

Recent Foreign Exchange Amendments



In February 2015, the following legal instruments on foreign exchange matters were issued:

- On February 10, 2015, Exchange Agreement N° 33 was published in Extraordinary Official Gazette N° 6171, for the purpose of setting forth the **Regulations governing foreign-currency operations in the National Financial System.**
- On February 10, 2015, the People's Power Ministry for Economy, Finance and Public Banking and the Central Bank of Venezuela published through Official Communication the minimum and maximum amounts that shall govern Foreign-Exchange Operations established in Exchange Agreement N° 33.
- On February 11, the Venezuelan Securities and Exchange Superintendence jointly with the Superintendence of Banking Sector Institutions dictated the regulations governing the trading market of foreign-currency denominated securities in local currency.
- On February 12, 2015, the People's Power Ministry for Economy, Finance and Public Banking and the Venezuelan Securities and Exchange Superintendence published **instructions for exchange operators authorized to trade foreign-currency denominated securities in local currency**, as provided by Exchange Agreement N° 33.

Below you will find the most relevant aspects of the aforementioned regulations:

Standards ruling foreign-currency operations in the national financial system

Pursuant to provisions of Exchange Agreement N° 33, the participation of financial institutions, exchange offices, authorized securities dealers and operators from the Bicentenary Public Stock Exchange as exchange brokers in any of the existent or to be developed foreign currency and securities market shall be regulated by the respective Exchange Agreements, as well as by the particular authorizations jointly granted by the People's Power Ministry for Economy, Finances and Public Banking and the Central Bank of Venezuela.

Trading operations of foreign currency in local currency

By virtue of this Agreement, Universal Banks shall conduct exchange intermediation transactions on behalf of their customers by using accounts in foreign currency maintained in the national financial system. Likewise, such institutions shall offer their customers and users to conduct exchange operations from foreign offers of customers or users of the respective banking institution. Therefore, the Central Bank of Venezuela and the People's Power Ministry for Economy, Finance and Public Banking shall establish, through Official Communication, the minimum amounts for these operations.

In connection therewith, Official Communication dated February 10, 2015, establishes the amount of USD 3,000.00 as the minimum amount for this type of operations.

Purchasers of foreign currency shall have a bank account denominated in foreign currency in those banks, whereby the product of operations shall be settled.

It should be mentioned that foreign-currency purchase and sale transactions shall be carried out between customers of the same institution.

The exchange rates for these transactions shall be those freely agreed to by the parties involved in the transaction. These operations shall be conducted at spot prices and shall be settled on the second

working day immediately after the trade transaction settled in the corresponding foreign-currency accounts in the national financial system.

Foreign exchange operators shall publish in visible places at their offices for the information of public in general the percentages or amount applicable for concept of commissions from purchase and sale of foreign currency.

Retail exchange operations

Universal banks and stock exchanges shall be allowed to perform brokerage transactions in retail exchange operations with individuals of legal age for the purpose of purchasing and selling foreign currency notes, travel checks or foreign currency through bank transfers.

The foreign exchange rate applicable to sale of foreign currency in the retail exchange market shall be the exchange rate announced by the Central Bank of Venezuela through its website, corresponding to the day immediately prior to the respective transaction date and decreased by 0.25%, for purchase transactions.

The operations related to the sale of foreign currency through universal banks shall only be charged to the deposit account in bolivars maintained by the customer in that same financial institution, and shall be deposited, in case of transfers, in foreign-currency accounts opened by the customer in local banks.

Retail exchange operators shall publish in visible places at their offices for the information of public in general the percentages or amount applicable for concept of commissions from purchase and sale of foreign currency.

In accordance with provisions published in Official Communication dated February 10, 2015, for retail exchange operations processed through exchange offices, the following amounts are established:

- The maximum **daily** amount of 300 USD. For operations with foreign notes, the maximum amount shall not exceed 200 USD.
- The **monthly** amount of 2,000 USD.
- The **annual** amount of 10,000 USD (per calendar year)

Additionally, for retail sale of foreign currency processed by universal banks to individuals, the minimum amount of 300 USD is established. This exchange market shall start operations on the third working day after any of the financial entities regulated by Exchange Agreement N° 33 begin operations, for the purpose that specialized retail exchange entities might be able to conduct the corresponding adjustments to perform such activities.

Trading operations of foreign-currency denominated securities in local currency

Effective publication of this Exchange Agreement, authorized security operators, universal banks and Bicentenary Public Stock Exchange are empowered, as authorized operators, to carry out trading transactions, in foreign currency, involving securities issued or to be issued in foreign currency by the Republic or its decentralized entities or any other national or foreign entity, public or private, quoted in regulated international markets.

Foreign-currency balances resulting from these transactions shall be settled through foreign currency-denominated accounts maintained in the local financial system, and only processed through the Bicentenary Public Stock Exchange.

Purchase and sale exchange rates for trading securities denominated in foreign currency shall be freely agreed by the parties.

Authorized operators shall publish in visible places at their offices for the information of public in general the percentages or amount applicable for concept of commissions from purchase and sale of foreign currency.

