

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: November 2009

NO: 09-RA-14

TO: All Federally-Insured Credit Unions

SUBJECT: Final Rule Technical Amendments to Availability of Funds and Collection of Checks (Regulation CC)¹

Dear Board of Directors:

The purpose of this Regulatory Alert is to notify credit unions the Board of Governors of the Federal Reserve System (Board) recently issued a final rule amending Regulation CC. Credit unions should assess the final rule's impact on their funds availability policies and schedules, and provide any required notice of changes to members.² The Board believes no additional burden is imposed on a depository institution by amendments in the final rule. Depository institutions are already required to have procedures in place to notify members when a change in funds availability occurs.

The [final rule](#) amends Regulation CC's routing number guide to next-day availability checks and local checks. The routing number changes are a result of the Board restructuring check-processing operations within the Federal Reserve System. The final rule also includes advanced notice the Federal Reserve's check-processing infrastructure will become a single check-processing region in early 2010. A single check-processing region will result in checks no longer being considered nonlocal for purposes of Regulation CC. A single check-processing region will subject some checks to faster funds availability schedules.

¹ 12 CFR Part 229 –Availability of Funds and Collection of Checks (Regulation CC) is available at: <http://www.federalreserve.gov/bankinfo/reglisting.htm>

² Section 229.18(e) of Regulation CC requires banks notify account holders who are consumers within 30 days after implementing a change improving the availability of funds.

In November 2008, the Board initially announced decreases in check volume necessitated transition to a single check-processing site. The Board's check-processing operations restructuring responds to:

- Continued nationwide decline in check usage;
- Rapidly increasing use of electronic check clearing methods; and,
- Cost recovery provisions of the Monetary Control Act of 1980.

The following chart summarizes changes to check-processing operation locations included in the final rule.

<u>Federal Reserve Bank Check-Processing Operations Restructuring Changes**</u>			
<u>Action</u>	<u>Transfer from Federal Reserve Bank Location</u>	<u>Transfer to Federal Reserve Bank Location</u>	<u>Effective Date</u>
Check-processing operations location transfer	<u>From:</u> Head Office of the Federal Reserve Bank of Dallas	<u>To:</u> Head Office of Federal Reserve Bank of Cleveland ³	October 17, 2009
Check-processing operations location transfer	<u>From:</u> Los Angeles Branch Office of the Federal Reserve Bank of San Francisco	<u>To:</u> Head Office of Federal Reserve Bank of Cleveland	November 14, 2009

Note: Restructuring changes in the table above will result in **some checks drawn on and deposited at banks⁴ located in Dallas, Los Angeles, and Cleveland check-processing regions becoming local checks subject to faster availability schedules. The final rule includes routing number guide changes to determine next-day availability checks and local checks.

If you have questions concerning these Regulation CC amendments, please do not hesitate to contact your NCUA regional office or state supervisory authority.

Sincerely,

/s/

Debbie Matz
Chairman

³ On August 14, 2009, the Federal Reserve Banks, by letter, informed depository institutions within Dallas's check-processing region of the October 17, 2009 transfer of check-processing operations from Dallas to the Cleveland check-processing operation.

⁴ For purposes of Regulation CC, the term "bank" includes credit unions.