

## **FEDERAL RESERVE SYSTEM**

### **12 CFR Part 229**

**[Regulation CC; Docket No. R-1306]**

#### **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 (Board) is amending appendix A of Regulation CC to delete the reference to the Utica office of the Federal Reserve Bank of New York and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Cleveland and the head office of the Federal Reserve Bank of Philadelphia. The Board is also amending appendix B of Regulation CC to delete the reference to the Utica office. In addition, the Board is providing advance notice of future amendments to appendix A that are anticipated in connection with the next phase of the Reserve Banks' restructuring of the check-processing operations within the Federal Reserve System.

**DATES:** The amendments to appendix A under the Second and Fourth Federal Reserve Districts (Federal Reserve Banks of New York and Cleveland) that revise the listings for the Utica office and the Cleveland head office are effective February 23, 2008.

The amendments to appendix A under the Second and Third Federal Reserve Districts (Federal Reserve Banks of New York and Philadelphia) that revise the listings for the Philadelphia head office and delete the reference to and remaining listings for the Utica office are effective March 29, 2008. The amendments to appendix B deleting the reference to the Utica office are also effective March 29, 2008.

**FOR FURTHER INFORMATION CONTACT:** Jack K. Walton II, Associate Director (202/452-2660), or Joseph P. Baressi, Financial Services Project Leader (202/452-3959), Division of Reserve Bank Operations and Payment Systems; or Heatherun Sophia Allison (202/452-3565), Senior Counsel, 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.<sup>1</sup>

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

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 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. Appendix B to Regulation CC reduces the generally permissible hold times for nonlocal check deposits collected between certain check-processing regions from 5 days to 3 days due to generally faster collection times between these regions.

### **Final Amendments to Appendix A and Appendix B**

The Reserve Banks announced in June 2007 that the check-processing operations of the Utica office of the Federal Reserve Bank of New York would cease in the first quarter of 2008.<sup>2</sup> Effective February 23, 2008, banks with 0220, 2220, 0223, and 2223 routing symbols, currently assigned to the Utica office of the Federal Reserve Bank of New York for check-processing purposes, will be reassigned to the head office of the Federal Reserve Bank of Cleveland. On March 29, 2008, banks with 0213 and 2213 routing symbols, also currently assigned to the Utica office for check-processing purposes, will be reassigned to the head office of the Federal Reserve Bank of Philadelphia.<sup>3</sup> As a result of these changes, some checks that are drawn on and deposited in banks located in the affected check-processing regions and that currently are nonlocal checks will become local checks subject to faster availability schedules.

The Board is amending the lists of routing symbols associated with the Federal Reserve Banks of New York, Philadelphia, and Cleveland to conform to the transfer of operations from the New York Reserve Bank’s Utica office to the Cleveland and Philadelphia Reserve Banks’ head offices. The amendments affecting the Federal Reserve Banks of New York and Cleveland that list the 0220, 2220, 0223, and 2223

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<sup>2</sup> The Reserve Banks’ June 2007 press release is available online at [www.federalreserve.gov/newsevents/press/other/20070626a.htm](http://www.federalreserve.gov/newsevents/press/other/20070626a.htm).

<sup>3</sup> Banks in the current Utica, Cleveland, and Philadelphia check-processing regions should note that the Federal Reserve Banks’ transfer of the Utica office’s check-processing operations to both the Cleveland head office and the Philadelphia head office differs from the Reserve Banks’ June 2007 announcement indicating that the Utica office’s operations would be transferred to the Philadelphia head office. The Reserve Banks believe that this arrangement will better serve the needs of affected depository institutions.

routing symbols under the Cleveland head office are effective February 23, 2008. The amendments that list the 0213 and 2213 routing symbols under the Philadelphia head office and delete the appendix A reference to the Utica office are effective March 29, 2008. In addition, because the Utica check-processing region will no longer exist, the Board is deleting the appendix B reference to the Utica office, and these amendments are also effective March 29, 2008.

The Board believes that today's notice should provide banks ample time to make any needed processing changes before the effective date of the amendments, including allowing affected banks to amend their availability schedules and related disclosures, if necessary, and provide their customers with notice of these changes.<sup>4</sup> The Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will remain the same at this time. The Board, however, intends to issue similar notices approximately sixty days prior to the elimination of check-processing operations at some other Reserve Bank offices, as described below.

### **Information About Anticipated Future Changes to Appendix A**

The Federal Reserve Banks announced in June 2007<sup>5</sup> additional planned reductions in the number of locations at which they will process checks. These steps were taken in response to the continued nationwide decline in check usage and to position the Reserve Banks more effectively to meet the cost recovery requirements of the Monetary Control Act of 1980. Between 2008 and early 2011, the Reserve Banks plan to cease check-processing operations at all of their check-processing offices except four: Cleveland, Philadelphia, Atlanta, and Dallas. Listed below are the branches and offices from which and to which the Reserve Banks plan to transfer check-processing operations and the tentative timeframe for each transfer:<sup>6</sup>

Branches and offices that no longer will process checks	Branches and offices to which check processing is planned to be transferred	Tentative timeframe for transfer
Memphis, TN	Atlanta, GA	Third quarter 2008
Cincinnati, OH	Cleveland, OH	Fourth quarter 2008
Seattle, WA	Dallas, TX	Fourth quarter 2008
Windsor Locks, CT	Philadelphia, PA	First quarter 2009

<sup>4</sup> Section 229.18(e) of Regulation CC requires banks to notify consumer account holders within 30 days after implementing a change that improves the availability of funds.

