From: Signature Bank, Mark T Sigona

Subject: Regulation CC

Comments:

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Proposal: Regulation CC - Availability of Funds and Collection of Checks
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This comment addresses the proposal to delete 226.33, which requires a paying bank to provide the depositary bank with a notice of nonpayment of any check in the amount of $2,500 or more that it determines not to pay. Such notice must be received by the depositary bank no later than 4 PM on the 2nd business day following the banking day that the check was presented to the paying bank. This is being proposed in order to provide depositary banks a strong incentive to receive returns electronically. While we receive returns electronically, we believe that this requirement should be retained. Notices are an important tool for depositary institutions to protect themselves against fraudulent checks, which are becoming more prevalent. As has happened already, Signature Bank expects criminal elements will seek to take further advantage of the faster availability under the proposed revisions to Reg. CC, and is preparing for a corresponding increase to fraudulent presentments. Early notification of nonpayment of checks in the amount of $2,500 or more typically gives Signature Bank a three to four hour window between the time we receive this notice and the receipt of the Fed Return receipt item file. If we did not have that early notification of the items being returned, funds could be wired out of the bank or withdrawn from the account before we are able to charge the account. We have also noticed that sometimes some of the items for which we receive this notice of nonpayment are not reported on the FED receipt return item file until the next day. While posting those returns electronically (rather than manually) in addition to accepting the returns electronically may diminish this risk, this would not only be costly but would not have the advantage of possibly receiving the notice of nonpayment prior to the electronic return.