

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Regulation CC; Docket No. R-1228]

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 Salt Lake City branch office of the Federal Reserve Bank of San Francisco 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 June 18, 2005.

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 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

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

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 September 28, 2004, the Federal Reserve Banks have decided to reduce further the number of locations at which they process checks.² The amendments set forth in this notice are part of a series of appendix A amendments related to that decision, and the Board will issue separate notices for each phase of the restructuring.³

As part of the restructuring process, the Salt Lake City branch office of the Federal Reserve Bank of San Francisco will cease processing checks on June 18, 2005, and banks with routing symbols currently assigned to that office for check processing purposes will be reassigned to the Denver branch office of the Federal Reserve Bank of Kansas City. 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. Because the Denver branch office check processing region will serve banks located in more than one Federal Reserve District, 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 banks, the Board accordingly is amending the lists of routing symbols associated with the Federal Reserve Banks of San Francisco and Kansas City to conform to the transfer of operations from the San Francisco Reserve Bank's Salt Lake City 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 June 18, 2005. 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.⁴ 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 September 2004 Federal Register document.

² See 69 FR 57837, September 28, 2004.

³ 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 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.

⁴ 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. These technical amendments to appendix A of Regulation CC will delete the reference to the Salt Lake City branch office of the Federal Reserve Bank of San Francisco 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.

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 Tenth and Twelfth 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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TENTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Kansas City]

Head Office

1010	3010
1011	3011
1012	3012
1019	3019

Denver Branch

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

Oklahoma City Branch

1030	3030
1031	3031
1039	3039

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TWELFTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of San Francisco]

Head Office

1210	3210
1211	3211
1212	3212
1213	3213

Los Angeles Branch

1220	3220
1221	3221
1222	3222
1223	3223
1224	3224

Portland Branch

1230	3230
1231	3231
1232	3232
1233	3233

Seattle Branch

1250	3250
1251	3251
1252	3252

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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, April 19, 2005.

Jennifer J. Johnson (signed)

Jennifer J. Johnson
Secretary of the Board.