

FEDERAL RESERVE SYSTEM

12 CFR Part 229

{Regulation CC; Docket No. R-1204}

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 Columbia check processing office of the Federal Reserve Bank of Richmond and reassign the Federal Reserve routing symbols currently listed under that office to that Reserve Bank's Charlotte office and delete the reference to the Louisville check processing office of the Federal Reserve Bank of St. Louis and reassign the Federal Reserve routing symbols currently listed under that office to the Cincinnati office of the Federal Reserve Bank of Cleveland. These amendments reflect the restructuring of check processing operations within the Federal Reserve System.

DATES: The final rule will become effective on August 28, 2004.

FOR FURTHER INFORMATION CONTACT: Jack K. Walton II, Assistant Director (202/452-2660), or Joseph P. Baressi, Senior Financial Services Analyst (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: 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."

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,

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

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.

As explained in detail in the Board's final rule published in the Federal Register on May 28, 2003, the Federal Reserve Banks decided in early 2003 to reduce the number of locations at which they process checks.² As part of this restructuring process, the Columbia office of the Federal Reserve Bank of Richmond will cease processing checks on August 28, 2004, and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to that Reserve Bank's Charlotte office. The Louisville office of the Federal Reserve Bank of St. Louis will also cease processing checks on August 28, 2004, and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to the Cincinnati office of the Federal Reserve Bank of Cleveland. As a result of these changes, some checks that are drawn on and deposited at banks located in the affected check processing regions and that currently are nonlocal checks will become local checks subject to faster availability schedules. The Cincinnati office will serve banks located in the Fourth and Fifth Federal Reserve Districts as of June 26, 2004, when banks currently assigned to the Charleston office are reassigned to the Cincinnati office.³ The Cincinnati office also will serve banks located in the Eighth Federal Reserve District as of August 28, 2004, when banks currently assigned to the Louisville office are reassigned to the Cincinnati office. After these changes take effect, banks located in the Cincinnati check processing region no longer will be able to determine that a check is nonlocal solely because the paying bank for that check is located in another Federal Reserve District.

To assist banks in identifying local and nonlocal banks, the Board accordingly is amending the lists of routing symbols associated with the Federal Reserve Banks of Cleveland, Richmond, and St. Louis to reflect the transfer of operations (1) from the Richmond Reserve Bank's Columbia office to that Reserve Bank's Charlotte office and (2) from the St. Louis Reserve Bank's Louisville office to the Cleveland Reserve Bank's Cincinnati office. To coincide with the effective date of the underlying check processing changes, the amendments are effective August 28, 2004. The Board is providing advance notice of these amendments to give affected banks ample time to make any needed processing changes. The advance notice will also enable affected banks to amend their availability schedules and related disclosures, if necessary, and provide their customers with notice of these changes.⁴ The Federal Reserve routing symbols assigned to all other

² See 68 FR 31592, May 28, 2003. In addition to the general advance notice of future amendments previously provided by the Board, as well as the Board's notices of final amendments, the Reserve Banks are striving to inform affected depository institutions of the exact date of each office transition at least 120 days in advance. The Reserve Banks' communications to affected depository institutions are available at www.frbservices.org.

³ See 69 FR 19921, April 15, 2004.

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.

Federal Reserve branches and offices will remain the same at this time. The Board of Governors, however, intends to issue similar notices at least sixty days prior to the elimination of check operations at some other Reserve Bank offices, as described in the May 2003 Federal Register document.

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 this final rule. The revisions to the appendix are technical in nature, and the routing symbol revisions 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. This technical amendment to appendix A of Regulation CC will (1) delete the reference to the Columbia office of the Federal Reserve Bank of Richmond and reassign the routing symbols listed under that office to that Reserve Bank’s Charlotte office and (2) delete the reference to the Louisville office of the Federal Reserve Bank of St. Louis and reassign the routing symbols listed under that office to the Cincinnati office of the Federal Reserve Bank of Cleveland. 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, because all paperwork collection procedures associated with Regulation CC already are in place, the Board 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 et seq.

2. The Fourth, Fifth, and Eighth Federal Reserve District routing symbol lists in appendix A are 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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FOURTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Cleveland]

Head Office

0410	2410
0412	2412
0430	2430
0432	2432
0433	2433
0434	2434

Cincinnati Branch

0420	2420
0421	2421
0422	2422
0423	2423
0515	2515

0519	2519
0813	2813
0830	2830
0839	2839
0863	2863

Columbus Office

0440	2440
0441	2441
0442	2442

FIFTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Richmond]

Baltimore Branch

0510	2510
0514	2514
0520	2520
0521	2521
0522	2522
0540	2540
0550	2550
0560	2560
0570	2570

Charlotte Branch

0530	2530
0531	2531
0532	2532
0539	2539

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EIGHTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of St. Louis]

Head Office

0810	2810
0812	2812
0815	2815

0819	2819
0865	2865

Memphis Branch

0820	2820
0829	2829
0840	2840
0841	2841
0842	2842
0843	2843

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By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, June 22, 2004.

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