

# REGULATORY ALERT

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

**DATE:** August 2010

**NO:** 10-RA-11

**TO:** All Federally-Insured Credit Unions

**SUBJECT:** Consolidation of Federal Reserve Board Check  
Centers: Impact on Deposit Holds and Funds  
Availability

Dear Board of Directors:

The purpose of this Regulatory Alert is to provide you with guidance now that the Federal Reserve Board has consolidated all of its check processing operations into one facility in Cleveland, Ohio.

The guidance addresses the impact of this consolidation on your funds availability policies and schedules, and required notice of changes to your members.

## **Background**

On January 5, 2010, the Federal Reserve Board issued a final rule amending Appendix A of Regulation CC - Availability of Funds and Collection of Checks. The final rule reflects the restructuring of check-processing operations within the Federal Reserve System. The transfer of the check processing operation became effective February 27, 2010. As a result of this amendment, there is now only one check-processing region for purposes of Regulation CC. Consequently, there are no longer any checks that are considered "nonlocal."

## **Effect on Check Deposit Holds and Funds Availability**

Regulation CC spells out the maximum period of time that a depository institution may hold certain deposited items before making the funds available to consumers. Under the regulation, a depository institution is generally required to provide faster availability for funds deposited by a "local check" than funds deposited by a "nonlocal check." A check is considered local if it is payable by, at, or through a financial institution located in the same Federal Reserve check processing region as the depository institution. Because Appendix A has been amended to reflect the existence of only one check processing region, there are no longer any "nonlocal checks."

All depository institutions are advised to review their check and deposit holds and funds availability policies, procedures, disclosures, and operations to ensure compliance with the revisions to Appendix A of Regulation CC.

While the consolidation of check processing centers is primarily an administrative change made by the Federal Reserve Board, additional revisions to Regulation CC and/or the relevant interagency exam procedures may become necessary. If any additional revisions to the regulation or examination procedures are made, we will provide further information.

Information about the consolidation of check processing operations appears on the Federal Reserve Board's website at this link:

<http://www.federalreserve.gov/newsevents/press/bcreg/20091231a.htm>

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