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Introduction

The National Securities Superintendence issued Resolution N° 021, published in Official Gazette of November 14, whereby it was resolved to authorize Petróleos de Venezuela, S.A., (PDVSA) to act in the securities market as issuer of obligations for an amount of up to Three Billion Dollars of the United States of America (US\$. 3,000,000,000.00), to be placed through the System of Primary Placement of Securities in Foreign Currency (*Sistema de Colocación Primaria de Títulos en Moneda Extranjera* - "SICOTME"), according to what PDVSA's Board of Directors approves.

Also, the National Securities Superintendence issued Resolution N° 196, published in Official Gazette of November 22, whereby PDVSA was authorized to act in the securities market as issuer of PDVSA bond 2021, for an amount of up to Three Billion Dollars of the United States of America (US\$. 3,000,000,000.00), annually, equally, and consecutively amortizable in years 2019, 2020, and 2021, in order to make an exchange offer addressed to the Venezuelan Central Bank and to PDVSA's pension and investment funds and approximately 20% of the total issue will be sold to the Venezuelan Central Bank, according to what PDVSA's Board of Directors approves.

Energy

A Joint Resolution issued by the Ministries of the Popular Power for Planning and Finances and for Basic

Industries and Mining was published in Official Gazette of November 21. Said Resolution establishes the mechanisms for the transitory application of the Decree with the Status, Value and Force of Organic Law that Reserves to the State the Activities of Exploration and Exploitation of Gold, as well as their Connected and Ancillary activities, with respect to the control and auditing of the royalty and the special advantages and the application of the tax regime up to the time when the National Gold Superintendence is organized.

Through Resolution published in Official Gazette of November 29, a geographical area of the State of Zulia was delimited in order for the performance of the primary activities prescribed in article 9 of the Organic Hydrocarbons Law by the Mixed Company to be organized by Corporación Venezolana del Petróleo ("CVP") and Odebrecht E&P España, Sociedad Limitada, after the National Executive transfers to it the right to perform said activities.

Banking and Finance

The Venezuelan Central Bank ("VCB") issued an official notice that establishes the interest rates for the indemnity for seniority (18.28% and 16.39%), the interest rate for acquisition of vehicles under the "balloon" payment method (18.28%), the interest rates for transactions with credit cards (29% and 17%) and for credit transactions intended for the tourism sector (12%). This notice was published in the Official Gazette of November 10, 2011.

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Presidential Decree N° 8.585 issued by the President of the Republic was published in Official Gazette of November 14. Said Decree authorizes the creation of Funds in the Bank Institutions of the Public Sector for purposes of financing the acquisition and repair of housing units for lessees and for small lessors that reoccupy their property. This Decree became effective on the day following that of its publication in the Official Gazette.

The public and private institutions of the banking sector will be under the obligation to grant long-term mortgage loans, chargeable to the Mandatory Mortgage Portfolio, for the acquisition of each and every real property totally or partially built with short-term loans granted by each of them with resources from said portfolio. The aforesaid obligation was established in Presidential Decree N° 8.628, published in Official Gazette of November 28.

Exchange Control

On November 2, 2011, the Constitutional Chamber of the Supreme Tribunal of Justice sustained the appeal for constitutional review filed against decision N° 602 of the Civil Cassation Chamber of the Supreme Tribunal of Justice (Case: Oferta Real Motorvenca v. Banco de Venezuela) issued on October 29, 2009. Following are the most significant points of the decision: a) In the contracts agreed in foreign currency and payable within the country, entered into before the current foreign exchange control regime, debtor may be released from his/her obligation by making the payment of an equivalent amount in legal currency, at the official rate of exchange in effect on the date of payment; b) The existence of a parallel market of foreign currency is

disallowed and it is understood as an appeal for committing a punishable act.

