at the same time fully backing the democratically elected National Assembly. We stand in solidarity with our friends and allies in the region. If the democratically elected Venezuelan National Assembly approved a new debt issuance by the Government of Venezuela that E.O. of August 24, 2017 would prohibit U.S. persons from dealing in, the United States would consider using licensing authority to allow U.S. persons to deal in the issuance.