KRESTON VENEZUELA | EDICIONES
SELLO EDITORIAL

DOING BUSINESS IN VENEZUELA
2026

A Strategic Guide for Domestic and Foreign Investors

Energy, Mining, and Non-Energy Sectors

Entry, Compliance, Investment Protection, and Exit Framework

KRESTON VENEZUELA

Information updated as of August 31, 2026

2026 EDITION

How to Use This Guide

This guide is designed to answer the question that truly matters to an investment committee today: not merely whether an opportunity exists in Venezuela, but whether the project can be authorized, financed, operated, paid, and ultimately exited under adverse scenarios.

Core Thesis

Venezuela's 2026 opening is real, but it is selective, conditional, and reversible. Expected returns become genuinely investable only when they are paired with an executable regulatory pathway, a lawful payment-receipt account, a creditworthy counterparty, and a protection architecture capable of withstanding political and sanctions-related change.

Scope and Limitations

This is a decision-making manual for energy and non-energy investments. The term "U.S. oversight" is used solely as a political description of significant external influence over sanctions, licensing, financial access, and certain revenue flows; it does not denote a legal category, a protectorate, or a payment guarantee by the United States of America.

This guide does not constitute legal, tax, financial, technical, or sanctions advice with respect to any specific transaction.

Before signing or performing any transaction, the applicable licenses issued by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the Specially Designated Nationals and Blocked Persons List (SDN List), OFAC's 50 Percent Rule, Venezuelan permits, asset title, ultimate beneficial ownership, and bank acceptance must all be revalidated. In Venezuela, political or commercial authorization does not substitute for legal authorization, and an OFAC license does not replace Venezuelan authorization.

Document Control

Field	Content
Version	Edition 1.0
ISBN	978-980-8208-00-9
Information Cut-Off Date	August 31, 2026
Audience	Domestic or foreign investors, lenders, insurers, industrial partners, and investment committees
Sectors	Hydrocarbons, gas, power, energy services, mining, and non-energy sectors
Updating Rule	Revalidate sanctions, licenses, rates, permits, and counterparties at every milestone: term sheet, signing, closing, funding, first sale, and renewal

Guide Roadmap

- 1. Executive Summary and Reversibility Test
- 2. Geopolitical Environment and Control Architecture
- 3. Investor Profile and Entry Gate

1. Executive Summary

THE INVESTMENT DECISION

Venezuela combines underinvested assets, pent-up demand, and meaningful sector reform with exceptional risks involving authorization, counterparties, payment, convertibility, enforcement, and regulatory instability. The result is a market suited to patient, highly structured capital—not capital that depends on implicit assumptions.

> **Committee Rule**
>
> Do not approve an investment because "the political relationship has improved." Approve it only if the record demonstrates, simultaneously: (i) the legal right to operate; (ii) the legal right and practical capacity to pay; (iii) a bank-approved payment pathway; (iv) protection against changes in law and sanctions; (v) a meaningful arbitral remedy; and (vi) attachable or otherwise enforceable assets or cash flows outside the principal risk zone.

1.1 What Has Changed—and What Has Not

Verifiable Change in 2026	Implication for the Investor	What It Does Not Resolve
Political reconfiguration following the capture and transfer of Nicolás Maduro; Delcy Rodríguez is exercising power on an interim basis according to Venezuelan and U.S. authorities.	Greater capacity for Washington to condition licenses and revenue flows; potential for a managed reopening.	Does not eliminate Venezuela's formal sovereignty, local permitting requirements, reversal risk, or disputes over legitimacy.
Executive Order 14373 creates accounts held in custody by the U.S. Treasury for certain natural-resource revenues.	Greater traceability and external control over authorized disbursements.	Those funds do not constitute private security and are protected from attachment or enforcement.
OFAC expanded available pathways through general licenses (GLs) covering oil, gas, electricity, minerals, banking, telecommunications, and commercial negotiations.	Lawful corridors exist, but they differ by activity, counterparty, nationality, and date of formation.	A general license does not authorize conduct prohibited by another rule, unblock property, or replace Venezuelan permits.
New 2026 Organic Hydrocarbons Law and implementing Regulations.	More private-sector participation models, arbitration, economic-financial equilibrium mechanisms, and project-specific economic rules.	Ministerial control, authorizations, supervised commercialization, local-content requirements, and implementation risk remain.

Verifiable Change in 2026	Implication for the Investor	What It Does Not Resolve
New Organic Mining Law enacted in May 2026.	Creates a framework for concessions and private-sector partnerships.	The mineral value chain remains exposed to significant title, provenance, environmental, human-rights, and sanctions risk.

1.2 The Reversibility Test

1. Who exactly is the counterparty, who controls it, and which entities are captured by OFAC's 50 Percent Rule?
2. What activity is authorized—negotiation, signing, or performance—and under which general or specific license?
3. What U.S. nexus exists: person, U.S. dollar, correspondent bank, technology, insurer, vessel, origin of goods, or corporate control?
4. What Venezuelan title, concession, authorization, license, investment registration, and environmental permit support the economic right?
5. Where does the cash flow arise, in what currency, who receives it, what withholding applies, and which bank will process it?
6. Does the payment source depend on the public budget, Petróleos de Venezuela, S.A. (PDVSA), or accounts protected from creditors?
7. What happens if a license changes, a party becomes blocked, or a bank refuses to process an otherwise lawful transaction?
8. Does the contract distinguish immunity from jurisdiction, immunity from execution, and recourse against commercial assets?
9. Was the treaty structure established before the dispute arose, does it have genuine substance, and does it actually cover the asset, investor, and dispute?
10. Is there a contractual, corporate, and operational exit that can be implemented without the State's full cooperation?

1.3 Recommendations by Type of Capital

Profile	Recommended Investment Thesis	Entry Condition
Strategic Industrial Capital	Phased entry, essential assets, long-term contracts, and an option to expand.	Technical control, step-in rights, data rights, traceable payments, and political-risk insurance.
Private Equity / Financial Capital	Protected minority position or private platform with diversified revenues; avoid dependence on a single State source.	Pre-agreed exit, audited information, corporate governance, liquidity, and a country-exposure cap.
Lender	Financing linked to exports, reserves, inventory, or offtake, supported by controlled accounts.	Perfection of security interests, intercreditor arrangements, OFAC/bank acceptance, and assets outside Venezuela.
Domestic Investor	Operational and knowledge advantage, but ring-fence assets and formalize cash flows.	Transparent ultimate beneficial ownership, documented source of funds, contractual FX protection, and a lawful international exit.
Opportunistic Investor	Only assets with an exceptional entry price and liabilities that can be bounded.	Strengthened chain of title, contingency reserves, funded indemnities, and abandonment rights.

2. Geopolitical Environment and Control Architecture

2.1 What "U.S. Oversight" Means—and What It Does Not Mean

From an investment perspective, U.S. influence operates as a system of external gates. Venezuela retains formal jurisdiction over its territory, natural resources, companies, labor, taxes, and permits. The United States, by contrast, controls access by U.S. persons, U.S.-origin goods and technology, financial channels with a U.S. nexus, and transactions involving blocked persons; it also conditions certain natural-resource revenue flows through custodial accounts.

