

***Transmittal***

***TR-396***

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**Number TR-396**

The Federal Reserve Board issued the attached final rule amending Appendix A of Regulation CC to reflect the restructuring of the Federal Reserve's check processing operations in the Ninth and Tenth Districts. These amendments are part of a series of amendments to Appendix A associated with the previously announced restructuring of the Reserve Banks' check processing operations.

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## FEDERAL RESERVE SYSTEM

### 12 CFR Part 229

[Regulation CC; Docket No. R-1293]

#### 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 Helena branch office of the Federal Reserve Bank of Minneapolis and reassign the Federal Reserve routing symbols currently listed under that office to the Denver branch office of the Federal Reserve Bank of Kansas City. These amendments will ensure that the information in appendix A accurately describes the actual structure of check processing operations within the Federal Reserve System.

**DATES:** The final rule will become effective on October 20, 2007.

**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 Kara L. Handzlik, Attorney (202/452-3852), 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.<sup>1</sup> 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.

As explained in the Board's final rule published in the **Federal Register** on May 18, 2007, the Federal Reserve Banks have decided to restructure their check processing services by reducing further the number of locations at which they process checks.<sup>2</sup> The Board issues separate final rules amending appendix A for each phase of the restructuring, and the amendments set forth in this notice are such final rules.<sup>3</sup>

As part of the restructuring process, the Helena branch office of the Federal Reserve Bank of Minneapolis will cease processing checks on October 20, 2007.<sup>4</sup> As of that date, banks with routing symbols currently assigned to the Helena branch office for check processing purposes will be reassigned to the Denver branch office of the Federal Reserve Bank of Kansas City. As

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

<sup>2</sup> See 72 FR 27951, May 18, 2007.

<sup>3</sup> In addition to the general advance notice of future amendments provided by the Board, and the Board's notices of final amendments, the Reserve Banks strive 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 <http://www.frb-services.org>.

<sup>4</sup> The Reserve Banks intend, however, for the Helena branch to continue serving as a site at which substitute checks are printed for delivery to paying banks.

a result of this change, 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 Denver check processing region serves banks located in multiple Federal Reserve districts, banks located in the expanded Denver 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, the Board accordingly is amending the lists of routing symbols associated with the Federal Reserve Banks of Minneapolis and Kansas City to conform to the transfer of operations from the Minneapolis Reserve Bank's Helena branch office to the Kansas City Reserve Bank's Denver branch office. To coincide with the effective date of the underlying check processing changes, the amendments are effective October 20, 2007. 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.<sup>5</sup> The Federal Reserve routing symbols assigned to all other Federal Reserve branches and offices will remain the same at this time.

**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. 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 part 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 Helena branch office of the Federal Reserve Bank of Minneapolis and reassign the routing symbols listed under that office to the Denver branch office of the Federal Reserve Bank of Kansas City. 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.

**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 Ninth and Tenth 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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**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

**TENTH FEDERAL RESERVE DISTRICT**

[Federal Reserve Bank of Kansas City]

*Head Office*

1010	3010
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1011	3011
1012	3012
1019	3019

*Denver Branch*

0920	2920
0921	2921
0929	2929
1020	3020
1021	3021
1022	3022
1023	3023
1070	3070
1240	3240
1241	3241
1242	3242
1243	3243

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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, August 13, 2007.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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<sup>5</sup> 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.