Accordingly, in conformity with the regulations ruling the trading of foreign-currency denominated securities in local currency, dated February 11, 2015 and issued by the Venezuelan Securities and Exchange Superintendence jointly with the Superintendence of Banking Sector Institutions, universal banks and security operators shall request from their customers the following documentation:

- For individuals:
 1. Original and copy of Identity Card or identification document

2. Tax Registry Identification Number (RIF)
3. Original and copy of passport in case of non-domiciled suppliers.

- For legal entities:

1. Original and copy of the articles of incorporation or bylaws.
2. Tax Registry Identification Number (RIF)
3. Documents evidencing the name, address, phone number and email of the legal representative.

- Common requisites:

1. Signed declaration of origin of funds,
2. Certificate evidencing that the party has not been involved in infringements to exchange regulations.

Furthermore, instructions published by the People's Power Ministry for Economy, Finance and Public Banking and the Venezuelan Securities and Exchange Superintendence on February 12, 2015, list the names of the Exchange Operators Authorized for these operations:

1. Activalores Casa de Bolsa, S.A.
2. Banacci Casa de Bolsa, C.A.
3. Bancrust securities Casa de Bolsa, C.A.
4. Bestinvest Casa de Bolsa, C.A.
5. B.F.C. Casa de Bolsa, C.A.
6. B.N.H. Casa de Bolsa, C.A.
7. B.O.D. Valores Casa de Bolsa, C.A.
8. Caja Caracas Casa de Bolsa, C.A.
9. Capitalfin Sociedad de Corretaje de Titulos Valores, C.A.
10. Corinvest Casa de Bolsa, C.A.
11. Corp Casa de Bolsa, C.A.
12. Financorp Valores Casa de Bolsa, C.A.
13. Fivenca Casa de Bolsa, C.A.
14. Global Capital Valores Sociedad de Corretaje, C.A.
15. Global Markets C.A. Casa de Bolsa.
16. Globalcorp Casa de Bolsa, S.A.
17. Incorp Casa de Bolsa, C.A.
18. Interbono Sociedad de Corretaje de Valores, C.A.
19. Intersec Casa de Bolsa, C.A.
20. Kairos Sociedad de Corretajes de Valores, C.A.

21. Maximiza Casa de Bolsa, C.A.
22. Mercantil Merinvest Casa de Bolsa, C.A.
23. Mercosur Casa de Bolsa, C.A.
24. Palogrande Casa de Bolsa, C.A.
25. Ratio Sociedad de Corretaje de Valores, C.A.
26. Rendivalores Sociedad de Corretaje de Títulos Valores, C.A.
27. Solfin Operador de Valores Autorizado, C.A.
28. Suma Sociedad de Corretaje de Valores, C.A.
29. Valcredi Casa de Bolsa, C.A.

Use in Venezuela of credit cards issued abroad

Pursuant to Exchange Agreement N° 33, the exchange rate applicable to purchases in commercial establishments by individuals with debit and credit cards to be charged in accounts or credit lines denominated in foreign currency, as well as cash withdrawal with charge to those cards shall be at the reference exchange rate published by the Central Bank of Venezuela, in effect at the date of the corresponding operation, decreased by 0.25%.

Tax considerations of Exchange Agreement N° 33.

Pursuant to provisions of Exchange Agreement N° 33, in determining the tax base for tax obligations derived from customs transactions, foreign currencies shall be translated at the exchange rate applicable for acquisition of foreign currencies corresponding to the transaction involved. Whereas for purposes of operations conducted with the importer's own foreign currency, the weighted average exchange rate in effect at the settlement of the tax obligation will be considered, as published at the website of the Central Bank of Venezuela on a daily basis.

Tax obligations provided by special regulations, as well as fees, commissions, surtaxes and regulated prices set in US dollars or in any other currency shall be alternatively paid in the foreign currency or in bolivars at the official exchange rate published by the Central Bank of Venezuela, in effect at the date of settlement.

Foreign Exchange Sanctions

Additionally, Exchange Agreement N° 33 sets forth that the refund to be received from any individual or legal entity who incurred in any exchange crime related to the acquisition, use or final destination of foreign currency (sanctions, fines, penalties) as provided by the Foreign Exchange Crime Law, shall be in foreign currency to the Central Bank of Venezuela, through the respective exchange operator.

Whenever the sanctioning body decides that the refund can be made in bolivars, it shall be applied at the exchange rate in effect at the date of compliance with the obligation. In case that the payment is denominated in a currency other than US dollar, the exchange operator will convert such currency into US dollars in order to subsequently determine the amount to be paid in bolivars.

Exemption Clause

Articles 1, 2, 3, 4, 9, 10, 11, 13, and 14 of Exchange Agreement N° 28 dated April 3, 2014 and heading of Article 1, and Articles 3 and 4 of Exchange Agreement N° 23 dated October 24, 2013 are hereby derogated.

Effective Date

The effective date of Exchange Agreement N° 33 is **February 12, 2015.**

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