

March 2019

MS  **Amlin**

Venezuela Sanctions



Effects of the US sanctions against Venezuela

With effect from 28 January 2019, United States (US) Executive Order 13857 extended the definition of the “Government of Venezuela”, as set out in Executive Order 13850, to include the Venezuelan state owned petroleum company Petroleos de Venezuela, S.A. (PdVSA). The designation of PdVSA as a Specially Designated National (SDN) includes any entity in which PdVSA owns, directly or indirectly, a share equal to 50 percent or greater (further references to PdVSA should be read to include such entities as well).

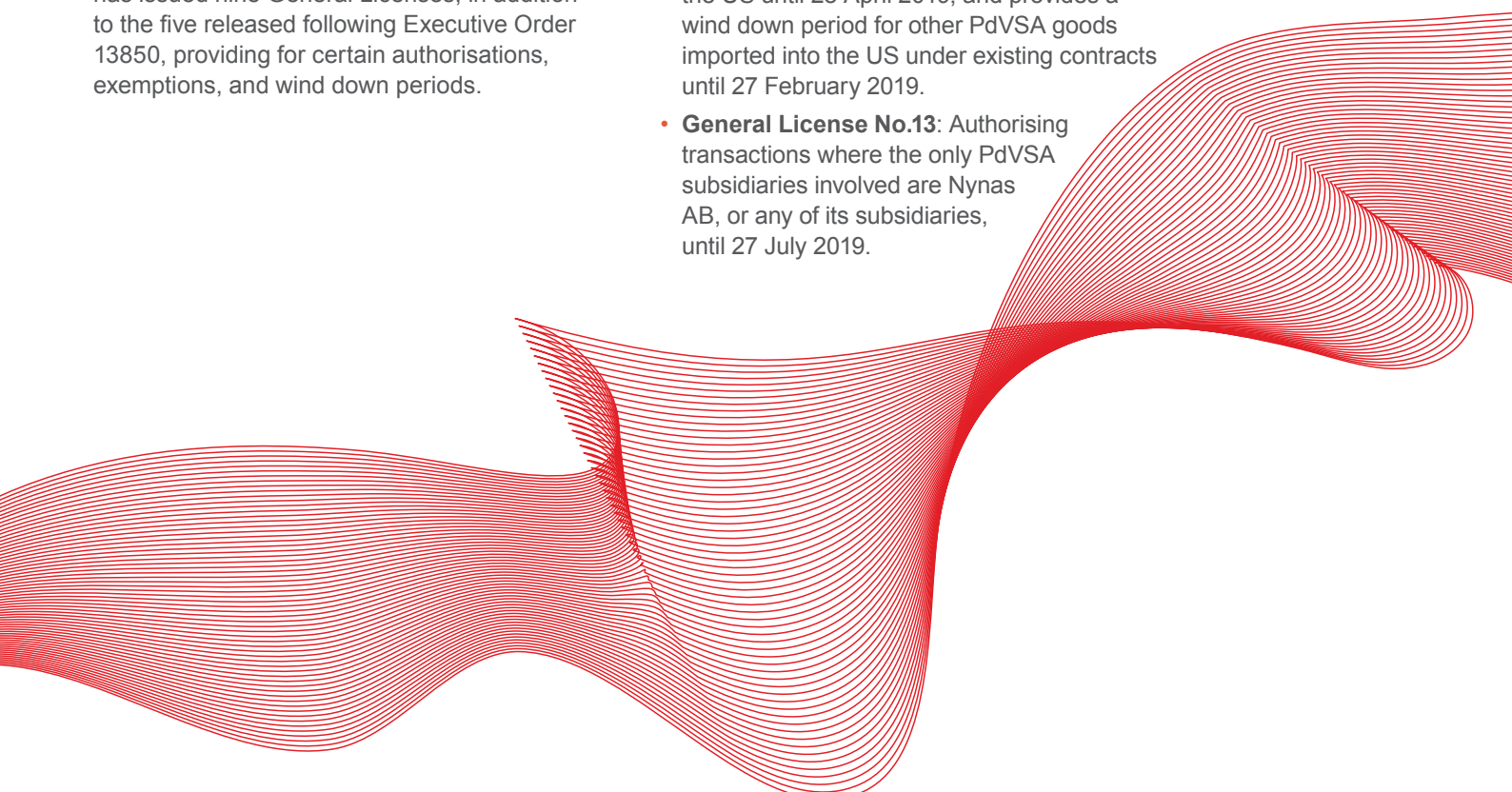
Executive Order 13857 effectively:

- Prohibits involvement of US Persons in transactions with PdVSA,
- Blocks all PdVSA property, and interests in property, subject to US jurisdiction,
- Blocks all PdVSA property which comes into US jurisdiction, or within possession or control of any US Person, and;
- Prohibits blocked property from being paid on, exported, withdrawn or otherwise dealt with.

Since the release of Executive Order 13857, the US Office of Foreign Assets Control (OFAC) has issued nine General Licenses, in addition to the five released following Executive Order 13850, providing for certain authorisations, exemptions, and wind down periods.

The most relevant ones include:

- **General License No.7:** Authorising transactions where the only PdVSA subsidiaries involved are PDV Holding Inc., CITGO Holding Inc. or any of their subsidiaries, until 27 July 2019.
- **General License No.11:** Provides a wind down period for PdVSA transactions involving US Persons working for Non-US entities located in a country other than Venezuela or the US.
- **General License No.12:** Authorises the importation of PdVSA petroleum products into the US until 28 April 2019, and provides a wind down period for other PdVSA goods imported into the US under existing contracts until 27 February 2019.
- **General License No.13:** Authorising transactions where the only PdVSA subsidiaries involved are Nynas AB, or any of its subsidiaries, until 27 July 2019.



UK & European Union:

The EU has not imposed any new sanctions on the Government of Venezuela but has renewed targeted restrictive measures up until 14 November 2019, originally implemented in November 2017. These include an embargo on arms and on equipment for internal repression, as well as a travel ban and an asset freeze on 18 individuals holding official positions in Venezuela.

The UK Government's Foreign and Commonwealth Office issued a notice on 1 February 2019 confirming that in the event that there is a "no deal" Brexit, the UK will implement UN sanctions in UK domestic law and intends to carry over all EU sanctions at the time of the UK's departure via new legislation.

Effect of the extended Venezuela sanctions

The US sanctions have no extra-territorial effect, applying to US Persons only. Although MS Amlin does not fall within the definition of "US Person", our Assureds should be aware that:

- i) A Non-US Person should not be involved in transactions related to the import into the US of petroleum or petroleum products from PdVSA after the 28 April 2019 wind down period (General License No.12).
- ii) A Non-US Person should not be involved in transactions related to the import of other PdVSA products into the US, or export of other products from the US to PdVSA after the 27 February 2019 wind down period (General License No.12).
- iii) A Non-US Person making or receiving a PdVSA related payment in USD or through the US financial system would bring the transaction under US jurisdiction, even if the cargo is not being carried to or from the US.
- iv) A Non-US Person should not assist or facilitate a US Person (i.e. an employee) in contravening measures applicable to US Persons.

In general, a non-US Person can continue to trade with PdVSA as long as cargo is not being shipped to or from the US and payments are not made through the US financial system. Assureds trading with PdVSA or its subsidiaries are therefore advised to follow thorough due diligence investigations and ensure that their contracts contain appropriate sanctions clauses.

Whilst MS Amlin is not generally subject to US sanctions, we have an obligation to ensure that we are not causing a US Person to breach sanctions that apply to them. All risks with a Venezuelan nexus must therefore be referred to the MS Amlin to review and approve prior acceptance.

MS Amlin will continue to monitor developments from the US, EU, UK or UN regarding Venezuela risks.

In case of doubt about current or future Venezuelan risk please do not hesitate to approach your underwriter.

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