The Central Bank of Venezuela issued Exchange Agreement Nº 35 published in Official Gazette Nº 40.865 on March 9, 2016, establishing the standards that will rule the operations of the foreign exchange administration regime through the creation of two exchange mechanisms.
The most relevant aspects from the Decree include:

1. **Effective date**
   
The Agreement is effective from March 10, 2016.

2. **About the operations with the protected exchange rate (DIPRO, for its acronym in Spanish)**

   i. **Exchange Rate:**
   
   From the effective date of this Exchange Agreement, the protected exchange rate is established in nine Bolivars with nine hundred and seventy five centimes (Bs. 9.975) per Dollar of the United States of America for purchase, and in ten Bolivars (Bs. 10.00) per Dollar of the United States of America for sale.

   ii. **Operations framed for DIPRO.**
   
   - Payment of public debt.
   - Payment of imports of the goods specified in the list of items corresponding to food and health areas, and raw materials and inputs relating to the production of these areas.
   - Settlement of import operations of the goods that correspond to the tariff codes aforementioned, channeled through the Mutual Payment and Credit Agreements held with the Central Banks of member countries of Latin American Integration Association (ALADI, for its acronym in Spanish), with the Central Bank of the Dominican Republic, and the Operating Banks Authorized to process operations through the Regional Clearance Unitary System (SUCRE).
   - Operations of sale of foreign currency for the conversion of old-age, retirement, partial disability, invalidity and survivor pensions, paid by the Venezuelan Institute of Social Security (IVSS, for its acronym in Spanish) to residents abroad.
• Expenses for the recovery of health, sports, culture and scientific investigations; as well as expenses from maintenance, enrollment and health insurance for students, regarding on-site academic activities abroad, that correspond to the requests filed in the immediate previous day to the effective date of the Exchange Agreement, as well as the requests issued subsequently to the ends of the continuity of the corresponding academic activity already initiated at the date.

3. About the operations with the complementary floating foreign exchange rate (DICOM, for its acronym in spanish)

i. **Exchange Rate:**

The alternative foreign currency markets mentioned in Exchange Agreement N° 33 dated February 10, 2015, will continue to work until they are replaced in a thirty (30) day period; as a result, the complementary floating exchange rate of Exchange Agreement N° 35 will be the one referred to in Article 24 of the Exchange Agreement N° 33 dated February 10, 2015.

ii. **Operations framed for DICOM:**

• The public entities of business nature (non-petroleum), shall sell to the Central Bank ok Venezuela at the complementary floating exchange rate, reduced to zero point twenty five percent (0.25%), the foreign currencies obtained from productive activity.

• The sale of foreign currency made to Diplomatic or Consular Representations, its officers, as well as foreign officers of the International Organisms duly certified to National Government, reduced to zero point twenty five percent (0.25%).

• The payment of consumptions and cash advances made with credit card, and the cash acquisitions for children travelling abroad.
• The consumptions made in commercial establishments by individuals with debit and credit cards related to accounts or credit lines in foreign currency, as well as the cash advanced charged to the aforementioned cards, reduced to a zero point twenty five percent (0.25%).

• Amount to be paid for services provided by the Customs and Tax Administration assistants.

• The amount of the fines imposed for the determination of the criminal or administrative responsibilities originated from foreign exchange crimes or illicit acts.

• The currencies sale made to the Central Bank of Venezuela in compliance with article 1 of the Exchange Agreement Nº 34, dated February 11, 2016, made by individuals and private companies dedicated to good and service exports, reduced to 0.25%.

• All the settlement or foreign currency not specified expressly in the Exchange Agreement shall be processed through the alternative foreign currency markets established in the exchange regulation, at to the complementary floating exchange rate.

4. Implementation of various exchange rates

i. The operations of purchase and sale of foreign currency that are generated from the export activities and/or the oil sale of Petróleos de Venezuela, S.A. (PDVSA for its acronym in Spanish) and its subsidiaries, as well as the mixed companies referred to in the Organic Hydrocarbons Law, the Organic Law of Gas Hydrocarbons and the Organic Law for the Development of Petrochemistry Activities, will be carried out at any of the exchange rates established herein, reduced to 0.25%. The same will occur with the foreign currency sale made by PDVSA from financial instruments, capital contributions in cash, sale of assets, provision of services and any other source.
ii. The foreign currencies for imports made before the effective date of the Agreement shall be governed under the exchange rate of the Exchange Agreement N° 14 dated February 8, 2013, as long as they have the Authorization for Foreign currency Payment (ALD, for its acronym in Spanish) and the generic authorization issued in accordance with the Providence of the extinct Foreign Exchange Administration Commission (CADIVI) N° 097 of June 11, 2009, only up to the previous day of the effective date of this Agreement.

iii. The operations recorded under this system whose settlement would have been requested to the Central Bank of Venezuela the immediate previous day to the effective date of this Exchange Agreement, and the transactions made with credit cards allocated to the payment of consumption and cash advances that correspond to foreign traveling that to the effective date of this Exchange Agreement present requests with status “Recibido por el Banco” and/or “Solicitud Activa” shall be governed under under the Complementary System for Administration of Foreign Currency (SICAD)

iv. The liabilities in foreign currency from the payment of capital, interests, guarantees and other private external debt collaterals contracted with any foreign vendor, included the multilateral and bilateral integration organizations or foreign government entities and financing export agencies, shall be recorded and valued at the exchange rate in effect at the date of the financial transactions.

5. Derogations

i. The entire Exchange Agreement N° 14 from February 8, 2013

ii. Articles 1 and 2 of the Exchange Agreement N° 25 from January 22, 2014.

iii. Articles 5, 6, 8 and 15 of the Exchange Agreement N° 28 from April 3, 2014.


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