

Venezuela sanctions update

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Over the past several weeks, the post-Maduro sanctions landscape in Venezuela has begun to take shape, with tightly controlled relief focused on the Venezuelan oil industry and broad sanctions against the Venezuelan government still in place.

Following the U.S. military action in early January to apprehend Venezuelan leader Nicolas Maduro and bring him to the United States to face criminal charges, the Trump administration has taken a number of steps to ease sanctions on the Venezuelan oil industry with the intent of generating revenue that can be used by the new Venezuelan authorities, under the supervision of the U.S. government, to benefit the U.S. and Venezuelan people. Between January 29 and February 13, 2026, the Treasury Department's Office of Foreign Assets Control (OFAC) issued five general licenses (GLs) authorizing, subject to conditions: (1) transactions related to the purchase and sale of Venezuelan oil ([GL 46A](#)), (2) the sale of U.S.-origin diluents ([GL 47](#)), (3) the provision of goods, technology, software, or services for the exploration, development, or production of oil or gas in Venezuela ([GL 48](#)), (4) the negotiation of and entry into contingent contracts for new investment in oil or gas sector operations in Venezuela ([GL 49](#)), and (5) transactions related to oil and gas sector operations in Venezuela of certain U.S. and European energy companies ([GL 50](#), which was replaced and superseded by [GL 50A](#) as of February 18). OFAC has also reportedly issued a number of specific licenses to individual companies in the energy sector that complement these general authorizations. Furthermore, President Trump has issued a new Executive Order, [E.O. 14373](#), that appears intended to shield proceeds generated by the Venezuelan government through licensed energy sector activities and held as so-called "Foreign Government Deposit Funds" from attachment by creditors.

While these changes are significant, thus far the sanctions relief provided has been narrowly directed toward Venezuela's oil industry. The broad blocking sanctions imposed on the Venezuelan government in 2019 remain in place, as do the targeted sanctions that have been imposed on numerous Venezuelan individuals and entities (including PdVSA and its subsidiaries, major state-owned banks, and many individual members of the current Venezuelan government) over the past decade. While administration officials have signaled that additional authorizations may be forthcoming to support U.S. policy goals, the political situation remains in flux and there is currently no sign that any across-the-board rollback of sanctions akin to what happened last year in Syria is imminent.

We provide below a more detailed overview of the authorizations and related guidance OFAC has issued so far, the steps the U.S. government is taking to protect the proceeds of licensed transactions, key elements of the sanctions and overall compliance environment that have not changed, and some thoughts on where things may go from here.

New licenses and guidance

As noted above, over the past several weeks, OFAC has issued five general licenses each authorizing different categories of activities related to Venezuela's oil industry. Each of these authorizations is subject to conditions and limitations, which vary among the licenses, and most also impose detailed reporting requirements for at least some parties involved in the licensed transactions. We summarize in the table below the scope and conditions of each of the new authorizations.

GL	Issue Date	Scope of Authorization	Reporting Requirement
46A	1/29/2026 (amended 2/10/2026)	<p>All transactions ordinarily incident and necessary to the lifting, exportation, reexportation, sale, resale, supply, storage, marketing, purchase, delivery, or transportation of Venezuelan-origin oil, including the refining of such oil, by an established U.S. entity,¹ subject to the following conditions and limitations:</p> <ul style="list-style-type: none"> – Contracts with Government of Venezuela/PdVSA parties must be governed by U.S. law and provide for dispute resolution in the United States. – Any monetary payment to a blocked person, excluding payments for local taxes, permits, or fees,² must be made into the Foreign Government Deposit Funds or other accounts as directed by the Treasury Department. – The following are not authorized: <ul style="list-style-type: none"> ▪ Payment terms that are not commercially reasonable,³ involve debt swaps or payments in gold, or are denominated in digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro. ▪ Any transaction involving a person located in or organized under the laws of Russia, Iran, North Korea, or Cuba, or any entity that is owned or controlled, directly or indirectly, by or in a joint venture with such persons. ▪ Any transaction involving an entity located in or organized under the laws of Venezuela or the United States that is owned or controlled, directly or indirectly, by or in a joint venture with a person located in or organized under the laws of the PRC. ▪ The unblocking of any blocked property. ▪ Any transaction involving a blocked vessel. 	<p>Yes. Applies to any person that exports, reexports, sells, resells, or supplies Venezuelan-origin oil to countries other than the United States pursuant to the general license.</p> <p>Reports must be submitted by email to the State Department and Department of Energy and are due ten days after the execution of the first transaction and every 90 days thereafter while such transactions are ongoing. Contents of the report are specified in the GL.</p>