Layer	Decision-Maker	Practical Question
Venezuelan Law	Executive branch, ministries, regulators, the National Integrated Customs and Tax Administration Service (SENIAT), state and municipal authorities, and the courts.	Can I incorporate, acquire, operate, hire, import, produce, sell, and remit funds?
Sanctions and Foreign Policy	OFAC, the U.S. Department of State, the Treasury Department, the U.S. Department of Commerce's Bureau of Industry and Security (BIS), and banks/insurers applying their own controls.	Can I negotiate, sign, perform, pay, finance, insure, and transport without additional authorization?
Private Architecture	Investor, counterparty, lenders, offtakers, insurers, and arbitrators.	Will the project continue to receive payment, operate, and preserve value if either of the two preceding layers changes?

Legal Conclusion

The United States is not a guarantor of the Venezuelan State or of PDVSA. Executive Order 14373 provides that deposited funds retain their Venezuelan sovereign character, remain in custody, may be disbursed only at the direction of the Secretary of State, and may not be subject to attachment, execution, lien, or judicial restraint; the order also creates no enforceable rights against the United States.

2.2 Scenarios the Contract Must Withstand

12–36 Month Scenario	Indicators	Contractual / Financial Response
Managed Opening	Renewal of GLs, sector authorizations, broader banking access, and increased offtake.	Milestone-based funding; expansion option; pricing linked to permits and export capacity.

12–36 Month Scenario	Indicators	Contractual / Financial Response
Stalled Opening	Licenses remain in place, but permits, payments, or implementing rules are delayed.	Long-stop date, suspension without default, commitment fee, and termination if conditions are not satisfied.
Reimposition of Sanctions	Revocation or non-renewal of GLs, a new designation, or deterioration in diplomatic relations.	Standalone sanctions clause; orderly wind-down; blocked account; party substitution; exit without requiring unlawful performance or penalty.
Conflict Between Blocs	Restrictions affecting counterparties, financing, or technology linked to China, Russia, Iran, Cuba, or North Korea.	Counterparty exclusions, control traceability, consortium ring-fencing, supplier substitution, and continuing representations and warranties.
Fiscal / Payment Stress	Arrears, extraordinary taxes, remittance controls, or pressure for discounts.	Reserve account, prepayment or exportable offtake, tariff adjustment, independent guarantee, suspension, and acceleration.
Legitimacy Dispute	Competing authorities, invalidation of official acts, or contract review.	Authority and capacity opinions, multi-level ratification, continuity conditions, and compensation for sovereign termination.

2.3 Country-Exposure Principles

- Separate Venezuela risk, counterparty risk, and OFAC risk: each requires a different remedy.
- Avoid making a single authorization, bank, public-sector customer, vessel, logistics route, or general license a single point of failure.
- Limit irreversible capital commitments until permits, bank acceptance, and certainty of the payment chain are in place.
- Maintain contemporaneous documentation of business purpose, substance, market value, and ultimate beneficial ownership.
- Model the project for payment delays, devaluation, newly imposed taxes, and regulatory exit—not only for the base case.

3. Investor Profile and Entry Gate

3.1 Not All Investors Face the Same Path

Profile	Operating Rule	Common Mistake
U.S. Person / U.S.-Organized Entity	Every activity must fall within an OFAC authorization and comply with its conditions, reporting requirements, counterparty restrictions, and exclusions.	Assuming that a sector-specific GL permits any contract or partner.

Profile	Operating Rule	Common Mistake
Non-U.S. Group with a U.S. Nexus	Review U.S.-dollar flows, correspondent banks, shareholders/control, U.S. employees, technology, insurance, transportation, and export controls.	Looking only at the domicile of the signing entity.
Non-U.S. Group with No Apparent U.S. Nexus	OFAC still matters because of designation risk, banking access, and blocked counterparties; apply the 50 Percent Rule.	Confusing the absence of primary U.S. jurisdiction with the absence of risk.
Domestic Investor	Formalize ultimate beneficial ownership, source of funds, registrations, contracts, and multi-currency accounting; anticipate diligence by foreign buyers and lenders.	Relying on informal practices that undermine bankability and exit.
Bank, Fund, or Insurer	Apply internal risk criteria in addition to the license; pre-clear the payment flow, documentation, and participating countries/banks.	Assuming OFAC legality obliges a bank to process the transaction.

3.2 Entry Gate: Seven Sequential Filters

1. Counterparty: identify legal name, registration, ultimate beneficial owner, formal and de facto control, affiliates, and designations; apply OFAC's 50 Percent Rule.
2. Activity: identify each economic verb—negotiate, sign, finance, import, provide services, produce, transport, sell, pay; the license may authorize some but not others.
3. Nexus: map persons, currency, banks, goods/technology, insurers, vessels, servers, intermediaries, and jurisdictions.
4. U.S. authorization: determine the applicable general license, effective dates, exclusions, reporting obligations, dispute-resolution requirements, and whether a specific license is required.
5. Venezuelan authorization: validate title, sector permit, foreign-investment requirements, authority competence, taxes, environmental matters, labor, and land use.
6. Bankability: obtain written—or sufficiently concrete—confirmation from banks, lenders, offtakers, and insurers before closing.
7. Protection and exit: close only after payment, security, arbitration, immunities, termination, and orderly wind-down have been documented.

OFAC Golden Rule

Analyze the license transaction by transaction, not project by project. An "authorized" project may still contain an unauthorized payment, novation, financing arrangement, service, or counterparty. OFAC's website and Frequently Asked Questions (FAQs) should be rechecked at every milestone.

3.3 Entry Vehicle

Alternative	Typical Use	Advantage	Risk / Condition
Venezuelan Compañía Anónima (corporation)	Local operations, employees, permits, and invoicing.	Familiar form suitable for shareholders and financing.	Corporate governance, capitalization, registrations, and dividend controls.
Branch	Direct presence of the foreign investor.	Fewer corporate layers.	Direct exposure of the parent company; permanent-establishment and permitting issues.

Alternative	Typical Use	Advantage	Risk / Condition
Local special-purpose vehicle (SPV) + foreign holding company	Ring-fenced project and entry of equity/financing.	Risk segregation, governance, and potential treaty coverage.	Substance, business purpose, ultimate beneficial ownership, and anti-abuse rules.
Contract / Consortium	Services, supply, or a pre-equity transition phase.	Phased entry and lower initial capital commitment.	Risk of de facto association, tax exposure, authority issues, and contractual dependency.
Mixed-Ownership Company / Contract with a State-Owned Enterprise	Hydrocarbons and other reserved or strategic sectors.	Access to title, assets, or the State market.	Complex sanctions, authority, control, payment, audit, and exit considerations.

