

§ 538.500

or a Sudanese depository institution not owned or controlled by the Government of Sudan, that is located in the Specified Areas of Sudan; and

(3) The financial transaction is not routed through a depository institution that is located in an area of Sudan other than the Specified Areas of Sudan or that is owned or controlled by the Government of Sudan, wherever located.

(c) *Example.* A U.S. bank is instructed to transfer funds to the Abyei branch of a Sudanese bank that is not owned or controlled by the Government of Sudan. In order for the transfer to take place, the U.S. bank is required to route the funds through the Sudanese bank's headquarters, which is located in Khartoum. Due to the routing of the financial transaction through Khartoum, this transaction is prohibited and requires authorization from the Office of Foreign Assets Control. However, if the U.S. bank is able to bypass the Khartoum headquarters and transfer the funds directly to the Abyei branch of the Sudanese bank, then the transaction would not be prohibited.

[72 FR 61516, Oct. 31, 2007]

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 538.500 Licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart E, of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part.

[68 FR 53653, Sept. 11, 2003]

§ 538.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction

31 CFR Ch. V (7–1–08 Edition)

prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions contained in this part from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 538.502 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular persons, property, transactions, or classes thereof. Such action shall be binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

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

Any payment of funds or transfer of credit in which the Government of Sudan 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