GL	Issue Date	Scope of Authorization	Reporting Requirement
47	2/3/2026	<p>All transactions ordinarily incident and necessary to the exportation, reexportation, sale, resale, supply, storage, marketing, delivery, or transportation of U.S.-origin diluents to Venezuela, subject to the following conditions and limitations:</p> <ul style="list-style-type: none"> - Contracts with Government of Venezuela/PdVSA parties must be governed by U.S. law and provide for dispute resolution in the United States. - The following are not authorized: <ul style="list-style-type: none"> ▪ Payment terms that are not commercially reasonable, involve debt swaps or payments in gold, or are denominated in digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro. ▪ Any transaction involving a person located in or organized under the laws of Iran, North Korea, or Cuba, or any entity that is owned or controlled, directly or indirectly, by or in a joint venture with such persons. ▪ Any transaction involving an entity located in or organized under the laws of Venezuela or the United States that is owned or controlled, directly or indirectly, by or in a joint venture with a person located in or organized under the laws of the PRC. ▪ The unblocking of any blocked property. ▪ Any transaction involving a blocked vessel. 	<p>Yes. Applies to any person that exports, reexports, sells, resells, or supplies U.S.-origin diluents to</p> <p>Venezuela pursuant to the general license.</p> <p>Reports must be submitted by email to the State Department and Department of Energy and are due ten days after the execution of the first transaction and every 90 days thereafter while such transactions are ongoing. Contents of the report are specified in the GL.</p>

GL	Issue Date	Scope of Authorization	Reporting Requirement
48	2/10/2026	<p>All transactions ordinarily incident and necessary to the provision from the United States or by a U.S. person of goods, technology, software, or services for the exploration, development, or production of oil or gas in Venezuela, subject to the following conditions and limitations:</p> <ul style="list-style-type: none"> - Contracts with Government of Venezuela/PdVSA parties must be governed by U.S. law and provide for dispute resolution in the United States. - Any monetary payment to a blocked person, excluding payments for local taxes, permits, or fees, must be made into the Foreign Government Deposit Funds or other accounts as directed by the Treasury Department. - The following are not authorized: <ul style="list-style-type: none"> ▪ Payment terms that are not commercially reasonable, involve debt swaps or payments in gold, or are denominated in digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro. ▪ Any transaction involving a person located in or organized under the laws of Russia, Iran, North Korea, Cuba, or the PRC, or any entity that is owned or controlled, directly or indirectly, by or in a joint venture with such persons. ▪ The formation of new joint ventures or other entities in Venezuela to explore or produce oil or gas [but see GL 49]. ▪ Transactions or dealings related to the exportation or reexportation of diluents [but see GL 47]. ▪ The unblocking of any blocked property. ▪ Any transaction involving a blocked vessel. 	<p>Yes. Applies to any person that exports, reexports, sells, resells, or supplies goods, technology, software, or services pursuant to the general license.</p> <p>Reports must be submitted by email to the State Department and Department of Energy and are due ten days after the execution of the first transaction and every 90 days thereafter while such transactions are ongoing. Contents of the report are specified in the GL.</p>

GL	Issue Date	Scope of Authorization	Reporting Requirement
49	2/13/2026	<p>Transactions that are related to⁴ the negotiation of and entry into contingent contracts⁵ for new investment⁶ in oil or gas sector operations in Venezuela, provided that the performance of any such contract is made expressly contingent upon separate authorization from the OFAC.</p> <p>The following are not authorized:</p> <ul style="list-style-type: none"> - Any transaction involving a person located in or organized under the laws of Russia, Iran, North Korea, Cuba, or the PRC, or any entity that is owned or controlled, directly or indirectly, by or in a joint venture with such persons. - The unblocking of any blocked property. - Any transaction involving a blocked vessel. 	No.
50A	2/18/2026	<p>Transactions related to oil or gas sector operations in Venezuela of certain major U.S. and European energy companies listed in the Annex to the general license and their subsidiaries, subject to the following conditions and limitations:</p> <ul style="list-style-type: none"> - Contracts with Government of Venezuela/PdVSA parties must be governed by U.S. law and provide for dispute resolution in the United States. - Any monetary payment to a blocked person, excluding payments for local taxes, permits, or fees, must be made into the Foreign Government Deposit Funds or other accounts as directed by the Treasury Department. - The following are not authorized: <ul style="list-style-type: none"> ▪ Payment terms that are not commercially reasonable, involve debt swaps or payments in gold, or are denominated in digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro. ▪ Any transaction involving a person located in or organized under the laws of Russia, Iran, North Korea, Cuba, or the PRC, or any entity that is owned or controlled, directly or indirectly, by or in a joint venture with such persons. ▪ The unblocking of any blocked property. ▪ Any transaction involving a blocked vessel. 	<p>Yes. Applies to any person that exports, reexports, sells, resells, or supplies goods, technology, software, or services pursuant to the general license.</p> <p>Reports must be submitted by email to the State Department and Department of Energy and are due ten days after the execution of the first transaction and every 90 days thereafter while such transactions are ongoing. Contents of the report are specified in the GL.</p>