Four Administrative Rulings of the VCB were published in Official Gazette of November 11, which will enter into force on January 1, 2012. They establish the Rules Relating to the Transactions in the Foreign Currency Market, as well as new general rules of operation of the System of Transactions with Securities in Foreign Currency (*Sistema de Transacciones con Títulos en Moneda Extranjera* - "SITME"). In our web page www.traviesoevans.com there is a summary of the most significant provisions of said Resolutions. Likewise, in the following link <https://rusitme.extra.bcv.org.ve/RUSITME/>, you may find the Instructions to accomplish the Registration of Users of the System of Transactions with Securities in Foreign Currency (RUSITME).

Tax

Administrative Ruling N° 00071 of the National Integrated Service of Customs and Tax Administration ("SENIAT") was published in Official Gazette of November 8. Said Ruling establishes the provisions that govern the issue of invoices, delivery orders or waybills, debit notes, credit notes, and certificates of exempted fiscal debit, in accordance with the rules that regulate the national taxation attributed to the SENIAT. Its content will be applied to (i) unincorporated legal persons and economic entities, (ii) natural persons with annual income exceeding 1,500 Tax Units, (iii) natural persons with annual income equal to or lower than 1,500 Tax Units who are regular payers of Value Added Tax ("VAT"), and (iv) natural persons with annual income equal to or lower than 1,500 U.T. who are not

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regular payers of the VAT, only when they issue invoices that are to be used as an evidence of disbursement by the acquirer of the good or receiver of the service, according to the provisions of the Income Tax Law. This Administrative Ruling became effective upon its publication in the Official Gazette. It repeals Administrative Ruling N° 0257, which established the General Rules for Issue of Invoices and Other Documents, dated August 19, 2008.

The Partial Regulations to the Organic Law of Science, Technology, and Innovation in regard to Contributions, Financing and its Result, and Ethics in Research, Technology, and Innovation was published in Official Gazette of November 8, 2011. Said Regulations establish the guidelines and mechanisms related to the contribution to science, technology, and innovation and the applications of the same, the funding of activities with said contributions, its results, and ethics in research, technology, and innovation

The SENIAT issued Ruling No. SNAT/2011/0073, informing that the weighted average interest rate for loans of the six (6) principal commercial and universal banks of the country with the highest volume of deposits, excluding portfolios with prime rates, set by the Venezuelan Central Bank for October 2011 is 20.24%, which rate is to be increased 1.2 times for the calculation of late payment interest accrued during October 2011. Said Ruling was published in the Official Gazette of November 14.

Insurance and Reinsurance

The Superintendence of the Insurance Activity issued Ruling N° SAA-9-003261, published in Official Gazette of November 11, whereby it issued the Rules for the Administrative Liquidation of the Subjects Regulated by the Law on the Insurance Activity, with the purpose of governing the acts of the Superintendent of the Insurance Activity, in his capacity as liquidator, and of the persons designated by him as liquidators. The liquidation procedures in progress will be adapted to these Rules at the stage at which they are when the Rules enter into force. The acts performed by the Liquidating Boards will be valid and continue to have effect.

Consumer Protection

In our web page www.travieso.evans.com, there is a summary of the provisions of the Partial Regulations on the National Superintendence of Costs and Prices and the National Integrated System of Price Control and Administration published in Official Gazette of November 17, 2011 and of the four (4) Administrative Rulings issued by the National Superintendence of Costs and Prices published in Official Gazette of November 22, 2011.

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On November 1, the Civil Cassation Chamber of the Supreme Tribunal of Justice, with a decision proposed jointly by all Justices that form said Chamber, issued a decision that establishes that compliance with the previous administrative proceeding –prescribed in articles 4 and the following of the Decree with the Status, Value, and Force of Law against Eviction and Arbitrary Dispossession of Housing Units – may only be demanded in the judicial proceedings that have not begun. In all cases in progress, the aforesaid proceeding is not applicable and the process should be completed, after which, if applicable, the proceeding established in articles 12 and the following of the aforesaid Decree will be followed.