4. Common Platform for Operating in Venezuela

4.1 Incorporation, Investment Registration, and Governance

The Constitutional Law on Productive Foreign Investment remains the cross-sector framework, except where sector-specific legislation prevails. It distinguishes direct investment (a participation of 10% or more) from portfolio investment, centralizes registration, and links statutory rights to registration. As a general rule, registration requires a minimum investment equivalent to EUR 800,000 or RMB 6.5 million, which the authority may reduce—though not below 10% of that threshold—depending on the sector or type of company; a minimum two-year holding period also applies.

From day one, the foreign investor should document the currency and value of contributions, contributed assets, date of entry, exchange rate, capitalization, ultimate beneficial ownership, and use of funds. Local financing is limited under the investment law to a percentage of the investment amount and should be reviewed together with banking rules, thin-capitalization considerations, and transfer-pricing requirements.

4.2 Dividends, Capital, and Flow of Funds

Topic	Formal Rule	Bankability Analysis
Dividends	The law provides for annual remittance of up to 100% of proven dividends from a registered investment after the first fiscal year; in exceptional circumstances it permits extraordinary reductions to 60–80% and other limitations.	The formal right is not enough: confirm foreign-currency availability, the processing bank, tax provenance, and sanctions authorization.
Capital Repatriation	General minimum two-year holding period for registered capital.	Align put/call options, amortization, capital reductions, and exit mechanics with the statutory period and bank acceptance.
Financial System	Investment flows must be channeled and documented through the Venezuelan financial system and applicable registrations.	Avoid parallel cash systems, undocumented set-offs, and stablecoins as substitutes for legal compliance or accounting.
Collection Outside Venezuela	Possible when permitted by the commercial, foreign-exchange, tax, sectoral, and OFAC framework.	Define ownership of revenue, withholding, transfer pricing, escrow arrangements, and the payment waterfall; do not simulate exports or divert public resources.

Topic	Formal Rule	Bankability Analysis
Foreign Government Deposit Funds Account (FGDF)	Certain natural-resource payments to blocked persons must be deposited into accounts held in custody in the United States.	Do not treat those accounts as enforceable collateral for the investor; verify deposit instructions and maintain a complete documentary record.

4.3 Taxes: Closing Dashboard

The model should be built entity by entity, cash flow by cash flow, and municipality by municipality. As an initial reference—not as tax advice—the general corporate income-tax rate reaches 34%, the standard value-added tax (VAT) rate is 16%, and the Tax on Large Financial Transactions (IGTF, from its Spanish acronym) may apply to payments in foreign currency or cryptoassets and to transactions involving designated special taxpayers; the applicable rate, tax base, and exemptions must be confirmed as of the signing and payment dates.

Area	Mandatory Questions Before Closing
Income Tax (ISLR, from its Spanish acronym)	Residence and permanent establishment; sector rate; depreciation; losses; withholding; dividends; interest; technical services; transfer pricing.
VAT	Taxable event; imports; exports; credit recovery/carryforward; exemptions; withholding by special taxpayers; cash-flow mismatch.
IGTF and Payments	Special taxpayer status; currency/cryptoassets; bank; set-off; gross-up; impact on payment waterfall and reserve accounts.
Municipal	Tax on economic activities; permanent establishment/local presence; attributable revenue; local withholding; real property and advertising.
Customs	Classification, valuation, origin, exemptions, temporary admission, spare parts, penalties, and importer-of-record status.
Payroll / Statutory Employer Contributions	Salaries, bonuses, food benefits, social security, housing, training, statutory profit-sharing, employee benefits, and expatriates.
Incentives / Special Economic Zones (SEZs)	Specific decree and contract; term; consideration; clawback of incentives; compatibility with sector legislation and stability provisions.

4.4 Labor, People, and Operational Continuity

- Budget for employment stability protections, indemnities, statutory profit-sharing, vacation, employee benefits, employer contributions, and the risk that contractors may be recharacterized as employees.
- Separate indexed compensation, per diems, and foreign-currency payments, with proper contractual and payroll support; do not assume that payment in U.S. dollars (USD) eliminates Venezuelan labor obligations.
- Plan for visas, work permits, tax residence, security, evacuation, and expatriate rotation.
- Implement succession planning, retention of technical talent, and knowledge transfer; continuity must not depend on a single individual with government relationships.

4.5 Integrity, Data, and Third Parties

- Enhanced due diligence on agents, intermediaries, customs brokers, carriers, communities, unions, and partners; written contracts, market-based fees, defined deliverables, and audit rights.
- Express prohibition on facilitation payments, political contributions, off-book funds, and subcontracting without approval.
- Maintain traceability of ultimate beneficial ownership and control, including subsequent changes; conduct ongoing sanctions screening, not merely onboarding checks.
- Map personal, operational, and geological data; server location, regulator access, cybersecurity, business continuity, and lawful cross-border transfer of information.
- Whistleblowing channel, investigation procedures, evidence preservation, and suspension rights; clauses must be operational, not ornamental.

5. Energy Sector Manual

OIL, GAS, PETROCHEMICALS, SERVICES, AND ELECTRICITY

The 2026 reform broadens the available forms of private participation and improves the sector's economic visibility. Even so, each project must simultaneously satisfy Venezuelan law and regulations, the specific contract or authorization, the applicable OFAC pathway, and the bankability of every payment.

5.1 Operating Models Under the 2026 Reform

Model	Economic Right	Critical Documents	Dominant Risk
State-Owned Enterprise / Subsidiary	Direct public-sector operation.	Decree, allocation, plan, service contracts, or offtake arrangements.	Sanctions, public-sector payment, and control.
Mixed-Ownership Company	State and private participation on project-specific terms.	Decree, bylaws, terms and conditions, business plan, licenses, and shareholders' agreements.	Governance, capital calls, marketing, dilution, and exit.
Venezuelan-Domiciled Private Company Contracting with a State-Owned Enterprise	Contractually authorized private operation with demonstrated technical and financial capacity.	Ministerial authorization, State contract, business plan, economic model, and guarantees/security.	Authority, term, renewal, title to hydrocarbons, and OFAC compliance.
Energy Services	Compensation based on services, availability, incremental production, or another permitted formula.	Scope, key performance indicators (KPIs), measurement, acceptance, tariff/fee, taxes, imports, and payment.	Risk of recharacterization as an investment or operating arrangement, payment default, and dependence on PDVSA.
Transportation and Storage / Refining and Distribution / Electricity	Infrastructure, processing, logistics, commercialization, or generation/transmission.	Sector permits, access, supply, offtake, tariff, environmental matters, land, and interconnection.	Feedstock, tariff, dispatch, payment, and cross-licensing requirements.

5.2 Petroleum Economics Under the 2026 Regulations

The Regulations establish an aggregate burden consisting of royalties plus the Integrated Hydrocarbons Tax (IIH, from its Spanish acronym), differentiated by project type; the specific rate must be incorporated into the applicable decree, resolution, or contract. Offshore projects and certain integrated projects may qualify for reductions of up to five percentage points, subject to the terms of their specific instrument.

