DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

OFFICE OF FOREIGN ASSETS CONTROL

FREQUENTLY ASKED QUESTIONS

595. What does Venezuela-related General License 5Z authorize?

ANSWER: The President issued Executive Order (E.O.) 13835 on May 21, 2018. Subsection 1(a)(iii) of E.O. 13835 prohibits U.S. persons from engaging in transactions related to the sale, transfer, assignment, or pledging as collateral by the Government of Venezuela (GOV) of any equity interest in an entity owned 50 percent or more by the GOV. One effect of subsection 1(a)(iii) is to require authorization before U.S. persons may engage in certain transactions regarding any equity interest in an entity owned 50 percent or more by the GOV. Subsequent to the issuance of E.O. 13835, OFAC received inquiries about how and whether subsection 1(a)(iii) of E.O. 13835 could affect the ability to enforce bondholder rights to the CITGO shares serving as collateral for the Petróleos de Venezuela, S.A. (PdVSA) 2020 8.5 percent bond. OFAC issued General License (GL) 5 on July 19, 2018, which removed E.O. 13835 as an obstacle to holders of the PdVSA 2020 8.5 percent bond gaining access to their collateral.

General License 5 was replaced and superseded by General License 5A on October 24, 2019 with a delay in the effectiveness of the authorization in the general license. Since that date, OFAC has extended the delay in effectiveness multiple times. Most recently, OFAC issued General License 5Z on September 16, 2026, which further delays the effectiveness of the authorization in GL 5 until November 5, 2026. Between October 24, 2019 and November 5, 2026 (the date the authorization in General License 5Z becomes effective), there is no authorization in effect that licenses against subsection 1(a)(iii) of E.O. 13835 applicable to the holders of the PdVSA 2020 8.5 percent bond. As a result, during such period, transactions related to the sale or transfer of CITGO shares in connection with the PdVSA 2020 8.5 percent bond are prohibited, unless specifically authorized by OFAC.

To the extent an agreement may be reached on proposals to restructure or refinance payments due to the holders of the PdVSA 2020 8.5 percent bond, additional licensing requirements may apply. OFAC would encourage parties to apply for a specific license and would have a favorable licensing policy toward such an agreement.

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