

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Regulation CC; Docket No. R-1244]

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 delete the reference to the New Orleans branch office of the Federal Reserve Bank of Atlanta and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Atlanta, and to correct typographical errors in the routing symbols listed under the Helena branch office of the Federal Reserve Bank of Minneapolis. The Board also is providing notice that the previously announced transfer of the Nashville branch office's check-processing operations to the Atlanta head office will be delayed until 2007. Finally, the Board is providing advance notice concerning future appendix A changes affecting the Federal Reserve Bank of New York and the Federal Reserve Bank of Philadelphia.

DATES: The amendment to appendix A under the Ninth Federal Reserve District (Federal Reserve Bank of Minneapolis) is effective December 19, 2005. The amendment to appendix A under the Sixth Federal Reserve District (Federal Reserve Bank of Atlanta) is effective on March 31, 2006.

FOR FURTHER INFORMATION CONTACT: Jack K. Walton II, Associate 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:

Background

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

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

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 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 for check processing purposes. 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.

Final Amendments to Appendix A

In the aftermath of Hurricane Katrina, the Federal Reserve Bank of Atlanta implemented its contingency operations plan, which included sending checks that normally would be processed by the New Orleans branch office instead to the Atlanta head office on a temporary basis. On December 5, 2005, the Federal Reserve Banks announced that banks with routing symbols currently assigned to the New Orleans branch office for check processing purposes would be reassigned to the Atlanta head office and that the New Orleans branch permanently would cease its check processing operations, effective March 31, 2006.² As a result, 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 checks and making funds availability decisions, the Board is amending the lists of routing symbols associated with the Federal Reserve Bank of Atlanta to reflect the transfer of check-processing operations from the Reserve Bank’s New Orleans branch office to its head office in Atlanta. To coincide with the effective date of the underlying check processing changes, these amendments are effective March 31, 2006. The Board is providing advance notice of these amendments to give affected banks ample time to make any needed processing changes. The advance notice also will enable affected banks to amend their availability schedules and related disclosures if necessary and provide their customers with notice of these changes.³

The Reserve Banks had previously announced on August 2, 2004, that the check-processing operations of the Atlanta Reserve Bank’s Nashville branch office would be transferred to the Atlanta Reserve Bank’s head office by early 2006.⁴ However, because of the permanent transfer of the New Orleans branch office’s check-processing operations to the Atlanta head office, the transfer of the Nashville branch office’s check-processing operations to the Atlanta head office will be delayed until 2007.

² The Reserve Banks’ press release is available at www.frb services.org/Retail/pdf/PRNewOrleansPressRelease120505.pdf.

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.

⁴ See 69 FR 57837, September 28, 2004.

The Board also is making technical amendments to the list of routing symbols associated with the Helena branch office of the Federal Reserve Bank of Minnesota to correct typographical errors in the list. The lists of Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will remain the same at this time.

Information About Future Changes to Appendix A

As the Federal Reserve Banks announced on May 25, 2005,⁵ in response to the continued nationwide decline in check usage and to position themselves more effectively to meet the cost recovery requirements of the Monetary Control Act of 1980, the Reserve Banks have decided to stop processing checks at the East Rutherford office of the Federal Reserve Bank of New York. Checks currently processed by that office instead will be processed at the head office of the Federal Reserve Bank of Philadelphia. Although an exact date for this restructuring has not been determined, it is expected to take place in the latter half of 2006.

The Board intends to publish amendments to appendix A in connection with this restructuring to delete the reference to the East Rutherford office of the Federal Reserve Bank of New York and transfer the affected Federal Reserve routing symbols to the head office of the Federal Reserve Bank of Philadelphia at least 60 days prior to the effective date of the restructuring. This should give affected banks ample time to make appropriate programming changes and, if necessary, to amend their availability schedules and related disclosures and provide their customers with notice of any changes to their availability schedules. However, some affected banks might prefer to make or to plan for their necessary programming and availability changes prior to the effective dates of the relevant amendments. For the information and planning needs of affected banks, the Board today is providing advance notice that, as of the effective date of this restructuring, banks with the following Federal Reserve routing symbols will be local to the Philadelphia head office:

0210	2210
0212	2212
0214	2214
0215	2215
0216	2216
0219	2219
0260	2260
0280	2280
0310	2310
0311	2311
0312	2312
0313	2313
0319	2319
0360	2360

⁵ The Reserve Banks' press release is available at www.frb services.org/Retail/pdf/May2005FRBanksAnnounceChangesIncreaseEfficiency.pdf.

The Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will be unaffected by this restructuring.

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 the final rule. All the revisions to the appendix are technical in nature, and the routing symbol revisions for the Sixth District are required by the statutory and regulatory definitions of “check-processing region.” Because there is no substantive change on which to seek public input and because delaying the amendments may impede affected banks’ ability to comply with Regulation CC, the Board has determined that the § 553(b) notice and comment procedures are unnecessary.

Regulatory Flexibility Act Certification

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that the final rule will not have a significantly adverse economic impact on a substantial number of small entities. These amendments are technical, and the routing number changes are required by law. Moreover, these amendments apply to all banks regardless of their size. Many small banks generally provide next-day availability for all checks and will not be affected by this amendment. For the subset of small banks that does distinguish between checks subject to next-day availability and those subject to longer holds, the final rule should necessitate only minimal programming changes. Some of these affected banks might also have to modify their funds availability disclosures and notify both new and existing customers of the modified funds availability schedules.

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 delete the reference to the New Orleans branch office of the Federal Reserve Bank of Atlanta and reassign the routing symbols listed under that office to the head office of the Federal Reserve Bank of Atlanta. 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, all paperwork collection procedures associated with Regulation CC already are in place, and the Board accordingly anticipates that no additional burden will be imposed as a result of this rulemaking. The Board is also correcting typographical errors in the routing symbol list under the Helena branch office of the Federal Reserve Bank of Minnesota. The Board anticipates that these corrections will not impose any burden.

12 CFR Chapter II

List of Subjects in 12 CFR Part 229

Banks, Banking, 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. 4001-4010, 12 U.S.C. 5001-5018.

2. The Sixth and Ninth 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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SIXTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Atlanta]

Head Office

0610	2610
0611	2611
0612	2612
0613	2613
0620	2620
0621	2621
0622	2622
0650	2650
0651	2651
0652	2652
0653	2653
0654	2654
0655	2655

Jacksonville Branch

0630	2630
0631	2631
0632	2632
0660	2660
0670	2670

Nashville Branch

0640	2640
0641	2641
0642	2642

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NINTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Minneapolis]

Head Office

0910	2910
0911	2911
0912	2912
0913	2913
0914	2914
0915	2915
0918	2918
0919	2919
0960	2960

Helena Branch

0920	2920
0921	2921
0929	2929

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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, December 13, 2005.

Jennifer J. Johnson (signed)

Jennifer J. Johnson
Secretary of the Board.