

ZIONS BANCORPORATION

CORPORATE COMPLIANCE
One South Main Street, Suite 1100
Salt Lake City, Utah 84133
(801) 844-7954
FAX (801) 524-2277

May 16, 2011

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
EVP – Corporate Compliance Director
Zions Bancorporation