Project Type	Reference Royalty + IIH	Modeling Comment
New Project	20%	Validate the definition, base date, committed investment, and loss of the benefit if the project scope changes.
Extra-heavy oil: diluted crude oil (DCO), DICOM (an acronym not defined in the Regulations), or upgraded crude	25%	Include diluent, quality, upgrading, logistics, and net realized price.
Existing Asset—Not Producing	30%	Agree the baseline, asset condition, legacy liabilities, and incremental production.
Existing Producing Asset	35%	Audit metering, natural decline, attributable costs, and baseline production.
Offshore	Up to 5 percentage points lower	Make the model conditional on a written decision granting the reduction and on the continued effectiveness of that reduction.
Integrated Processing / Refining Project	Up to 5 percentage points lower	Define the integrated perimeter, qualifying investment, and conditions for preserving the incentive.

Source: Regulations to the Organic Hydrocarbons Law, Article 43 and related provisions. Values must be confirmed in the project-specific instrument.

For new projects, the Regulations provide for an assigned income-tax rate of 34%. The model should reconcile that rate with the tax legislation, any authorized reductions, depreciation, losses, withholding, VAT, customs, IIH, and subnational taxes; never rely on a single effective tax rate without a tax bridge.

5.3 Rights That Must Be Expressly Documented

- Project perimeter, reserves/resources, facilities, easements, data, inventory, and the asset's initial condition.
- Term, extension, ability to perform the plan, and consequences of delay attributable to the authority or the State-owned enterprise.
- Business plan, budget, procurement, local content, imports, expatriates, and scope changes.
- Metering, quality, transfer point, losses, title to product, commercialization, and export.
- Collection account, payment waterfall, withholding, FGDF where applicable, audit, reconciliation, and dispute period.
- Economic-financial equilibrium for material adverse regulatory or tax changes, including a formula, time period, and remedy if no agreement is reached.
- Health, safety, and environment (HSE), legacy liabilities, remediation, abandonment and decommissioning security; insurance and contractor liability.
- Sanctions, change of control, force majeure, termination, compensation, orderly handover, data, and safe continuity.

5.4 Commercialization and Operational Control

The Regulations require ministerial authorization for exports and annual commercialization planning, submitted in advance and reviewed periodically. The contract should allocate responsibility for authorization, nominations, vessels, metering, quality, demurrage, sanctions screening, offtaker default, and destination substitution.

5.5 OFAC Pathway by Energy Activity

Activity	Available Pathway as of the Cut-Off Date	Key Limitation
Integrated Oil/Gas Operations	GL 50C for BP, Chevron, Eni, Maurel & Prom, Repsol, and Shell, including certain subsidiaries.	Not an open license for any investor; contract terms, payments, countries, and reporting requirements must be satisfied.
Purchase / Export of Crude Oil or Petrochemicals	GL 46D for U.S. entities established as of January 29, 2025, and for defined activities.	Destination scope, payment terms, exclusions, vessels, and reporting.
Sale of U.S.-Origin Diluent to Venezuela	GL 47B.	Requires commercially reasonable terms, an approved dispute-resolution forum, reporting, and compliance with exclusions; does not authorize blocked vessels.
Goods, Technology, and Services for Oil, Gas, and Electricity	GL 48C.	Does not authorize formation of new joint ventures or certain supplies; review origin and counterparty.
New Energy Investment	GL 49A permits due diligence, negotiations, and contingent contracts.	Performance requires separate OFAC authorization.
Broad Transactions with PDVSA by Established U.S. Entities	GL 52B.	Does not authorize debt/bonds/equity, settlements or enforcement of claims, or dealings with other blocked persons.
Specified Banking Services	GL 57 for certain blocked financial institutions and defined financial activities.	Does not unblock property or authorize the underlying transaction if that transaction remains prohibited.

OFAC Contracting Requirement

As of August 27, 2026, GLs 46D, 47B, 48C, 50C, 51C, 52B, 54B, and 61A no longer require the contract to be governed by the law of a U.S. jurisdiction. However, covered contracts with the Government of Venezuela, PDVSA, Minerven, or other specified blocked persons must provide for dispute resolution in the United States, the United Kingdom, France, or Singapore. This requirement applies to the direct contract with the blocked party and, as a general matter, not to indirect insurance, transportation, or other service contracts.

5.6 Banking and Collection Architecture

Layer	Recommended Design	Closing Evidence
Source	Identified offtake revenues, approved offtaker, and verifiable net price.	Sales/offtake agreement, know-your-customer (KYC) documentation, product specifications, pricing mechanism, and nomination procedures.

Layer	Recommended Design	Closing Evidence
Account	Permitted escrow or collection account; pre-agreed payment waterfall; operating-expense (OPEX) and debt reserves.	Account-control agreement, OFAC/foreign-exchange opinion, and bank acceptance.
Public-Sector / PDVSA Payment	Prepayment, permitted assignment of receivables, independent guarantee, or support from a creditworthy third party.	Authority, confirmation that the arrangement is not recharacterized as prohibited debt, perfection, and traceability.
FGDF	Comply with U.S. Department of State instructions and retain the complete deposit file.	Official account details, complete documentation, and reconciliation.
Contingency	Blocked account; substitution of bank, currency, or payment route only if lawful; orderly wind-down.	Operating protocol, contacts, deadlines, authorizations, and lender communications.

5.7 Electricity and Renewables

The electricity opportunity is concentrated in rehabilitation, distributed generation, industrial self-generation, transmission, storage, and services. Due diligence should confirm title, interconnection, dispatch, tariff, buyer, fuel, system access, environmental permits, and actual payment capacity. GL 48C covers specified goods, technology, software, and services for generation, transmission, storage, and distribution; GL 49A covers contingent contracts for new investment, but not their performance.

- Prioritize contracts with a creditworthy industrial customer or a diversified payment structure over dependence on a single public-sector offtaker.
- Define curtailment, availability, indexation, fuel-cost pass-through, losses, grid force majeure, and lender step-in rights.
- Avoid irreversible capital expenditure (CAPEX) until there is a confirmed interconnection point, permit, bankable power purchase agreement (PPA), and OFAC authorization to perform.

6. Non-Energy Sectors Manual

THE DECISIVE DISTINCTION IS THE COUNTERPARTY

Venezuela is not subject to a comprehensive territorial embargo. U.S. persons may generally conduct ordinary transactions with Venezuela's private sector provided that no blocked persons or prohibited conduct are involved; the Venezuelan Government and entities owned 50% or more by, or controlled by, the Government remain blocked.

Two Tracks

Private-to-private project: generally structured under ordinary legal rules, sanctions screening, and nexus controls. Project involving a ministry, State-owned enterprise, blocked bank, or public asset: OFAC authorization becomes a condition to viability and may extend only to negotiations, without permitting signing or performance.

