

§ 586.504

§ 586.504 Payments and transfers to blocked accounts in U.S. financial institutions.

Any payment of funds or transfer of credit in which any person whose property and interests in property are blocked pursuant to § 586.201 has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

NOTE TO § 586.504: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 586.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

§ 586.505 Payment of obligations to U.S. persons authorized.

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person not blocked pursuant to this chapter solely for the purpose of payment of obligations to U.S. persons of persons whose property or interests in property are blocked pursuant to § 586.201 is authorized, provided that the obligation arose prior to the effective date or is otherwise authorized pursuant to statute or the provisions of this part, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to a person whose property or interests in property are blocked pursuant to § 586.201 must be to a blocked account in a U.S. financial institution.

NOTE TO § 586.505: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 586.203 concerning the obligation to

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hold blocked funds in interest-bearing accounts.

§ 586.506 Investment and reinvestment of certain funds.

U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 586.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but in no case may funds be transferred outside the United States for this purpose; and

(b) The proceeds of such investments and reinvestments are not credited to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to any person whose property or interests in property are blocked pursuant to § 586.201.

§ 586.507 Completion of certain transactions related to bankers acceptances authorized.

Persons other than those whose property or interests in property are blocked pursuant to § 586.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving a property interest blocked pursuant to § 586.201, as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

§ 586.508 Entries in certain accounts for normal service charges authorized.

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charge* shall include