

TRAVIESO EVANS ARRIA RENGEL & PAZ

VENEZUELAN LEGAL AND ECONOMIC NEWSLETTER

JANUARY 2011

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Maracaibo

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2-12. Avenida 3C con
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Lago.

Valencia

Torre Movilnet, Piso 7,
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No. 3. Avenida Paseo
Cabriales.

Puerto la Cruz

Torre Banco Venezolano
de Crédito (BVC), Piso 6,
Oficina 6-J, Avenida
Intercomunal,
Sector Las Garzas.

Maturín

Centro Comercial
Petrorient (CCP), Nivel
Oficinas 1,
Oficina 01-N, Ala Norte
Pasillo Amarillo,
Avenida Alirio Ugarte
Pelayo.

Energy

Through a resolution published in Official Gazette dated January 25, 2011, the Ministry of the Popular Power for Energy and Petroleum delimited the geographical area of the mixed company to be organized between the Corporación Venezolana de Petróleo and Petropars Uk Limited. The area to be delimited is formed by the field called Dobokubi, with an area of 353.15 square kilometers, located in the Municipalities of San José de Guanipa, Independencia, and Pedro María Freites of the State of Anzoátegui.

Control Exchange

The National Executive and the Venezuelan Central Bank entered into new Exchange Agreement N° 15. According to said Exchange Agreement, the rate of exchange of Bs. 2.60 per dollar will be applied to the items listed below for which an Authorization for Acquisition of Foreign Currency (AAD) was already issued before December 31, 2010.

- a) imports for the food and health sectors;
- b) payments of expenses of students engaged in academic activities abroad;
- c) payments of expenses for recovery of health, sports, culture, scientific research, and other cases that require special urgency, in the judgment of CADIVI;
- d) payments to retirees and pensioners abroad;

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An Official Notice that amends the content of article 2 of said Exchange Agreement was published in the Official Gazette of January 27. Said amendment includes a paragraph first in said article, which establishes that the same rate of exchange of BsF. 2,60 per dollar will be applicable to the transactions of sale of foreign currency corresponding to AAD filed with CADIVI before December 31, 2010, for the items listed in letters a, b, and c above.

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Banking

On January 14, 2011, a Ruling of the *Fondo de Protección Social de Depósitos Bancarios* (FOGADE) issued the Rules for Liquidation of Institutions of the Banking Sector and Related Legal Persons. The Ruling specially mentions the situation of the workers of bank institutions, as well as the possible transfer of assets and liabilities among institutions, with the prior agreement of FOGADE's President. Likewise, if there exist risks of damages to the patrimony of the institution, the interested persons may request from the competent authorities

that they refrain from registering or authenticating documents intended to alienate or encumber such patrimony.

The Rules that Regulate the Use of the Electronic Banking Services were published on January 19, 2011. The new Rules are addressed to the Banks and other Financial Institutions that offer banking services and products authorized by the Superintendence of Banks and other Financial Institutions to their clients, through the Electronic Banking.

Tax

A Presidential Decree was published on January 4, 2011. Said Decree allows the importation of 1,000 vehicles for transportation of goods and people, without payment of Value Added Tax, by the agencies or entities of the Public Administration, which vehicles will be intended exclusively for the maintenance, checking of faults, inspection, and supervision of the National Electric System.

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Capital Market

A Resolution issued by the National Securities Superintendence was published on January 3, 2011. Said Resolution contains the Rules Relating to the Public Offering and Placement of Securities and Publication of the Issues, and defines the parties related to the offers and placement of securities, as well as the processes necessary for said issues.

The Rules issued by the National Securities Superintendence relating to the duties and contributions to be paid by the persons submitted to the control of said Superintendence were published in the Official Gazette of January 11. The purpose of said Rules is to fix a special annual contribution intended for the payment of maintenance, technical services, arbitrators' fees, among other things related to the

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maintenance of the Superintendence. It is important to mention the obligation imposed on the persons authorized to make a public offer of securities, and whose securities are registered with the Registry of National Securities, to pay 1.5% of the amount of the issuance. Said Rules also refer to the time at which said contributions are to be paid. The Rules became effective upon their publication in the Official Gazette.