6.1 Sector Opportunity and Entry-Gate Matrix

Sector	Investable Opportunity	Regulatory Gate / Dominant Risk	Entry Strategy
Agribusiness and Food	Inputs, irrigation, storage, cold chain, processing, packaging, and distribution.	Land/title, sanitary permits, imports, water, communities, and working capital.	Private platform, diversified offtake, controlled inventory, and supply-chain financing.
Manufacturing	Capacity rehabilitation, competitive import substitution, and regional exports.	Electricity, spare parts, customs, VAT, labor, and solvent demand.	Lease/phased operation, secured supply, hard-currency sales, and milestone-based CAPEX.
Healthcare and Pharmaceuticals	Distribution, manufacturing, diagnostics, hospitals, and cold chain.	Health registrations, pricing, public procurement, traceability, and quality.	Private-to-private first; ring-fence public tenders and confirm required authorizations.
Telecommunications and Digital	Fiber, data centers, cloud services, cybersecurity, payments, and enterprise services.	Concessions, data, cybersecurity, U.S.-origin equipment, and State counterparties.	Use GLs 24A/25 for ordinary communications, GL 61A for telecommunications supplies and services, and GL 62 for contingent investment contracts; keep the technical and contractual architecture segregated.
Logistics, Ports, and Aviation	Warehousing, equipment, services, last-mile delivery, and cold chain.	National Institute of Aquatic Spaces (INEA), airport authorities, customs, security, vessels, and blocked operators.	GL 30B may cover certain port/airport operations; verify the relevant asset and carrier.
Infrastructure / Public-Private Partnerships (PPPs)	Water, waste, roads, hospitals, housing, and urban services.	Public payment, authority, tariffs, expropriation, permits, and GL 56.	Contingent contract, revenue support, and no performance until specific OFAC authorization is obtained.
Financial Services / FinTech	Payments, lawful remittances, treasury, compliance, and supply-chain credit.	Local licensing, anti-money laundering (AML), correspondent banking, blocked banks, data, and currencies.	Prior bank validation; GL 57 applies only to its defined scope and does not legalize an otherwise prohibited underlying transaction.
Real Estate and Hospitality	Commercial assets, tourism, warehousing, and corporate housing.	Chain of title, occupants, zoning, utilities, taxes, and source of funds.	Asset acquisition through escrow, title indemnity, technical survey, and diversified private operation.
Professional Services	Engineering, technology, audit, education, and regional support.	Nexus with a public or blocked entity, export controls, collectability, and permanent establishment.	Modular scope, advance payment, objective acceptance criteria, and suspension rights.
Mining	Minerals, formalization, processing, logistics, and services.	Concession, provenance, environment, communities, supply-chain due diligence, and sanctions.	GL 51C/54B/55 depending on commercialization, supply, or investment; do not confuse permission to negotiate with authorization to perform.

6.2 Contracts with the State: The Bottleneck

GL 56 authorizes certain commercial negotiations with the Venezuelan Government, but both execution of the agreement and performance under it must remain expressly conditioned on separate OFAC authorization. Accordingly, a letter of intent or term sheet should not create any funding obligation, break fee, technology transfer, or advance performance beyond what the license permits.

- Express condition precedent: a specific OFAC license satisfactory to the investor, bank, and lender.

- No early performance: no mobilization, import, advance payment, access to controlled data, or commencement of work before authorization.
- Long-stop date and termination without liability if the license is denied, materially conditioned, or not issued.
- Allocation of preparation costs, confidentiality, ownership of studies, and return/destruction of information.
- Revalidate authority, budget, public procurement, the Office of the Attorney General (Procuraduría), governing law, and arbitration when moving from negotiation to performance.

6.3 Mining: Opportunity with Enhanced Due Diligence

The Organic Mining Law enacted in May 2026 provides for a system of concessions and partnerships with private participation under national oversight. The opportunity should not be assessed solely on geology and price: the asset requires a traceable historical chain of title, demarcation, community consultation and relations, lawful mineral provenance, an environmental plan, closure planning, security, and an auditable commercialization chain.

OFAC Pathway	What It Permits	What It Does Not Permit
GL 51C	Certain mineral commercialization, export, logistics, and due-diligence activities—including gold—by established U.S. entities.	Exploration, extraction, or a new joint venture outside the expressly authorized scope.
GL 54B	U.S.-origin or U.S.-participation goods, technology, software, and services for mineral operations.	Formation of new joint ventures; transactions excluded because of counterparty/country; failure to comply with reporting obligations.
GL 55	Negotiation and execution of contingent contracts for new mineral investment.	Performance of the investment without separate authorization.

6.4 Non-Energy Investment Selection Criteria

- Private or exportable revenues, with at least two material customers and limited dependence on public tariffs.
- Modular, reusable, or recoverable CAPEX; imported assets with a clear admission and ownership regime.
- Demand verified through actual collections, not merely a supply deficit.
- Contracted or redundant electricity, water, connectivity, security, and logistics.
- Sufficient margin to absorb taxes, banking friction, inventory carrying costs, delays, and compliance costs.
- Local team supported by institutional controls; no investment return should depend on an irreplaceable political intermediary.

7. Investment Protection, Arbitration, and Enforcement

7.1 Protection Is an Architecture, Not a Clause

The attached analysis gets the essential point right: the value of a right depends on the ability to collect on it. Robust protection combines five layers that should be designed before a dispute arises.

Layer	Objective	Minimum Deliverable
Treaty	Access to international standards and an international forum where valid treaty coverage exists.	Memorandum addressing nationality, control, the definition of investment, denial of benefits, temporal scope, and substance.
Contract	Allocate risk and create operational remedies.	Governing law and dispute-resolution forum compatible with OFAC requirements; stabilization; payments; sanctions; termination; indemnities; guarantees and security.
Corporate	Ring-fence liabilities and preserve control and continuity.	Holding company/SPV with substance, governance, reserved matters, transfer restrictions, put/call options, and deadlock mechanisms.
Financial	Collect before litigating and reduce accumulated exposure.	Escrow account, payment waterfall, prepayment, reserve account, guarantee/security, direct agreement, step-in rights, and financial covenants.
Enforcement / Insurance	Convert an award or political loss into actual recovery.	Map of commercial assets, specific waivers, favorable arbitral seat, political risk insurance (PRI), and a claims protocol.

7.2 Treaties: Structure Before the Dispute, Not After

Venezuela maintains a network of investment treaties with a range of States, but their status, scope, and survival provisions vary. The 2024 China–Venezuela bilateral investment treaty (BIT) has been in force since January 14, 2025; there is no bilateral United States–Venezuela BIT. The Netherlands–Venezuela treaty was terminated, so its survival clause and relevant dates can benefit only investments that satisfy the treaty's temporal requirements.

- Select the jurisdiction based on actual coverage, not reputation or label: investor nationality, control, the protected asset, excluded activities, tax carve-outs, irrevocable choice of forum, and consent to arbitration.
- Demonstrate economic substance, management, capital, personnel, and business purpose; avoid a convenience vehicle created once a dispute was already foreseeable.
- Align the holding-company–financing–operating chain with tax, OFAC, ultimate beneficial ownership, accounting, and corporate-governance requirements.
- Document investment decisions, expectations, permits, communications, and regulatory changes contemporaneously: real-time evidence is more persuasive than a later reconstruction.

7.3 Arbitration and Seat

Venezuela denounced the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention), with effect in 2012. That does not eliminate contractual arbitration or other avenues that an applicable treaty may offer. Venezuela is a party to the New York Convention, but recognition, sovereign immunity, and enforcement must be analyzed separately in each jurisdiction where assets may be located.

