



Central Bank of Venezuela Creates "Exchange Desks" for Foreign Currency Trading

By Tinoco Travieso Planchart & Nuñez

The Central Bank of Venezuela (BCV) through [Resolution No. 19-05-01](#), published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 41.624 on May 2, 2019, authorized the creation of "exchange desks," by means of which individuals and corporations of the private and diplomatic sector can buy and sell foreign currency (Foreign Exchange, or FX operations) through Venezuelan banking institutions.

The resolution is designed to make the Venezuelan FX market more flexible by following the process that began with the amendment of the Exchange Agreement No. 1, which in principle, decriminalizes FX operations.

Thus, the resolution authorizes Venezuelan banking institutions to create and operate exchange desks to carry out FX trading operations among their clients or interbank operations. Individuals or entities may then, through this mechanism and following the process established for this purpose by the banking institutions of which they are customers, carry out FX trading operations. Said persons must comply only with the due diligence processes established by the respective banking institutions (of which they have to be costumers). The liquidation of currencies that are traded through the exchange desks will be done through the correspondent accounts of each banking institution or through the foreign currency accounts maintained by these institutions in the national financial system.

At the end of each day, the banking institutions must publish the average exchange rate resulting from that day so that BCV can establish daily the exchange rate that will govern the country for FX operations, which will be published on the BCV website. This exchange rate shall be the official exchange rate that in practice will substitute the DICOM exchange rate.

It is important to point out that entities under public law, such as Venezuelan state-owned companies, cannot buy or sell foreign currency through this mechanism, so they will be fed by foreign currency that comes only from the private and diplomatic sectors.

The regulations do not establish minimum or maximum limits for the purchase and sale of foreign currency that will be carried out through this mechanism. Therefore, the limits established, if any, will be those imposed by the banking institutions themselves. The reality is, that at this point, only small cash FX operations (up to \$500 in some banks) are taking place.

Information contained in this alert is for the general education and knowledge of our readers. It is not designed to be, and should not be used as, the sole source of information when analyzing and resolving a legal problem. Moreover, the laws of each jurisdiction are different and are constantly changing. If you have specific questions regarding a particular fact situation, we urge you to consult competent legal counsel.
