

FEDERAL RESERVE SYSTEM

12 CFR Part 229

Regulation CC; Docket No. R-1212

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 Indianapolis check processing office of the Federal Reserve Bank of Chicago and reassign the Federal Reserve routing symbols currently listed under that office to the Cincinnati branch of the Federal Reserve Bank of Cleveland. This amendment is the last in a series of amendments to the appendix associated with the restructuring of check processing operations that the Reserve Banks announced in February 2003. The Board also is providing advance notice about a series of future amendments to appendix A in connection with the next phase of the Reserve Banks' restructuring of the check processing operations within the Federal Reserve System. This future restructuring and the associated amendments to appendix A will take effect on a staggered basis beginning in 2005 and ending in early 2006.

DATES: The final rule will become effective on October 30, 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:

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 same Federal Reserve check processing region as the

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

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 Amendment to Appendix A

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, effective October 30, 2004, the Indianapolis office of the Federal Reserve Bank of Chicago will cease processing checks and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to the Cincinnati branch of the Federal Reserve Bank of Cleveland. This is the last stage of the restructuring process announced in 2003. 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. Because the Cincinnati check processing region serves banks located in multiple Federal Reserve districts, banks located in the expanded Cincinnati check processing region cannot determine that a check is nonlocal solely because the paying bank for that check is located in another Federal Reserve district.

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 Banks of Cleveland and Chicago to reflect the transfer of operations from the Chicago Reserve Bank’s Indianapolis office to the Cleveland Reserve Bank’s Cincinnati branch. To coincide with the effective date of the underlying check processing changes, the amendments are effective October 30, 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

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 each of the final amendments, the Reserve Banks generally 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.frbservices.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.

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 August 2, 2004,⁴ 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 reduce further the number of locations at which they process checks. The Reserve Banks plan to stop processing checks at nine offices, and the checks currently processed at those offices will be processed at other nearby offices, as follows:

Branches and offices that no longer will process checks:

Boston, MA
Columbus, OH
Birmingham, AL
Nashville, TN
Detroit, MI
Oklahoma City, OK
Houston, TX
Portland, OR
Salt Lake City, UT

Branches and offices to which check processing will be transferred:

Windsor Locks, CT
Cleveland, OH
Atlanta, GA
Atlanta, GA
Cleveland, OH
Dallas, TX
Dallas, TX
Seattle, WA
Denver, CO

The restructuring of Reserve Bank check processing operations will take place in several stages over the course of 2005 and early 2006 and collectively will reduce the number of check processing regions from 32 to 23. The Board will amend appendix A in connection with each stage of the restructuring to delete the name of the office(s) that will no longer process checks and transfer the affected Federal Reserve routing symbols to another check processing office. The Board intends to announce each stage of the restructuring and the associated amendments to appendix A at least 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.

Some affected banks might prefer to make or to plan for some or all of their processing 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 describing below the Federal Reserve routing symbol changes to appendix A that will be made between January 1, 2005, and early 2006.

⁴ The Reserve Banks' press release concerning the upcoming restructuring process is available at <http://www.frb services.org/Retail/pdf/CheckAnnouncePressRelease8-2-04.pdf>

1. Windsor Locks.

The operations of the Boston head office will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Windsor Locks office:

| | |
|------|------|
| 0110 | 2110 |
| 0111 | 2111 |
| 0112 | 2112 |
| 0113 | 2113 |
| 0114 | 2114 |
| 0115 | 2115 |
| 0116 | 2116 |
| 0117 | 2117 |
| 0118 | 2118 |
| 0119 | 2119 |
| 0211 | 2211 |

2. Cleveland.

The operations of the Columbus office and the Detroit branch will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Cleveland head office:

| | |
|------|------|
| 0410 | 2410 |
| 0412 | 2412 |
| 0430 | 2430 |
| 0432 | 2432 |
| 0433 | 2433 |
| 0434 | 2434 |
| 0440 | 2440 |
| 0441 | 2441 |
| 0442 | 2442 |
| 0720 | 2720 |
| 0724 | 2724 |

3. Atlanta.

The operations of the Birmingham and Nashville branches will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Atlanta head office:

| | |
|------|------|
| 0610 | 2610 |
| 0611 | 2611 |
| 0612 | 2612 |
| 0613 | 2613 |
| 0620 | 2620 |

| | |
|------|------|
| 0621 | 2621 |
| 0622 | 2622 |
| 0640 | 2640 |
| 0641 | 2641 |
| 0642 | 2642 |

4. Denver.

The operations of the Salt Lake City branch will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Denver branch:

| | |
|------|------|
| 1020 | 3020 |
| 1021 | 3021 |
| 1022 | 3022 |
| 1023 | 3023 |
| 1070 | 3070 |
| 1240 | 3240 |
| 1241 | 3241 |
| 1242 | 3242 |
| 1243 | 3243 |

5. Dallas.

The operations of the Oklahoma City and Houston branches will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Dallas head office:

| | |
|------|------|
| 1030 | 3030 |
| 1031 | 3031 |
| 1039 | 3039 |
| 1110 | 3110 |
| 1111 | 3111 |
| 1113 | 3113 |
| 1119 | 3119 |
| 1120 | 3120 |
| 1122 | 3122 |
| 1123 | 3123 |
| 1130 | 3130 |
| 1131 | 3131 |
| 1140 | 3140 |
| 1149 | 3149 |
| 1163 | 3163 |

6. Seattle.

The operations of the Portland branch will be transferred such that banks with the following Federal Reserve routing symbols will be local to the Seattle branch:

| | |
|------|------|
| 1230 | 3230 |
| 1231 | 3231 |
| 1232 | 3232 |
| 1233 | 3233 |
| 1250 | 3250 |
| 1251 | 3251 |
| 1252 | 3252 |

The Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will remain the same.

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 the appendix are technical in nature and are required by the statutory and regulatory definitions of “check-processing region.” Thus, 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 Indianapolis office of the Federal Reserve Bank of Chicago and reassign the routing symbols listed under that office to the Cincinnati office of the Federal Reserve Bank of Cleveland. 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.

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 Fourth and Seventh 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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FOURTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Cleveland]

Head Office

| | |
|------|------|
| 0410 | 2410 |
| 0412 | 2412 |
| 0430 | 2430 |
| 0432 | 2432 |
| 0433 | 2433 |
| 0434 | 2434 |

Cincinnati Branch

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

Columbus Office

| | |
|------|------|
| 0440 | 2440 |
| 0441 | 2441 |
| 0442 | 2442 |

* * * * *

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 |

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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, September 22, 2004.

Jennifer J. Johnson (signed)

Jennifer J. Johnson
Secretary of the Board.