Decision	Selection Criterion
Governing Law	Compatibility with the applicable OFAC license; mandatory Venezuelan rules; predictability; interpretation of guarantees/security and immunities.

Decision	Selection Criterion
Rules / Institution	Experience with energy and State-related disputes, emergency arbitrators, consolidation, transparency, costs, and judicial scrutiny of awards.
Seat	Judicial support, standard for setting aside awards, interim measures, and compatibility with forums permitted by the relevant GL.
Language and Evidence	Bilingual documents, witnesses, experts, data room, privilege, and legalization requirements.
Enforcement	Location of commercial assets, sovereign reserves, State instrumentalities, separateness issues, and limitation periods.

7.4 Non-Negotiable Clauses

Clause	Minimum Content
Authority and Validity	Approvals, legal capacity and authority, no-conflict provisions, commercial character, budgetary support, and ratifications; continuous updating.
Payment	Currency, value date, account, gross-up, withholding, payment waterfall, default interest, suspension, acceleration, and evidence of available funds.
Sanctions	Dynamic definitions, continuing representations and warranties, sanctions screening, cooperation, licensing, blocking, substitution, orderly wind-down, and termination without unlawful conduct.
Change in Law / Economic Equilibrium	Material event, baseline, restoration formula, time period, expert determination, interim payment, and termination right.
Force Majeure	Exclude mere lack of funds; distinguish sanctions, governmental action, infrastructure failure, and regulatory change; require mitigation and limit extensions.
Guarantees and Security	Independent guarantee, escrow, letter of credit, parent guarantee, security package, direct agreement, and step-in rights, all reviewed for OFAC compliance.
Immunities	Consent to arbitration/jurisdiction; separate waiver of immunity from execution; identification of commercial assets and applicable-law limitations.
Termination	Events, cure period, compensation, formula, handover, data, personnel, environmental matters, inventory, accounts, and post-termination cooperation.
Audit / Transparency	Books and records, metering, costs, related parties, procurement, OFAC reporting, record retention, and regulator/lender access.

Collectability Test

Before approving the contract, the team should be able to identify: (1) a defined source of payment; (2) an authorized banking pathway; (3) a mechanism that caps accumulated exposure; (4) a guarantor or commercial asset against which recovery is realistically available; and (5) a jurisdiction in which enforcement is legally plausible. If any one of these elements is missing, the pricing must reflect the deficiency—or the project is not ready.

8. Due Diligence, Risk Matrix, and Exit Triggers

8.1 Enhanced Due Diligence by Workstream

Workstream	Minimum Tests
Sanctions	SDN screening and the 50 Percent Rule; de facto control; history; U.S. nexus; licenses; reporting; excluded countries; vessels; banks; export controls.
Corporate / Ultimate Beneficial Ownership	Registration, bylaws, shareholders, politically exposed persons (PEPs), source of wealth and source of funds, litigation, powers of attorney, control, related parties, and anticipated changes.
Title / Asset	Registry chain, concession/allocation, boundaries, liens, occupants, expropriations, nationalizations, and legacy claims.
Public Authority	Legal competence, decree/resolution, Office of the Attorney General (Procuraduría), budget, public procurement, publication, conditions, and invalidity risk.
Tax / Customs	Liabilities, audits, withholding, VAT, IGTF, municipal taxes, transfer pricing, imports, incentives, and contingencies.
Labor	Workforce, liabilities, contractors, unions, employment stability protections, social security, expatriates, and litigation.
Environment / HSE	Baseline, permits, legacy liabilities, emissions/discharges, communities, incidents, remediation, and closure.
Technical / Operational	Asset integrity, maintenance, reserves, production, inventory, spare parts, energy, water, connectivity, security, and realistic CAPEX.
Commercial / Financial	Customers, paid demand, offtake, price formation, receivables aging, banks, foreign currency, working capital, financial-obligation model, and scenarios.
Integrity	Agents, commissions, donations, procurement, cash payments, investigations, books and records, and controls.
Litigation / Arbitration	Case files, awards, interim measures, enforcement, creditors, State instrumentalities, sovereign liabilities, and settlement history.
Cyber / Data	Architecture, State access, incidents, backups, vendors, software licenses, personal data, and geological data.

8.2 Investment Committee Risk Matrix

Risk	Level	Manifestation	Mitigation	Do Not Approve If
Sanctions / Licenses	CRITICAL	Revocation, expiry, new designation, 50 Percent Rule issue, or bank rejection.	Legal opinion; conditions precedent; ongoing sanctions screening; orderly wind-down; exposure cap.	No authorization to perform or no bank willing to process.
Payment / Convertibility	CRITICAL	Payment default, remittance restrictions, non-enforceable FGDF account, currency mismatch.	Prepayment/escrow; reserve account; offtake; suspension; guarantee/security; payment waterfall.	Payment source is unidentified or purely budget-dependent.

Risk	Level	Manifestation	Mitigation	Do Not Approve If
Title / Authority	CRITICAL	Incomplete governmental act, incompetent authority, legacy expropriation issue, or lien.	Title opinion; ratification; registration condition; funded indemnity.	Chain-of-title or authorization defect cannot be cured.
Counterparty / State	HIGH	Political control, weak governance, capital calls, or related-party exposure.	Reserved matters; audit; direct agreement; guarantees/security; step-in rights.	Opaque ultimate beneficial ownership or inability to audit.
Regulatory / Tax Change	HIGH	New tax, withdrawal of an incentive, delayed regulation, or delayed permit.	Baseline; economic-equilibrium mechanism; gross-up; adjustment mechanism; long-stop date; phased CAPEX.	Negative economics under a reasonable stress case.
Enforcement / Immunity	HIGH	Award without reachable commercial assets or ineffective waiver.	Asset map; arbitral seat; separate waivers; security outside Venezuela; PRI.	Remedy depends solely on immune sovereign assets.
Integrity / AML	CRITICAL	Undisclosed PEP/SDN, unusual commission, cash, or unverified source of funds.	Enhanced due diligence; audit; third-party approval; reporting channel; termination; disclosure requirements.	Control or funds cannot be verified.
Environment / Communities	HIGH	Legacy liability, local conflict, unfunded closure, or HSE incident.	Baseline; consultation; plan; insurance; abandonment escrow; periodic reporting.	Liability cannot be quantified or the environmental permit is invalid.
Infrastructure / Operations	HIGH	Failure of electricity, water, spare parts, security, logistics, or talent.	Redundancy; inventory; maintenance; self-generation; KPIs; continuity planning.	No costed solution exists for a critical input.
Tax / Municipal	MEDIUM	Withholding, tax audit, trapped VAT credits, or inherited liabilities.	Tax model; certification; indemnity; reserve; gross-up; compliance calendar.	Contingency exceeds the reserve or cannot be reflected in price.
Labor	MEDIUM	Hidden liabilities, collective dispute, or recharacterized contractors.	Audit; retention/holdback; compliance; indemnity; orderly transition.	Critical workforce cannot be operated lawfully or reliably.
Geopolitical / Security	HIGH	Violence, contested legitimacy, or U.S.–third-country tensions.	Scenario planning; evacuation; insurance; modular CAPEX; termination/suspension.	Physical risk cannot be mitigated or insurance coverage is lost.

