

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Regulation CC; Docket No. R-1308]

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 head office of the Federal Reserve Bank of Kansas City and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Dallas, and is amending appendix B of Regulation CC to delete the reference to the Kansas City head office.

DATES: The final rule will become effective on April 19, 2008.

FOR FURTHER INFORMATION CONTACT: Jeffrey S. H. Yeganeh, Financial Services Manager (202/728-5801), or Joseph P. Baressi, Financial Services Project Leader (202/452-3959), Division of Reserve Bank Operations and Payment Systems; or Heatherun Sophia Allison, Senior Counsel (202/452-3565), 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 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,

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

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.

On April 19, 2008, the Reserve Banks will transfer the check-processing operations of the head office of the Federal Reserve Bank of Kansas City to the head office of the Federal Reserve Bank of Dallas.² To assist banks in identifying local and nonlocal checks and making funds availability decisions, the Board is amending the lists of routing symbols in appendix A associated with the Federal Reserve Banks of Kansas City and Dallas to reflect the transfer of check-processing operations from the head office of the Federal Reserve Bank of Kansas City to the head office of the Federal Reserve Bank of Dallas. In addition, because the Kansas City check-processing region will no longer exist, the Board is deleting the appendix B reference to the Kansas City office, and, as a result of this change, there will be no offices listed in that appendix.

To coincide with the effective date of the underlying check-processing changes, the amendments to appendix A and appendix B are effective April 19, 2008. The Board is providing notice of the amendments at this time to give affected banks ample time to make any needed processing changes. Early 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

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.

² The Reserve Banks announced in May 2006 that the check-processing operations of the head office of the Federal Reserve Bank of Kansas City would be transferred to the head office of the Federal Reserve Bank of St. Louis in the first half of 2008. See www.federalreserve.gov/newsevents/press/other/20060531a.htm. The Board provided notice earlier this year, however, that the Kansas City check-processing operations instead would be transferred to the head office of the Federal Reserve Bank of Dallas. See 73 FR 1267, January 8, 2008.

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.

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 amendment to appendix A of Regulation CC will delete the reference to the head office of the Federal Reserve Bank of Kansas City and reassign the routing symbols listed under that office to the head office of the Federal Reserve Bank of Dallas. The technical amendment to appendix B of Regulation CC will delete the reference to the Kansas City head 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. The Tenth and Eleventh 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]

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

ELEVENTH FEDERAL RESERVE DISTRICT

[Federal Reserve Bank of Dallas]

Head Office

1010	3010
1011	3011
1012	3012
1019	3019
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

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APPENDIX B TO PART 229 – [Removed.]

3. Remove and reserve Appendix B.

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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, February 12, 2008.

Jennifer J. Johnson [signed]

Jennifer J. Johnson
Secretary of the Board.