As reflected in the above, the general licenses here are relatively complex; each imposes a number of conditions that those relying on the license must navigate, some of which are common to all authorizations and some of which are not. Additionally, some companies have reportedly been issued specific licenses by OFAC to engage in transactions related to Venezuela's oil industries. These authorizations may overlap with or complement the general licenses, and may include different or additional conditions. Parties considering engaging in licensed transactions should carefully review

the relevant authorization or authorizations and ensure that they are meeting all conditions and requirements. Additionally, as noted in each of the GLs, OFAC authorization does not relieve parties of their obligations under authorities administered by other federal agencies, including export control requirements administered by the Department of Commerce's Bureau of Industry and Security ("BIS") that may be implicated by certain activities permitted under the OFAC authorizations (particularly GL 48).

While OFAC has provided relatively limited public guidance in connection with the issuance of these general licenses, it did issue helpful FAQs related to GL 46A, some of which likely have broader implications for transactions under the other general licenses (and transactions pursuant to specific license). In particular, FAQ 1235 clarifies that when a purchase of oil from PdVSA pursuant to General License 46A is completed and the interest—including any future or contingent interest—of PdVSA or any other blocked entity is fully extinguished, further downstream sales of the oil are freely permitted and do not require authorization from OFAC (and are therefore not subject to the conditions and reporting requirements included in GL 46A).⁷ This guidance reinforces that the relevant sanctions here are blocking sanctions against the Government of Venezuela and other Venezuelan persons, rather than restrictions on the Venezuelan-origin oil itself, and the principle that a licensed transaction may extinguish the interest of blocked persons in property transferred pursuant to license presumably extends to transactions authorized by other general or specific licenses as well.⁸

FAQ 1234 also provides useful guidance on compliance expectations for financial institutions processing transactions authorized under GL 46A, noting that a financial institution may, in connection with normal due diligence, rely on the statements of its customer that the transaction is consistent with the terms of the license unless it knows or has reason to know otherwise.⁹ As with FAQ 1235, we would expect this principle to apply as well to transactions under the other new general licenses and specific licenses related to the Venezuelan oil industry.

Protection for oil proceeds

The licensing framework that is being built around the Venezuelan oil industry reflects that fact that the U.S. government is closely supervising and effectively controlling the proceeds received by the Venezuelan government in connection with licensed transactions, which are required to be directed into so-called Foreign Government Deposit Funds (i.e., funds held by the U.S. government on behalf of the Government of Venezuela and its instrumentalities), disbursements from which require approval by the U.S. government. Given the numerous creditor claims against the Venezuelan government and PdVSA, the U.S. government has taken steps to shield these funds from attachment, including by holding them in accounts outside of the United States and through the issuance of E.O. 14373. E.O. 14373 declares a new national emergency under the International Emergency Economic Powers Act ("IEEPA") and exercises authorities under IEEPA to prohibit and deem null and void any attachment, judgment, decree, lien, execution, garnishment, or other judicial process with respect to the Foreign Government Deposit Funds. The order also includes a number of presidential findings and determinations that appear intended to undermine arguments that Venezuela's creditors might make in litigation to try to reach the proceeds, though it is not clear how much weight such findings would be given if litigants are able to raise credible challenges to their factual accuracy.

The U.S. government has used sanctions authorities in a similar manner to try to shield foreign government assets from attachment in the past, most notably in connection with the Development Fund for Iraq after the 2003 war and President Biden's 2022 executive order imposing protective blocking on the assets of Da Afghanistan Bank (the central bank of Afghanistan). As with those prior efforts, it is likely that E.O. 14373 will be tested in litigation by creditors.