8.3 Red Flags Requiring the Transaction to Stop

- The counterparty refuses to disclose ultimate beneficial ownership, control, or its relationship with a public or blocked entity.
- The payment route requires a false description, a non-contracting third party, a personal account, untraceable cash, or circumvention of sanctions screening.
- The project is asked to mobilize, import, transfer technology, or make payments before an authorization that currently permits negotiation only.
- The asset derives from an expropriation, occupation, or revoked concession without a defensible chain of title and claims strategy.

- The contract relies on a political promise that is not reflected in a decree, license, budget, guarantee, or account structure.
- The bank will not confirm that it will process the transaction even after reviewing the legal opinion.
- Returns depend on a rate, exemption, permit, or export authorization that has not been granted in writing.
- The only security is a sovereign cash flow or asset protected from execution, including FGDF funds.
- There is no environmental closure plan, baseline assessment, or allocation of legacy liabilities.
- An irreplaceable intermediary controls permits, payments, or critical relationships and rejects integrity controls.

9. 100-Day Roadmap

The sequence is designed to minimize sunk cost before binary risks are resolved. Each phase ends with a formal decision to proceed, redesign, or abandon the project.

Phase	Days	Workstream	Deliverable / Decision Point
0. Screen-Out Filter	0–10	Counterparty, activity, U.S. nexus, OFAC, preliminary title, payment source, and security.	5–10 page memorandum: authorized / contingent / prohibited / specific license required.
1. Feasibility	11–25	Technical model, market, tax, scenarios, vehicle, treaty, and preliminary bank analysis.	Base case/adverse case model; target structure; list of conditions precedent; valuation range.
2. Due Diligence and Permits	26–50	Data room; legal/title/tax/HSE/integrity review; permitting pathway; OFAC application where applicable.	Red-flag report; authorization matrix; remediation plan; preliminary opinion.
3. Documentation	51–75	Final term sheet, contracts, guarantees/security, insurance, account structure, governance, and exit.	Conditional signing package; closed issues list; lender and bank acceptance.
4. Closing	76–90	Satisfaction of conditions precedent, funding, registrations, perfection, permits, and initial reporting.	Closing file; funds-flow memorandum; compliance certificate; authorization to commence operations.
5. Controlled Operations	91–100+	First payment/sale, reconciliation, OFAC reporting, KPIs, audit, and contingency test.	Monthly dashboard; default protocol; regulatory calendar; 12-month plan.

9.1 Minimum Responsibilities

Responsible Party	Non-Delegable Decision
Investment Committee	Risk appetite, exposure cap, capital milestones, exceptions, and rejection assumptions.
Venezuelan Legal Counsel	Authority, vehicle, title, permits, sector regulation, labor, tax, and local enforcement.
Sanctions Counsel	Nexus, GL/specific license, 50 Percent Rule, payments, reporting, orderly wind-down, and changes.
Tax / Finance	After-tax model, funds flow, investment registration, foreign exchange, withholding, financial obligations, and repatriation.
Technical / HSE	Baseline, integrity, CAPEX, production/service, environment, closure, safety, and continuity.
Compliance	Ultimate beneficial ownership, PEPs, third parties, AML, anti-corruption, sanctions screening, and evidence retention.

Responsible Party	Non-Delegable Decision
Bank / Insurer	Actual acceptance of the payment flow, accounts, jurisdictions, collateral/security, and coverage; do not infer acceptance.

9.2 Monthly Board Dashboard

- OFAC licenses: validity, changes, reporting, and out-of-pattern transactions.
- Venezuelan permits: status, renewal, compliance, and regulatory communications.
- Collections: days sales outstanding (DSO), exposed balance, account, withholding, deviations from the payment waterfall, and concentration.
- CAPEX / production / service: progress, variance, availability, failures, and future commitments.
- Counterparty: control, SDN/PEP status, litigation, creditworthiness, related parties, and governance changes.
- HSE / communities: incidents, liabilities, grievances, closure, and insurance coverage.
- Taxes / foreign exchange: obligations, audits, credits, remittances, and multi-currency position.
- Exit: recoverable value, movable assets, termination rights, insurance, and buyer potential.

> **Final Decision**
>
> Venezuela can be investable in 2026, but not on the assumption that normalization will continue. It becomes investable when a project converts sovereign uncertainty into conditions precedent, capped exposure, controlled cash flows, auditable obligations, and enforceable remedies. Structural discipline is worth more than any entry discount.

Annex A. Practical OFAC General License Map

Informational summary as of August 31, 2026. OFAC updated the Venezuela program on August 27 through GLs 46D, 47B, 48C, 50C, 51C, 52B, 54B, and 61A; issued GL 62 on August 21; and added Bluwaves Properties Limited to the SDN List on August 18. The official version, any amendment or revocation, the FAQs, and the SDN List should be checked immediately before each transaction.

License	Area	Generally Authorizes	Key Limitation / Alert
GL 5Y	PDVSA 2020 Bond	Beginning September 17, 2026, authorizes transactions, financing, and other dealings involving the 8.5% PDVSA 2020 bond.	Does not authorize transactions before that date or any other prohibited transactions.
GL 24A	Telecommunications / Mail	Certain transactions ordinarily incident to telecommunications and mail involving persons blocked solely pursuant to Executive Order 13884.	Does not cover other blocking authorities and does not, by itself, authorize all telecommunications investment.
GL 25	Internet	Certain services, software, and hardware incident to internet-based communications.	Review export controls, end user, and the precise activity involved.
GL 30B	Ports / Airports	Certain transactions ordinarily incident to the use of ports and airports involving the Government of Venezuela/INEA.	Does not authorize dealings with other blocked persons or an otherwise prohibited underlying transaction.
GL 35	Administrative Payments	OFAC FAQs recognize certain necessary ordinary administrative payments—taxes, fees, permits, and utilities—within the authorized scope.	Do not turn an administrative payment into financing or another benefit outside the licensed scope.

