

Venezuela Revises Its Foreign Currency Exchange Mechanisms . . . Again

April 4, 2016 — In February 2016, the Venezuelan government announced forthcoming changes to its foreign currency exchange mechanisms, including the devaluation of its official exchange rate. The changes became effective on March 10, 2016, with the enactment of Exchange Agreement No. 35, which:

- Replaced CENCOEX¹ (Venezuela's official exchange rate mechanism) with DIPRO,² which is only available for purchases and sales of essential items. The official exchange rate was also devalued from 6.3 Venezuelan bolivar fuertes (BsF) to approximately 10 BsF to 1 U.S. dollar (USD).
- Eliminated the SICAD³ exchange rate mechanism, which last auctioned USD for approximately 13 BsF to 1 USD.
- Replaced the SIMADI⁴ exchange rate mechanism with DICOM,⁵ which is available for all transactions not subject to the DIPRO exchange rate and is intended to operate as a free-floating exchange rate mechanism. As of March 31, 2016, the DICOM exchange rate was approximately 272 BsF to 1 USD.

Entities with operations in Venezuela should continue to assess (1) their conclusions regarding consolidation or deconsolidation of such operations and (2) which exchange rate is appropriate for remeasurement.

¹ Centro Nacional de Comercio Exterior (National Center for Foreign Commerce).

² Sistema de Divisa Protegida (protected foreign exchange system).

³ Sistema Complementario de Administración de Divisas (formerly SICAD 1) and Sistema Cambiario Alternativo de Divisas (formerly SICAD 2) (supplementary foreign currency exchange systems).

⁴ Sistema Marginal de Divisas (marginal foreign exchange system).

⁵ Sistema de Divisa Complementaria (complementary foreign exchange system).

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