

Locke Lord QuickStudy: OFAC Updates General Licenses and ?FAQ on PdVSA 2020 8.5% ?Bonds

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On November 7, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued [General License \("GL"\) 5Q](#) ("Authorizing Certain Transactions Related to the Petr leos de Venezuela, S.A. 2020 8.5 Percent Bond on or After March 7, 2025"), [GL ?](#) ("Authorizing Transactions Involving Petr leos de Venezuela, S.A. (PdVSA) Necessary for the Limited Maintenance of Essential Operations in Venezuela or the Wind Down of Operations in Venezuela for Certain Entities"), and amended Venezuela-related [Frequently Asked Question \("FAQ"\) 595](#).

GLs

[GL 5Q](#) continues to restrict U.S. persons until March 7, 2025, from enforcing bondholder rights to CITGO shares, which serve as collateral for the defaulted Petr leos de Venezuela, S.A. ("PdVSA") 2020 8.5% bonds. This new deadline replaces the previous expiration of November 12, 2024, further delaying bondholders' ability to act on these assets.

GL 8O, which replaces GL 8N, now extends through May 9, 2025, the authorization for transactions and activities that are ordinarily incident and necessary for maintaining essential operations, contracts, or agreements that were in place before July 26, 2019, and that involve PdVSA or entities in which PdVSA holds a 50% or greater interest ("PdVSA Entities"). Specifically, this authorization applies to certain companies and their subsidiaries, including but not limited to Schlumberger Limited, Baker Hughes Holdings LLC, and Weatherford International, Public Limited Company (collectively, "Covered Entities"). [GL ?](#) allows the Covered Entities to engage in essential transactions and activities needed for the safety and preservation of their assets in Venezuela, including (i) actions necessary to protect the safety of personnel and the integrity of operations; (ii) participation in shareholder and board meetings; (iii) payments for authorized transactions incurred before April 21, 2020; (iv) payments for local taxes and utility services; and (v) payment of salaries for local employees and contractors. Additionally, [GL ?](#) extends the deadline for Covered Entities to wind down operations, contracts, or other agreements in Venezuela involving PdVSA Entities, allowing them until May 9, 2025 to complete this process. GL 8N was set to expire on November 15, 2024.

FAQs

[FAQ 595](#) – FAQ 595 was amended to reflect the extended moratorium set under GL 5Q. If an agreement is reached to restructure or refinance payments owed to holders of the PdVSA 2020 8.5% bond, OFAC may require additional licensing and encourages parties to apply for a specific license, with a generally favorable view toward

approving such arrangements.

Conclusion

We anticipate that a returning Trump administration may introduce changes to the OFAC Venezuela sanctions program, potentially intensifying restrictions on financial and trade activities with Venezuela. We are closely monitoring developments.

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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