

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Regulation CC; Docket No. R-1287]

Availability of Funds and Collection of Checks

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; technical amendment.

SUMMARY: The Board of Governors is amending appendix A of Regulation CC to delete the reference to the Nashville branch office of the Federal Reserve Bank of Atlanta and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Atlanta and is amending appendix B of Regulation CC to delete the reference to the Nashville branch office. The Board also is providing advance notice about future amendments to appendix A in connection with the next phase of the Reserve Banks' restructuring of the check processing operations within the Federal Reserve System. This future restructuring and the associated amendments to appendix A are expected to take place in the second half of 2007.

DATES: The final rule will become effective on July 21, 2007.

FOR FURTHER INFORMATION CONTACT: Jack K. Walton II, Associate Director (202/452-2660), or Joseph P. Baressi, Financial Services Project Leader (202/452-3959), Division of Reserve Bank Operations and Payment Systems; or Adrienne G. Threatt, Counsel (202/452-3554), Legal Division. For users of Telecommunications Devices for the Deaf (TDD) only, contact 202/263-4869.

SUPPLEMENTARY INFORMATION:

Background

Regulation CC establishes the maximum period a depository bank may wait between receiving a deposit and making the deposited funds available for withdrawal.¹ A depository bank generally must provide faster availability for funds deposited by a "local check" than by a "nonlocal check." A check drawn on a bank is considered local if it is payable by or at a bank located in the same Federal Reserve check processing region as the depository bank. A check drawn on a nonbank is considered local if it is payable through a bank located in the same Federal Reserve check processing region as the depository bank. Checks that do not meet the requirements for "local" checks are considered "nonlocal."

¹ For purposes of Regulation CC, the term "bank" refers to any depository institution, including commercial banks, savings institutions, and credit unions.

Appendix A to Regulation CC contains a routing number guide that assists banks in identifying local and nonlocal banks and thereby determining the maximum permissible hold periods for most deposited checks. The appendix includes a list of each Federal Reserve check processing office and the first four digits of the routing number, known as the Federal Reserve routing symbol, of each bank that is served by that office for check processing purposes. Banks whose Federal Reserve routing symbols are grouped under the same office are in the same check processing region and thus are local to one another. Appendix B to Regulation CC reduces the generally permissible hold times for nonlocal check deposits collected between certain check processing regions from 5 days to 3 days due to generally faster collection times between these regions.

Final Amendments to Appendix A and Appendix B

The Reserve Banks announced in 2004 that the check-processing operations of the Nashville branch office of the Federal Reserve Bank of Atlanta would be transferred to the Atlanta Reserve Bank's head office.² The Board previously provided notice of the Reserve Banks' delay, due to Hurricane Katrina and the concomitant transfer of the New Orleans branch office's check-processing operations to the Atlanta head office, of the transfer of the Nashville branch office's check-processing operations.³ The Reserve Banks will proceed with the transfer of the Nashville branch office's check-processing operations to the Atlanta Reserve Bank's head office on July 21, 2007. To assist banks in identifying local and nonlocal checks and making funds availability decisions, the Board is amending in appendix A the list of routing symbols associated with the Federal Reserve Bank of Atlanta to reflect the transfer of check-processing operations from the Atlanta Reserve Bank's Nashville branch office to the Reserve Bank's head office in Atlanta. In addition, because checks deposited in banks in the current Nashville check processing region and drawn on banks in the Atlanta check processing region will become local checks as a result of these changes, the provisions of appendix B relating to these checks no longer will be necessary. Accordingly, the Board also is amending appendix B to delete the reference to the Nashville branch office. To coincide with the effective date of the underlying check processing changes, the amendments to appendix A and appendix B are effective July 21, 2007. The Board is providing notice of the amendments at this time to give affected banks ample time to make any needed processing changes. Early notice also will enable affected banks to amend their availability schedules and related disclosures if necessary and provide their customers with notice of these changes.⁴

² See 69 FR 57837, September 28, 2004.

³ See 70 FR 74998, December 19, 2005.

⁴ Section 229.18(e) of Regulation CC requires that banks notify account holders who are consumers within 30 days after implementing a change that improves the availability of funds.