<sup>5</sup> See footnote two above.

<sup>6</sup> In addition, as the Reserve Banks announced in May 2006, the Reserve Banks plan to cease check-processing operations at the head office of the Federal Reserve Bank of Kansas City in the first half of 2008. (See [www.federalreserve.gov/newsevents/press/other/20060531a.htm](http://www.federalreserve.gov/newsevents/press/other/20060531a.htm).) Rather than transfer Kansas City check-processing operations to the head office of the Federal Reserve Bank of St. Louis as they announced at that time, however, the Reserve Banks instead plan to transfer the Kansas City check-processing operations to the head office of the Federal Reserve Bank of Dallas. For updates on the Reserve Banks' check-processing plans, see [www.frb services.org/Retail/CheckProcessChanges2008.html](http://www.frb services.org/Retail/CheckProcessChanges2008.html).

Charlotte, NC	Atlanta, GA	Second quarter 2009
Minneapolis, MN	Cleveland, OH	Third quarter 2009
Baltimore, MD	Philadelphia, PA	Fourth quarter 2009
Chicago, IL	Cleveland, OH	First quarter 2010
Denver, CO	Dallas, TX	Second quarter 2010
Jacksonville, FL	Atlanta, GA	Third quarter 2010
Des Moines, IA	Cleveland, OH	Fourth quarter 2010
Los Angeles, CA	Dallas, TX	Fourth quarter 2010
St. Louis, MO	Atlanta, GA	First quarter 2011

The Board plans to amend appendix A in connection with each stage of the restructuring to delete the name of the office that will no longer process checks and transfer the affected Federal Reserve routing symbols to another check-processing office. The Board intends to provide notice of each stage of the restructuring and the associated amendments to appendix A approximately 60 days prior to the effective date of the amendment in order to give affected banks ample time to make processing changes and, if necessary, amend their availability schedules and related disclosures and provide their customers with notice of any changes to their availability schedules.

#### **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. The revisions to appendix A and appendix B are technical in nature and 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. In addition, the underlying consolidation of Federal Reserve Bank check-processing offices involves a matter relating to agency management, which is exempt from notice and comment procedures.

#### **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. The technical amendments to appendix A of Regulation CC will delete the reference to the Utica office of the Federal Reserve Bank of New York and reassign the routing symbols listed under that office to the head offices of the Federal Reserve Banks of Philadelphia and Cleveland. The technical amendment to appendix B of Regulation CC will delete the reference to the Utica 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, 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.

**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. Effective February 23, 2008, the Second and Fourth 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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**SECOND FEDERAL RESERVE DISTRICT**

[Federal Reserve Bank of New York]

Utica Office

0213            2213

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**FOURTH FEDERAL RESERVE DISTRICT**

[Federal Reserve Bank of Cleveland]

Head Office

0220            2220  
0223            2223  
0410            2410  
0412            2412  
0430            2430  
0432            2432

0433	2433
0434	2434
0440	2440
0441	2441
0720	2720
0724	2724

Cincinnati Branch

0420	2420
0421	2421
0422	2422
0423	2423
0442	2442
0515	2515
0519	2519
0740	2740
0749	2749
0813	2813
0830	2830
0839	2839
0863	2863

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3. Effective March 29, 2008, the Second and Third Federal Reserve District routing symbol lists in appendix A are amended by removing the headings and remaining listings for the Second Federal Reserve District and Utica office and revising the listings for the Third Federal Reserve District to read as follows:

**THIRD FEDERAL RESERVE DISTRICT**

[Federal Reserve Bank of Philadelphia]

Head Office

0210	2210
0212	2212
0213	2213
0214	2214
0215	2215
0216	2216
0219	2219
0260	2260
0280	2280
0310	2310

0311	2311
0312	2312
0313	2313
0319	2319
0360	2360

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4. Appendix B is revised to read as follows:

**APPENDIX B TO PART 229 – REDUCTION OF SCHEDULES FOR CERTAIN NONLOCAL CHECKS**

A depository bank that is located in the following check-processing territories shall make funds deposited in an account by a nonlocal check described below available for withdrawal not later than the number of business days following the banking day on which funds are deposited, as specified below.

Federal Reserve office	Number of business days following the banking day funds are deposited
Kansas City 0865, 2865.....	3

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By order of the Board of Governors of the Federal Reserve System, January 2, 2008.

Jennifer J. Johnson (signed)  
 Jennifer J. Johnson  
 Secretary of the Board.