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# Hughes Hubbard & Reed

## OFAC Issues Venezuela-Related Sanctions Relief

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**October 20, 2023** – On October 18, 2023, the U.S. Department of the Treasury’s (“Treasury”) Office of Foreign Assets Control (“OFAC”) issued four General Licenses suspending for six months certain sanctions on Venezuela in response to the signing of an electoral roadmap agreement between Venezuela’s Unitary Platform and representatives of the current *de facto* ruler, Nicolas Maduro. Concurrently with implementing the sanctions relief, the U.S. government noted that it is “prepared to amend or revoke authorizations at any time, should representatives of Maduro fail to follow through on their commitments.”

We summarize below these announcements.

### Oil and Gas Sector Sanctions Relief

- OFAC issued a six-month general license, General License 44, “Authorizing Transactions Related to Oil or Gas Sector Operations in Venezuela,” temporarily authorizing transactions involving the oil and gas sector in Venezuela, including transactions with Petroleos de Venezuela, S.A. (“PdVSA”) or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest, subject to certain conditions.
  - The authorization in General License 44 suspends Venezuela-related sanctions applicable to most oil and gas sector operations in Venezuela, including the sale of oil and gas from Venezuela to the United States and other jurisdictions, as well as the payment of taxes, royalties, costs, fees, dividends, and profits related to oil and gas sector operations or transactions involving PdVSA.
  - General License 44 provides a non-exhaustive list of transactions covered by the authorization, including: (1) the production, lifting, sale, and exportation of oil or gas from Venezuela, and provision of related goods and services; (2) the payment of invoices for goods or services related to oil or gas sector operations in Venezuela; (3) new investment in oil or gas sector operations in Venezuela; and (4) the delivery of oil and gas from Venezuela to creditors of the Government of Venezuela, including creditors of PdVSA entities, for the purposes of debt repayment.
  - Despite the broad relief to oil and gas sector provided by General License 44, several key prohibitions remain in place:
    - General License 44 does not authorize any transactions involving any financial institution blocked pursuant to Executive Order (“E.O.”) 13850 other than Banco Central de Venezuela or Banco de Venezuela SA Banco

Universal.

- General License 44 does not authorize the provision of goods or services to, or new investment in, an entity located in Venezuela that is owned or controlled by, or a joint venture with, an entity located in the Russian Federation. Additionally, General License 44 does not authorize any transactions related to new investment in oil or gas sector operations in Venezuela by a person located in the Russian Federation or any entity owned or controlled by a person located in the Russian Federation.
- General License 44 continues the prohibitions set out in subsections 1(a)(i) – (iii) and 1(b) of [E.O. 13808](#), other than the transactions described in General License 44 paragraphs (a)(2) (payment of invoices for goods or services related to oil or gas sector operations in Venezuela) and (a)(4) (delivery of oil and gas for the purpose of debt repayment to creditors). Therefore, new debt transactions, such as the provision of loans to PdVSA, that are not for the payment of invoices or repayment of debt through delivery of oil or gas, are not authorized by General License 44. See Frequently Asked Question (“FAQ”) [FAQ 553](#) for a definition of “new debt” under E.O. 13808 and [FAQ 511](#) for examples of debt and equity.
- General License 44 does not authorize any transactions prohibited by [E.O. 13827](#) (relating to certain virtual assets issued by, for, or on behalf of the Government of Venezuela) or [E.O. 13835](#) (relating to debt that is owed to the Government of Venezuela, as well as certain transactions involving any equity interest in any entity in which the Government of Venezuela has a 50 percent or greater ownership interest).
- General License 44 does not authorize the unblocking of any property blocked pursuant to the Venezuela Sanctions Regulations (“VSR”) or any transactions involving any person blocked pursuant to a sanctions authority other than the VSR.

General License 44 authorizes transactions through 12:01 a.m. eastern daylight time, April 18, 2024. The U.S. government noted it, “intends to renew General License 44 only if the representatives of Maduro follow through with their commitments and take continued concrete steps toward a democratic election by the end of 2024.”

#### CVG Compañía General de Minería de Venezuela CA and Gold Sector Sanctions Relief

- OFAC issued [General License 43](#), “Authorizing Transactions Involving CVG Compañía General de Minería de Venezuela CA,” `#####a name="_Hlk148610942">`authorizing all transactions involving Compañía General de Minería de CA (“Minerven”), or any entity in which Minerven owns, directly or indirectly, a 50 percent or greater interest, subject to certain conditions. General License 43 does not authorize any transactions involving any person blocked pursuant to the VSR other than Government of Venezuela persons blocked solely pursuant to to outline the limits of the authorizations contained in General License 31 with respect to Government of Venezuela debt and the implications for U.S. and non-U.S. persons.
- OFAC issued [General License 9H](#), “Authorizing Transactions Related to Dealings in Certain Securities,” that authorizes all transactions and activities that are ordinarily incident and necessary to dealings in any debt (including the bonds listed on the Annex to the general license, promissory notes, and other receivables) of, or any equity in, PdVSA or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest, issued prior to August 25, 2017 (the effective date of E.O. 13808) (together, “PdVSA Securities”), including, on or after October 18, 2023, divestment or transfer of, or facilitation of divestment or transfer of, any holdings in such PdVSA Securities to a U.S. person, subject to certain conditions.
  - Concurrently, OFAC amended [FAQ 661](#) to outline the limits of the authorizations contained in General License 9H with respect to PdVSA debt and equity and the implications for U.S. and non-U.S. persons.
- OFAC also published [FAQ 1136](#) providing guidance on how U.S. persons can purchase bonds issued by the Government of Venezuela or PdVSA prior to August 25, 2017 on the secondary market.

#### Other Sanctions Relief

- OFAC issued [General License 5M](#), “Authorizing Certain Transactions Related to the Petróleos de Venezuela, S.A. 2020 8.5 Percent Bond on or After January 18, 2024,” which authorizes all transactions related to, the provision of

financing for, and other dealings in the Petr6leos de Venezuela, S.A. 2020 8.5 Percent Bond, subject to certain conditions.

- Concurrently, OFAC amended [FAQ 595](#) to outline the limits of the authorizations contained in General License 5M.
- OFAC issued [General License 45](#), "Authorizing Certain Repatriation Transactions Involving Consorcio Venezolano de Industrias Aeron6uticas y Servicios A6reos, S.A.," which authorizes all transactions ordinarily incident and necessary to the repatriation of Venezuelan nationals from non-U.S. jurisdictions in the Western Hemisphere to Venezuela, and are exclusively for the purposes of such repatriation, involving Consorcio Venezolano de Industrias Aeron6uticas y Servicios A6reos, S.A. ("Conviasa"), or any entity in which Conviasa owns, directly or indirectly, a 50 percent or greater interest, subject to certain conditions.
  - OFAC also published [FAQ 1137](#) noting that for the purposes of General License 45, OFAC considers the term "Western Hemisphere" to mean those countries and areas identified by the Department of State on its website as comprising the Western Hemisphere: [Bureau of Western Hemisphere Affairs - United States Department of State](#).

The related Press Release is available [here](#).

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