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Locke Lord QuickStudy: OFAC Amends Venezuela-Related General License Extending Delay of Actions Against Defaulted PdVSA 2020 8.5% Bonds

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On July 19, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued [General License \("GL"\) 5L](#) pursuant to the [Venezuela Sanctions Regulations](#), 31 CFR Part 591 ("VSR") which further delays U.S. persons' ability to take action against collateral supporting PdVSA defaulted 2020 8.5% bonds.

GL

[GL 5L](#), which replaces [GL 5K](#), further delays until on or after October 20, 2023 the ability of U.S. bondholders of Petróleos de Venezuela, S.A. ("PdVSA") 2020 8.5% bonds ("PdVSA 8.5% Bonds") to enforce their rights to receive CITGO shares that serve as collateral for PdVSA 8.5% Bonds. [Executive Order \("EO"\) 13835](#) ("Prohibiting Certain Additional Transactions With Respect to Venezuela"), as amended by [EO 13857](#) ("Taking Additional Steps To Address the National Emergency With Respect to Venezuela") initially prohibited such actions to July 19, 2018. Subsequent OFAC GLs have incrementally extended the prohibition on enforcement of the PdVSA 8.5% Bonds to July 20, 2023.

Under this updated [GL 5L](#), U.S. persons remain restricted from participating in any transactions involving the sale or transfer of CITGO shares in connection with the PdVSA 8.5% Bonds until October 20, 2023, unless expressly authorized by OFAC. In [FAQ 595](#), OFAC indicated a willingness to issue a license to U.S. bondholders to act on the collateral if their intention is to restructure the bonds.

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.

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