Presidential Decree N° 8.559 issued by the President of the Republic was published in Official Gazette of November 2, 2011. Said Decree orders the elimination of the Ministry of the Popular Power for Transportation and Communication and creates the Ministry of the Popular Power for Aquatic and Air Transportation and the Ministry of the Popular Power for Ground Transportation. In addition, the Decree states that the *Instituto Nacional de Canalizaciones* (“INC”) will be assigned to the Ministry of the Popular Power for Energy and Petroleum.

Administrative Resolution N° 275.11, issued by the Superintendence of the Banking Sector was published in Official Gazette of November 3, 2011. Said Resolution authorizes the closing of the representative office of HSBC Bank P.L.C. in the country and the opening of the representative office of HSBC Bank (Panamá) S.A. The

Superintendence fixed a period of thirty (30) calendar days for carrying out all necessary formalities for the closing of the representative office of HSBC Bank P.L.C. and the opening of the representative office of HSBC Bank (Panamá) S.A.

The National Institute of Socialist Training and Education (“INCES”) was assigned to the Ministry of the Popular Power for Science, Technology and Intermediate Goods Industries as per Presidential Decree published in Official Gazette of November 8.

The Insular Territory Francisco de Miranda was created. It is formed by the federal entities of Archipiélago de Las Aves, Archipiélago Los Roques, and Archipiélago de La Orchila. The head of the government of said Territory will be freely appointed and removed by the President of the Republic.

The Ministries of the Popular Power for Agriculture and Lands, for Commerce, for Nourishment, for Planning and Finances, and for Science, Technology and Intermediate Goods Industries, through a joint Resolution, fixed the Maximum Sales Price to the Public (*Precio Máximo de Venta al Público* - “PMVP”) for all presentations (1 Kg) of coffee beans, ground coffee, and green coffee.

The National Assembly issued the Law for Regularization and Control of Housing Leases (the “Law”), which was published in Official Gazette of November 12 and entered into force on the same date. Also, the Regulations to said Law were published in Official Gazette of November 14. In our web page www.traviesoevans.com there is a summary of the most significant provisions of said Law and its Regulations.

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Resolution N° 132 of the Ministry of the Popular Power for Health was published in Official Gazette of November 24. Said Resolution contains the Sanitary Rules for Control of Activities Capable of Generating Atmospheric Pollutants that may affect health or people's well-being. Said Rules are applicable to all natural or legal persons, public or private, that are owners of or responsible for activities capable of generating atmospheric pollutants, except for the activities that constitute mobile sources. In the frame of the activities of observation and control, the Sanitary Authorization for Activities Capable of Generating Atmospheric Pollutants is established, which will have a period of validity of two (2) years as from the date of issuance and may be renewed for equal periods, after complying with the requirements established in the Resolution. Resolution N° 0023, published in Official Gazette of November 10, 1999 was repealed. The Resolution will become effective sixty (60) calendar days after its publication in the Official Gazette.

Presidential Decree N° 8.609 issued by the President of the Republic was published in the Official Gazette of November 26. Said Decree eliminates the Ministry of the Popular Power for Basic Industries and Mining and creates the Ministry of the Popular Power for Industries which will be entrusted with all matters concerning basic industries and light industries. Said Decree provides for the transfer of the powers related to mining to the Ministry of the Popular Power for Energy and Petroleum, which will now be called: Ministry of the Popular Power for Petroleum and Mining Likewise, it was decided that the Ministry of the Popular Power for Science and Technology and Intermediate Goods Industries will now be called: Ministry of the Popular Power for Science and Technology.

News of the Firm

We are pleased to announce that Pedro Garroni, coordinator of our Puerto La Cruz office, has been promoted to Senior Associate of the Firm, effective from January 1, 2012.

Caracas, December 20, 2011.

NOTE: THIS NEWSLETTER SHOULD NOT BE CONSTRUED AS LEGAL ADVICE ON ANY SPECIFIC MATTER AND ITS CONTENT 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.