What hasn't changed

The sanctions relief provided by the U.S. government to date has been limited in scope and narrowly targeted to the oil industry. Broad sanctions against the Government of Venezuela remain in place, and the U.S. government has not taken any steps to remove targeted sanctions on specific Venezuelan individuals and entities or signaled that any such lifting is likely to be imminent. Previous general licenses remain effective but have not been meaningfully expanded, and transactions involving non-sanctioned private parties in Venezuela continue to be permissible without authorization. Fundamentally the overall sanctions environment has remained static. Similarly, there has as yet been no change in OFAC's licensing posture vis-a-vis Venezuelan bondholders, as OFAC in early February extended General License 5U, which prevents holders of the PdVSA 2020 8.5 Percent Bond from executing on the CITGO assets that are collateral for the bond, through March 20, 2026.¹⁰

Additionally, while the United States has removed Nicolas Maduro from Venezuela, his regime has otherwise effectively remained in place, and while the current Venezuelan authorities appear to be cooperating with the U.S. government, it is unlikely that the factual predicates underlying previously expressed U.S. government concerns concerning that regime's

corruption, poor human rights record, and ties to narcotics trafficking and other criminal activity have been fully resolved overnight. Thus, in addition to sanctions compliance considerations, those seeking to take advantage of possible new business opportunities in Venezuela should continue to be mindful of anticorruption, anti-money laundering, and other compliance risks, particularly as relevant statutes of limitations will extend beyond the term of the current U.S. administration.

What's next

Six weeks after the removal of Maduro, it is reasonably clear that the U.S. government has initiated a concerted and closely supervised effort to restore the Venezuelan oil industry as a building block to advance U.S. policy goals in that country, and it seems likely that additional easing of sanctions will follow where deemed necessary to build on the steps taken thus far to achieve that goal. It is less clear whether, when, and under what circumstances a broader or more permanent lifting of sanctions might be on the table. Much will depend on the continued cooperation of the current Venezuelan authorities, which is far from certain, and on whether the easing of the sanctions produces the intended economic benefits for the United States and the Venezuelan people.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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- ¹ For purposes of GL 46A, an "established U.S. entity" is one organized under the laws of the United States or any jurisdiction within the United States on or before January 29, 2025. OFAC has clarified that non-U.S. entities may provide services that are ordinarily incident and necessary to an established U.S. entity's licensed transactions, including providing transportation and logistics services, insurance and financing, leasing storage facilities, and repair and maintenance of infrastructure necessary to effectuate authorized oil exports. See OFAC Responses to Frequently Asked Questions ("FAQs"), FAQ 1230, available at <https://ofac.treasury.gov/faqs/1230>.
- ² "Commercially reasonable terms" means terms that are consistent with prevailing market and industry standards for like or similar products produced by a company of similar size and scope, while taking into account characteristics such as quality, quantity, pricing, performance, and safety, among others. Commercially reasonable terms include terms related to, among other things, the governance, economics, operations, and legal/compliance requirements of a contract negotiated at arm's length between two or more parties. FAQ 1232, available at <https://ofac.treasury.gov/faqs/topic/1581>.
- ³ Other payments to government entities, including royalties, fixed per-barrel production levies, or federal taxes, must still be made into the Foreign Deposit Funds or as otherwise directed by Treasury, and are not covered by this carveout. See FAQ 1237, available at <https://ofac.treasury.gov/faqs/1237>.
- ⁴ Related transactions include prefatory steps such as conducting commercial, legal, technical, safety, and environmental due diligence and assessments.
- ⁵ The term "contingent contract" includes executory contracts, executory pro forma invoices, agreements in principle, executory offers capable of acceptance such as bids or proposals in response to public tenders, binding memoranda of understanding, or any other similar agreement.
- ⁶ This includes contingent contracts to engage in new oil or gas exploration, development, or production activities in Venezuela, expand existing operations in Venezuela, and to form new joint ventures or other entities in Venezuela related to the foregoing activities.
- ⁷ FAQ 1235, available at <https://ofac.treasury.gov/faqs/1235>.
- ⁸ See 31 CFR 591.403.
- ⁹ FAQ 1234, available at <https://ofac.treasury.gov/faqs/1234>.
- ¹⁰ General License 5U, available at <https://ofac.treasury.gov/media/934976/download?inline>.