



Ruling Released on Decentralized Stock Exchange of Venezuela

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Despite the crisis that Venezuela is going through, marked by a prolonged hyperinflation, the country's stock market has experienced important growth in the last year. Many companies have issued bonds through the Caracas Stock Exchange, with the objective of raising funds because of the difficulties to obtain bank financing. On the other hand, the current securities regulations have been updated and now establish rules for the issuance of bonds for small and medium-sized enterprises (SMEs) and even for the issuance of securities in foreign currency. Amid this economic and legal context, the securities regulatory entity now establishes rules that allow for electronic stock exchange transactions.

The National Securities Superintendence (SUNAVAL) published on Sept. 29, 2020, a ruling in the *Official Gazette* No. 6,578, whereby the Decentralized Stock Exchange of Venezuela (BDVE) is authorized to act for a probation period of 90 continuous days, counted from the execution date of the aforementioned ruling, for the purpose of trading securities in primary, secondary and derivative markets.

The BDVE will allow free and direct access to all participants in the negotiation through electronic trading posts, for the purchase and sale of:

1. shares issued by companies, small and medium-sized enterprises (SMEs), as well as financial derivatives on shares
2. debt securities, such as bonds, commercial papers, promissory notes, participation certificates and other debt securities authorized by SUNAVAL
3. securities and agreements that represent raw materials and agricultural products authorized by the respective laws and the national legal system, and
4. property agreements for inputs or services related to the construction sector

The BDVE will also have a trading platform for the following types of markets:

1. **Primary Market**, where authorized issuers may offer through the exclusive public offering of securities, authorized by SUNAVAL.
2. **Secondary Market**, where any participant may freely offer the securities it holds.
3. **Derivatives Market**, where any participant can offer or demand different types of derivative instruments (options and futures).

Finally, the ruling establishes that through the BDVE the following operations may be carried out:

1. primary placement, through the public tender offer of securities that have been previously authorized by the SUNAVAL



2. negotiations in the secondary market, through which participants can buy and sell securities and agreements
3. transfer, custody and settlement of securities

The entity authorized to act as a Decentralized Stock Exchange is a Venezuelan corporation with private capital.

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