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# Locke Lord QuickStudy: OFAC Issues Amended Venezuela-Related General License and FAQ Extending Delay of Actions Against Defaulted PdVSA 2020 8.5% Bonds

Locke Lord LLP

## WRITTEN BY

Ryan Last

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On April 19, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued Venezuela-related [General License \("GL"\) 5K](#) and amended [FAQ 595](#).

## GLs

[GL 5K](#), which replaces GL 5J, further delays until on or after July 20, 2023, the rights of U.S. holders of Petróleos de Venezuela, S.A. (PdVSA) 2020 8.5% bonds ("PdVSA 8.5% Bonds") to act on the defaulted PdVSA bonds, including the right of bondholders to obtain the CITGO shares that serve as collateral therefor. [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 April 20, 2023. Separately, as set forth in [FAQ 595](#) below, OFAC has indicated a willingness to issue a license to U.S. bondholders to act on the defaulted bonds if their intention is to restructure the bonds.

## FAQs

[FAQ 595](#) – In [FAQ 595](#), OFAC provides guidance that, while GL 5K further delays transactions in PdVSA 8.5% Bonds to on or after July 20, 2023, OFAC would entertain applications for a license to obtain the CITGO share collateral if the applicant bondholder(s) can demonstrate that they are seeking an agreement with the Government of Venezuela to restructure the PdVSA 8.5% Bonds or refinance payments due to the bondholders. OFAC indicated that it encourages parties to apply for such specific licenses, and would have a favorable licensing policy toward any such agreement.

## 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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