On January 13, 2011, the National Securities Superintendence authorized PDVSA to issue obligations for up to the amount of \$ 3,000,000,000.00, which will be placed in the primary market at the rate of exchange of BsF. 4.30 / US\$

and maturity of 5, 6 and 7 years.

The Regulations for Registration, Negotiation, and Realization of Securities on the Bicentenary Public Stock Exchange was published in the Official Gazette of January 24, 2011. Said Regulations establish the formalities to be met in order to register securities with the Bicentenary Public Stock Exchange, as well as the financial information to be periodically provided to the Stock Exchange by those who have registered securities with the same. The Regulations also refer to the types of transactions to be performed, the operation of the sessions, the types of markets to be handled, and the negotiation parameters to be used.

Miscellaneous

Through Ruling published in Official Gazette dated January 10, 2011, the National Institute of Ground Transportation (*Instituto Nacional de Transporte Terrestre* - INTT) issued the Venezuelan Manual for Standard Devices for Traffic Control. The purpose of these regulations is to standardize the criteria for the design, placement, and correct use of the several devices for traffic control, taking into consideration the most important technological improvements in relation to materials, equipment, and manufacture.

The Decree with the Status, Value and Force of Special Law on Decent Shelters for the Protection of People in cases of Emergencies or Disasters was published in Official Gazette of January 21, 2011. The purpose of said Decree is to regulate the co-responsible action of the people and the Government for the construction, enabling, conditioning, organization, integral attention, and management of the shelters in all of the national territory, with the purpose of protecting people in the cases of emergencies or disasters.

The Presidential Decree with the Status, Value, and Force of Law for Attention to the Agricultural Sector was published in the Official Gazette of January 27, 2011. Said Law is intended to guarantee the well-

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being of the persons affected by the rains, as well as their incorporation into social development. It provides for the remission and restructuring of debts by the public and private banking sector. Also, an emergency agricultural fund is created.

The National Service of Administration and Transfer of Attached, Seized, and Confiscated Property was created by Presidential Decree published on January 26, 2011. The service is assigned to the National Anti-drug Office (*Oficina Nacional Antidrogas* - ONA). This entity will be in charge of the planning, organization, functioning, administration, disposition, realization, transfer,

custody, inspection, monitoring, procedures and control, inside and outside the country, of the personal and real property, capital, vessels and aircraft, automotive vehicles, works of art and jewelry, livestock, assets and cash at banks, stock and rights assigned by the criminal courts of the country, according to the law that governs drug matters.

The Presidential Decree with the Status, Value, and Force of Law on Emergency for Pieces of Land and Housing was published in the Official Gazette of January 29, 2011. The purpose of said Law is the creation of mechanisms to face the housing unit deficit in the national territory, assuring first the provision of housing units for the families at vital risk that do not have a house of their own or for young couples. By virtue of said Decree, public and private pieces of land or real property may be assigned to that end. Also, the National Executive may decree housing emergency areas.

Caracas, February 11, 2011.

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NOTE: THIS NEWSLETTER SHOULD NOT BE CONSTRUED AS LEGAL ADVICE ON ANY SPECIFIC MATTER, AND ITS CONTENTS ARE INTENDED AS A MANAGEMENT ALERT AS TO CURRENT DEVELOPMENTS IN VENEZUELA. ANY SPECIFIC LEGAL QUESTIONS REGARDING THE POSSIBLE APPLICATION OF NEW OR PROPOSED LEGISLATION TO PARTICULAR SITUATIONS SHOULD BE ADDRESSED TO TRAVIESO EVANS ARRIA RENGEL & PAZ.

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