

Proposal: 1409 (RIN 7100-AD68) - Reg CC - Availability of Funds and Collection of Checks  
Description: The Board request comments on proposed amendments to Regulation CC (Availability of Funds and Collection of Checks) to encourage banks to clear and return checks electronically, add provisions that govern electronic items cleared through the check-collection system, and shorten the "exception" hold periods on deposited funds.

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Comment ID: 80976  
From: Western Bridge Corporate Federal Credit Union, Teresa E Ward  
Subject: Regulation CC

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Comments:

Date: Jun 02, 2011

Proposal: Regulation CC - Availability of Funds and Collection of Checks  
Document ID: R-1409  
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Comments:

Reg CC Comments The Board requests comment on whether it would be desirable to reduce the amount of time afforded to the paying bank to decide whether or not to pay a check that has been presented to it. • This would require re-engineering of systems to accommodate earlier posting schedules, and reassignment of staff to different shifts to meet earlier decision deadlines. Both of these could cause additional expense for the paying bank. As the Board acknowledges, even assuming that banks collect and return all checks electronically, depository banks will in many cases be required to make funds available for withdrawal before learning whether a check has been returned unpaid. Is this risk significant and are there feasible means to help reduce any risk to depository banks? • The risk is significant and could result in higher fees for consumers in an attempt to offset losses. Especially in the interim when not all banks return electronically, the risk would be greater for those banks that are willing and able to receive electronic returns, but the paying bank is still sending paper returns. The Board requests commentary on whether there are circumstances in which it is appropriate to use "refer to maker" when returning a check? • The expense to the paying bank associated to eliminating "refer to maker" from multiple systems is great. Additionally, Fed discontinued the service of retiring transit & routing numbers and there is no code to return for this reason other than "refer to maker". The Board requests

commentary on whether the high dollar notification of nonpayment requirement be retained for institutions that do not agree to accept electronic returns in a nearly all-electronic environment. • This is one of the primary incentives to encouraging the transition to electronic returns, and would be very effective. Our experience has been that many FI's are currently not using the high dollar notifications because the return of the check itself within a specified timeframe is sufficient for compliance. However, it will be important to ensure that the compliance periods for the proposed rule do not allow the cessation of sending high dollar return notifications before the FI has electrified the return process. Those two actions must go hand in hand. The Board requests commentary on sending consumer notices related to holds electronically where the consumer has agreed to electronic notification. Specifically, is this method of providing consumer notices practical? • Maintaining two types of communication methods and keeping email and electronic contacts up to date would be burdensome for the depository bank.