



All Things Financial.

Via Email: Regs.comments@federalreserve.gov

June 3, 2011

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, D.C. 20551

Re: Docket No. R-1409
Federal Reserve Board Proposed Amendments to Regulation CC

Dear Ms. Johnson:

First Tennessee Bank National Association (“First Tennessee Bank”) appreciates the opportunity to comment to the Federal Reserve Board on its proposed amendments to Regulation CC. First Tennessee Bank is a member bank of The Electronic Check Clearing House Organization (“ECCHO”), a not-for-profit national clearinghouse dedicated to promoting electronic check collection and related payment system improvements. First Tennessee Bank, along with other member banks of ECCHO, have worked together to collectively provide a comprehensive comment letter to the Federal Reserve Board. First Tennessee Bank agrees with the views expressed in this letter to the Federal Reserve Board and we strongly urge you to give the letter careful consideration.

First Tennessee Bank would also request that the Federal Reserve Board give additional consideration as to certain proposed amendments as specifically addressed below.

Availability of deposits subject to exceptions (12 C.F.R. §229.13(h)). At this time, we are opposed to decreasing the safe harbor exception hold time period from seven to four business days. While we agree with the Board that the turnaround time for clearing and returning checks electronically will continue to improve, but at slower year-end percentages than the Board projects, we do not believe there is enough evidence in the industry to support the change to offset against the increased risks. If the change is implemented, banks will lose one of the most effective tools available to verify the legitimacy of checks, time, and both banks and their customers will be at greater risks of loss due to fraud. Notwithstanding that there has been some discussion among certain

First Tennessee Bank National Association
P.O. Box 84
Memphis, TN 38101
Phone: (901) 523-4444
Cable FIRBANK

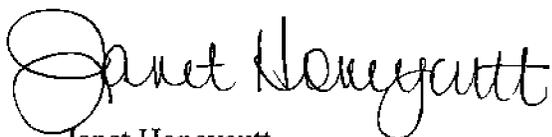
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financial institutions that suggest a safe harbor exception hold time period of five days may suffice, we believe even a decrease of two days may pose greater risks. We encourage the Board to table any proposed change and reevaluate the use of electronic checks following the implementation of other amendments to Regulation CC and at some future point determine the feasibility for a decrease in the safe harbor exception hold.

Depository bank's responsibility for returned checks (12 C.F.R. §229.32(a)(1)). Section 229.32(a)(1) proposes three different circumstances under which a depository bank agrees to accept an electronic return from the paying bank. The second example may expose additional risks to correspondent returning banks when accepting electronic returns from a respondent paying bank. As set forth in the Commentary, a depository bank is deemed to have an agreement for electronic return with the paying bank if the depository bank has an agreement to receive returns from a returning bank which holds itself out as willing to accept returns from the paying bank and the returning bank has agreed to handle items expeditiously. The Commentary, if not the final rule, should make clear that a returning bank "holding itself out" as willing to accept electronic returns does not automatically cause a depository bank to have an agreement with a particular paying bank unless the depository bank has an agreement for electronic return through a returning bank which in turn has an actual agreement in place with the paying bank to accept electronic returns.

First Tennessee Bank appreciates the opportunity to comment on the Proposal. In the event you have further questions or comments on this matter, please do not hesitate to contact me at (901) 542-7051.

Sincerely,



Janet Honeycutt
Senior Vice President and Director, Bank Operations