License	Area	Generally Authorizes	Key Limitation / Alert
GL 46D	Crude Oil / Petrochemicals	Lifting, export, sale, storage, transportation, and refining of crude oil by an established U.S. entity, subject to specified conditions.	Date of establishment, destinations, FGDF account, dispute-resolution forum, excluded countries/vessels, and reporting requirements.
GL 47B	Diluent	Sale, supply, storage, delivery, and transportation of U.S.-origin diluents to Venezuela.	Commercially reasonable terms, permitted dispute forum, excluded parties/vessels, and reporting every 90 days after the initial report.
GL 48C	Energy Supplies	Goods, technology, software, and services for oil, gas, petrochemicals, and electricity.	Does not authorize new joint ventures; goods and counterparty exclusions apply, and reporting is required.
GL 49A	New Energy Investment	Due diligence, negotiations, and contingent contracts.	Performance requires separate authorization.
GL 50C	Energy Operations	Integrated operations by the six companies listed in the annex and covered subsidiaries.	Not a general license for third parties; payment, contract, country, and reporting requirements apply.
GL 51C	Mineral Commercialization	Commercialization/export/logistics and due diligence for minerals by an established U.S. entity.	Does not authorize exploration, extraction, or a new joint venture.
GL 52B	PDVSA	Defined transactions by established U.S. entities with PDVSA, including new investment/joint ventures within the licensed scope.	Excludes debt, equity/bonds, claims, and other blocked persons.
GL 54B	Mining Supplies	Goods, technology, software, and services for mineral operations.	Does not authorize new joint ventures; dispute-forum, payment, counterparty, and reporting requirements apply.
GL 55	New Mining Investment	Due diligence, negotiations, and contingent contracts.	Performance requires separate authorization.
GL 56	Government Contracts	Certain commercial negotiations with the Government.	Signing and performance must remain conditioned on separate authorization.
GL 57	Banking	Financial services involving certain blocked financial institutions and their covered entities.	Does not unblock property or legalize a prohibited underlying transaction; AML obligations continue to apply.
GL 58	Sovereign / PDVSA Debt	Legal, financial, and consulting services relating to a potential restructuring.	Does not authorize restructuring, settlement, or direct negotiations with creditors outside the licensed scope.
GL 59	Aviation / Conviasa	Goods, technology, software, and services for the maintenance, repair, improvement, safety, and airworthiness of aircraft associated with Conviasa.	Excludes military or intelligence operations, other blocked persons, and transactions outside the licensed scope.
GL 60	Earthquake Relief	Transactions related to earthquake-relief efforts in Venezuela through 12:01 a.m. Eastern Daylight Time on October 23, 2026.	Temporary authorization; does not unblock property or cover other prohibitions.
GL 61A	Telecommunications Supplies	Goods, technology, software, and services to install, maintain, repair, modernize, operate, or support telecommunications, including transactions involving the National Telecommunications Commission (CONATEL) and Compañía Anónima Nacional Teléfonos de Venezuela (CANTV).	Does not authorize new joint ventures or investment; requires a permitted dispute forum, compliance with exclusions, and reporting.

License	Area	Generally Authorizes	Key Limitation / Alert
GL 62	New Telecommunications Investment	Due diligence, negotiation, and entry into contingent contracts for new investment, expansion, and new sector businesses.	Performance requires separate OFAC authorization; country and blocked-property exclusions apply.

Cross-Cutting Conditions Most Often Overlooked

- "Established" entity: several GLs limit eligibility to U.S. entities formed on or before January 29, 2025.
- FGDF account: royalties and other monetary payments to blocked persons must follow the Treasury-directed route; local taxes, permits, and fees are excepted. GL 50C requires oil and gas taxes and royalties paid to the Government, PDVSA, or their subsidiaries to follow that route.
- Commercial terms: transactions must be conducted on commercially reasonable terms and may not be used as a disguised debt swap or to engage in other excluded conduct.
- Counterparties / countries: special restrictions affect Russia, Iran, North Korea, Cuba, and specified China-related nexuses; review control, not merely nominal nationality.
- Governing law and dispute forum: as of August 27, 2026, these GLs no longer require U.S. governing law, but they do require dispute resolution under the covered direct contract to occur in the United States, United Kingdom, France, or Singapore.
- Reporting: some GLs require an initial report within 10 days and subsequent reports every 90 days; GL 51C requires reports every 30 days. Assign responsibility, maintain a calendar, and preserve supporting records.
- No unblocking: a GL does not unblock property unless it expressly says so; nor does it authorize transactions involving another blocked person.
- Banks: OFAC may authorize a transaction and a bank may still decline it under its own risk policy; bank acceptance is a separate commercial condition.

Annex B. Investment Committee Checklist

	Area	Required Confirmation
☐	Strategy	The investment thesis identifies the competitive advantage, paid demand, time horizon, adverse scenario, and exit.
☐	Counterparty	Identity, control, ultimate beneficial ownership, PEP/SDN status, 50 Percent Rule exposure, solvency, and authority verified.
☐	OFAC	Each activity and payment is authorized; legal opinion, GL/specific license, exclusions, reporting, and orderly wind-down are documented.
☐	Bank	Receiving/correspondent bank and lender accept the proposed payment pathway and documentation.
☐	Title	Asset, concession, permit, easement, lien, occupancy, and legacy liabilities validated.
☐	Vehicle	SPV, branch, or Venezuelan corporation; capital, governance, substance, ultimate beneficial ownership, and consolidation treatment defined.
☐	Foreign Investment	Registration, value, currency, timetable, holding period, rights, and incentives documented.
☐	Tax	After-tax model by cash flow and municipality; withholding, VAT, IGTF, customs, and contingencies included.
☐	Payment	Source, currency, account, payment waterfall, withholding, reserve, default, guarantee/security, and maximum exposure defined.
☐	Contract	Authority, governing law and dispute forum, sanctions, change in law, force majeure, audit, termination, and orderly handover defined.
☐	Arbitration	Seat, rules, language, interim measures, and OFAC compatibility assessed.
☐	Immunities	Separate waivers and map of enforceable commercial assets; FGDF funds excluded from the recovery case.
☐	Treaty	Coverage, temporal scope, substance, anti-abuse, and tax/OFAC consistency confirmed.
☐	Integrity	Third parties, commissions, procurement, payments, source of funds, and auditable controls reviewed.
☐	HSE	Baseline, permits, liabilities, communities, insurance, remediation, and closure fully costed.
☐	Operations	Energy, water, talent, spare parts, connectivity, security, and continuity addressed.
☐	Insurance	Property, liability, business interruption, environmental, transportation, and PRI coverage quoted.
☐	Capital	Milestone-based disbursements; exposure cap; no irreversible CAPEX before binary permits are secured.
☐	Exit	Put/call options, sale, transfers, capital reduction, licensing, orderly handover, and potential buyer identified.
☐	Governance	Dashboard, license owner, revalidation process, escalation protocol, and rejection assumptions approved.

Committee Decision

Outcome	Use
APPROVE	All critical risks have an accountable owner, funded mitigation, a closing condition, and supporting evidence.
CONDITIONAL APPROVAL	Only objective, measurable, time-bound conditions remain; no disbursement occurs beforehand.
REDESIGN	The opportunity exists, but the vehicle, counterparty, payment structure, license, or project perimeter must change.
DO NOT APPROVE	Unauthorized activity, opaque title/ultimate beneficial ownership, no accepting bank, unidentified payment source, or an illusory remedy.

KRESTON VENEZUELA | EDICIONES
SELLO EDITORIAL

DOING BUSINESS IN VENEZUELA

2026

A Strategic Guide for Domestic and Foreign Investors

Updated as of August 31, 2026

EDICIONES
KRESTON VENEZUELA

ISBN
978-980-8208-00-9

Digital publication · Edition 1.0

ISBN: 978-980-8208-00-9