

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: 81024  
From: Zions Bancorporation , Norman Merritt  
Subject: Regulation CC

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Comments:

Date: Jun 03, 2011

Proposal: Regulation CC - Availability of Funds and Collection of Checks  
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Comments:

ZIONS BANCORPORATION CORPORATE COMPLIANCE  
Board of Governors of the Federal Reserve System 20th Street and  
Constitution Avenue, N.W. Washington, DC 20551 ATTN: Regulation CC; Docket No.  
R-1409 Dear Sir/Madam: On behalf of Zions Bancorporation (Zions) we wish to  
thank the Federal Reserve for providing us with the opportunity to comment on  
the Notice of proposed rulemaking regarding Regulation CC, Availability of  
Funds and Collection of Checks published on March 3, 2011. Zions  
Bancorporation is a \$51 Billion bank holding company with OCC and  
FDIC-supervised banking offices located in Arizona, California, Colorado,  
Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington. We provide the  
following comments to the proposed rule: 229.2 (e) & (s) Electronic Return &  
Collection System We agree with the proposed standard for an electronic return  
item (image of and information related to a check that a paying bank has determined not to pay and  
that a depository bank has agreed to receive under Section 229.32(a), and that  
it is sufficient to create a substitute check) and feel that it would not be  
necessary for any other standard to be specified in the regulation. 229.13(g)  
& (h) Notice of Exception & Availability of deposits subject to exceptions We  
are not opposed to provide customers with electronic notices; however we do not  
believe a notice in this fashion is suitable in every situation. We are opposed  
to the Board requiring depository institutions to provide an electronic notice

for certain instances. We recommend that the rule provide the option of electronic disclosure delivery and not a requirement. Zions is also opposed to the reduction of the reasonable hold period from seven to four days, We believe even in an all electronic environment that seven days still reduces losses and should remain a reasonable period. 229.16(c)(2) Longer

Delays on a case-by-case basis; Notice at time of case-by-case delay As with the above, Zions sees the benefit of providing consumers electronic notices if they have agreed to accept them but recommends that electronic notices to customers be an option rather than a requirement. Zions is also opposed to the proposal of eliminating case-by-case holds. We believe that case-by-case holds still add value and is an important step in the risk management process.

229.30(c) Extension of Deadline We see this approach as viable given the elimination of nonlocal checks and the corresponding four-day return rule, if the board modifies the extension such that the return must actually reach the depository bank within the two-day timeframe for expeditious return in order for the extension to apply. 229.30(e) Notice in Lieu of Return Given the availability of check images we are in agreement with the Board's proposal and believe that it is practical to amend the regulation to provide that a bank may send a notice in lieu of return only where neither the check itself nor an image of and the information related to the check sufficient to create a substitute check is available. Zions also agrees that the notice in lieu of return information-content expectations should be modified to require that it include the check's original MICR line. Summary Our general comments are in agreement with most of your recommendations. The proposed changes to electronic check-clearing and check return methods are a laudable goal and Zions supports the Board's efforts to improve the efficiency of the check system. Our concern is that the Board is proposing that depository banks be required to send electronic notices. Zions believes the most effective and efficient way would be to propose providing electronic notices in this fashion as an option for the depository institutions and not a regulatory requirement. Zions is also opposed to reducing the reasonable hold period to four days and is also opposed to eliminating case-by-case holds. Thank you again for the opportunity to provide comments on the proposed guidance.

Sincerely

Norman Merritt  
Zions Bancorporation