

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Regulation CC; Docket No. R-1194]

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 (1) delete the reference to the Little Rock 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 St. Louis Reserve Bank's Memphis office and (2) delete the reference to the Milwaukee check processing office of the Federal Reserve Bank of Chicago and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Chicago. These amendments reflect the restructuring of check processing operations within the Federal Reserve System.

DATES: The amendment to Appendix A under the Seventh Federal Reserve District (Federal Reserve Bank of Chicago) and the Eighth Federal Reserve District (Federal Reserve Bank of St. Louis) is effective on July 24, 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

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

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, known as the Federal Reserve routing symbol, of each bank that is served by that office. 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 Little Rock office of the Federal Reserve Bank of St. Louis will cease processing checks on July 24, 2004, and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to the Federal Reserve Bank of St. Louis's Memphis office. The Milwaukee office of the Federal Reserve Bank of Chicago will also cease processing checks on July 24, 2004, and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to the head office of the Federal Reserve Bank of Chicago. 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.

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 St. Louis and Chicago to reflect the transfer of operations (1) from the St. Louis Reserve Bank's Little Rock office to that Reserve Bank's Memphis office and (2) from the Chicago Reserve Bank's Milwaukee office to that Reserve Bank's head office. To coincide with the effective date of the underlying check processing changes, the amendments are effective July 24, 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.³ The Federal Reserve routing symbols assigned to all other 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.

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.frb services.org.

³ 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.

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 Little Rock office of the Federal Reserve Bank of St. Louis and reassign the routing symbols listed under that office to the St. Louis Reserve Bank’s Memphis office and (2) delete the reference to the Milwaukee office of the Federal Reserve Bank of Chicago and reassign the routing symbols listed under that office to the Chicago Reserve Bank’s head office. 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, Federal Reserve System, 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 Seventh 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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SEVENTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Chicago]

Head Office

0710	2710
0711	2711
0712	2712
0719	2719
0750	2750
0759	2759

Detroit Branch

0720	2720
0724	2724

Des Moines Office

0730	2730
0739	2739
1040	3040
1041	3041
1049	3049

Indianapolis Office

0740	2740
0749	2749

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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

Louisville Branch

0813	2813
0830	2830
0839	2839
0863	2863

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, May 13, 2004.

(signed Jennifer J. Johnson)

Jennifer J. Johnson

Secretary of the Board.

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