

Locke Lord QuickStudy: GL 5N Extends to April 2024 the Moratorium That Prohibits Holders of PdVSA 8.5% Bonds From Acting on CITGO Collateral

Locke Lord LLP

WRITTEN BY

Ryan Last

On January 16, 2024, the U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") issued General License ("GL") 5N ("Authorizing Certain Transactions Related to the Petróleos de Venezuela, S.A. 2020 8.5 Percent Bond on or After April 16, 2024") pursuant to the Venezuela Sanctions Regulations, 31 CFR part 591.

GL 5N further delays until April 16, 2024, the ability of U.S. bondholders of Petróleos de Venezuela, S.A. ("PdVSA") 2020 8.5% bonds ("PdVSA 8.5% Bonds") to assert claims to receive CITGO shares that serve as collateral for the defaulted PdVSA 8.5% Bonds, unless expressly authorized by OFAC. Initially, Executive Order ("EO") 13835, later amended by EO 13857, prohibited such actions until July 19, 2018. The moratorium has been consistently extended since that time. This extension is consistent with past practices and represents the continuation of negotiations between the U.S. and the Maduro government to promote free and open elections in Venezuela, as well as continued negotiations to stabilize the Venezuelan economy by temporarily lifting certain U.S. sanctions on the Venezuelan oil industry.

OFAC's issuance of GL 5N coincides with a recent court order allowing a significant number of Venezuela-linked creditors to participate in and receive proceeds from an upcoming auction of PdVSA shares, the parent company of CITGO. While GL 5N provides CITGO with an extension to negotiate potential settlements with creditors, it does not interfere with the scheduled court-ordered auction of PdVSA shares.

For additional information, visit Locke Lord's Economic Sanctions & Export Controls Resource Center.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

RELATED INDUSTRIES + PRACTICES

- [Corporate](#)
- [International](#)
- [Sanctions + Trade Controls](#)