Information About Future Changes to Appendix A

As the Federal Reserve Banks announced on May 31, 2006,⁵ in response to the continued nationwide decline in check usage and to position themselves more effectively to meet the cost recovery requirements of the Monetary Control Act of 1980, the Reserve Banks have decided to reduce further the number of locations at which they process checks. The Reserve Banks plan to stop processing checks at two offices, and the checks currently processed at those offices will be processed at other offices, as follows:

Branches and offices that no longer will process checks:

Helena, MT
San Francisco, CA

Branches and offices to which check processing will be transferred:

Denver, CO
Los Angeles, CA

These restructurings of Reserve Bank check processing operations are expected to take place in the second half of 2007 and will reduce the number of check processing regions from 21 to 19. The Board will amend appendix A in connection with each stage of the restructuring to delete the name of the office that will no longer process checks and transfer the affected Federal Reserve routing symbols to another check processing office. The Board intends to provide notice of each stage of the restructuring and the associated amendments to appendix A at least 60 days prior to the effective date of the amendment in order to give affected banks ample time to make processing changes and, if necessary, amend their availability schedules and related disclosures and provide their customers with notice of any changes to their availability schedules.

Some affected banks might prefer to make or to plan for some or all of their processing and availability changes prior to the effective dates of the relevant amendments. For the information and planning needs of affected banks, the Board today is describing below the Federal Reserve routing symbol changes to appendix A that will be made over the second half of 2007.

1. Denver.

The operations of the Helena branch office will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Denver branch office:

0920	2920
0921	2921
0929	2929
1020	3020
1021	3021

⁵ The Reserve Banks' press release is available at www.federalreserve.gov/boarddocs/press/other/2006/20060531/default.htm.

1022	3022
1023	3023
1070	3070
1240	3240
1241	3241
1242	3242
1243	3243

2. Los Angeles.

The operations of the San Francisco head office will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Los Angeles branch office:

1210	3210
1211	3211
1212	3212
1213	3213
1220	3220
1221	3221
1222	3222
1223	3223
1224	3224

The Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will remain the same through the end of 2007.

Administrative Procedure Act

The Board has not followed the provisions of 5 U.S.C. 553(b) relating to notice and public participation in connection with the adoption of the final rule. The revisions to appendix A and appendix B are technical in nature and are required by the statutory and regulatory definitions of “check-processing region.” Because there is no substantive change on which to seek public input, the Board has determined that the § 553(b) notice and comment procedures are unnecessary.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board has reviewed the final rule under authority delegated to the Board by the Office of Management and Budget. The technical amendment to appendix A of Regulation CC will delete the reference to the Nashville branch office of the Federal Reserve Bank of Atlanta and reassign the routing symbols listed under that office to the head office of the Federal Reserve Bank of Atlanta. The technical amendment to appendix B of Regulation CC will delete the reference to the Nashville branch office. The depository institutions that are located in the affected check

processing regions and that include the routing numbers in their disclosure statements would be required to notify customers of the resulting change in availability under § 229.18(e). However, all paperwork collection procedures associated with Regulation CC already are in place, and the Board accordingly anticipates that no additional burden will be imposed as a result of this rulemaking.

12 CFR Chapter II

List of Subjects in 12 CFR Part 229

Banks, Banking, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set forth in the preamble, the Board is amending 12 CFR part 229 to read as follows:

**PART 229 AVAILABILITY OF FUNDS AND COLLECTION OF CHECKS
(REGULATION CC)**

1. The authority citation for part 229 continues to read as follows:

Authority: 12 U.S.C. 4001-4010, 12 U.S.C. 5001-5018.

2. The Sixth District routing symbol list in appendix A is revised to read as follows:

**APPENDIX A TO PART 229 – ROUTING NUMBER GUIDE TO NEXT-DAY
AVAILABILITY CHECKS AND LOCAL CHECKS**

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SIXTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Atlanta]

Head Office

0610	2610
0611	2611
0612	2612
0613	2613
0620	2620
0621	2621
0622	2622
0640	2640
0641	2641

0642	2642
0650	2650
0651	2651
0652	2652
0653	2653
0654	2654
0655	2655

Jacksonville Branch

0630	2630
0631	2631
0632	2632
0660	2660
0670	2670

* * * * *

3. Appendix B is revised to read as follows:

**APPENDIX B TO PART 229 – REDUCTION OF SCHEDULES FOR CERTAIN
NONLOCAL CHECKS**

A depository bank that is located in the following check processing territories shall make funds deposited in an account by a nonlocal check described below available for withdrawal not later than the number of business days following the banking day on which funds are deposited, as specified below.

	Number of business days following the banking day funds are deposited

Federal Reserve office	

Utica	
0210, 0280.....	3
Kansas City	
0865, 2865.....	3

* * * * *

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, May 14, 2007.

Jennifer J. Johnson (signed)
Jennifer J. Johnson
Secretary of the Board