

# REGULATORY ALERT

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

**DATE:** February 2000                      **NO.:** 00-RA-04

**TO:** All Federal Credit Unions

**SUBJECT:** Regulation CC  
Availability of Funds and Collection of Checks

The Board of Governors of the Federal Reserve System (Board) has amended Regulation CC (Availability of Funds and Collection of Checks) to clarify the extent to which depository institutions and others may vary the terms of the regulation, by agreement, for the purpose of instituting electronic return systems.

As a result of this amendment, credit unions may:

- Enter into agreements with presenting or paying financial institutions to establish presentment based on an electronic transmission rather than physical delivery of a check or share draft.
- Enter into agreements with a paying or returning financial institution to accept an image or other notice in lieu of the returned check or share draft.

The Board's amendment, which took effect December 15, 1999, and a revised index of the Board's Regulations are enclosed. A notice describing the Board's action and the comments received is available on the Board's Internet Site ([www.federalreserve.gov/boarddocs/press/boardacts/1999](http://www.federalreserve.gov/boarddocs/press/boardacts/1999)) or from their Public Affairs Department, (800) 446-7045.

Sincerely,

\_\_\_\_\_/s/\_\_\_\_\_  
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Norman E. D'Amours  
Chairman  
National Credit Union Administration Board

For the reasons set forth in the preamble, 12 CFR Part 229 is amended [effective December 15, 1999] as set forth below:

**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 et. seq.

2. In § 229.36, paragraph (c) is removed and reserved.

3. In Appendix E, under section XXII, paragraph C. is removed and reserved.

4. In Appendix E, under section XXIII, new paragraphs C.9. and C. 10. are added to read as follows:

XXIII. Section 229.37 Variations by Agreement

C.

9. A presenting bank and a paying bank may agree that presentment takes place when the paying bank receives an electronic transmission of information describing the check rather than upon delivery of the physical check. (See § 229.36(b).)

10. A depository bank may agree with a paying or returning bank to accept an image or other notice in lieu of a returned check even when the check is available for return under this part. Except to the extent that other parties interested in the check assent to or are bound by the variation of the notice-in-lieu provisions of this part, banks entering into such an agreement may be responsible under this part or other applicable law to other interested parties for any losses caused by the handling of a returned check under the agreement. (See §§ 229.30(f), 229.31(f), 229.38(a).)

*Board of Governors of the Federal Reserve System, October 27, 1999.*

REGULATIONS  
of the  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

| Title   | Date"                          |
|---|--------------------------------|
| A Extensions of Credit by Federal Reserve Banks   | August 1999                    |
| B Equal Credit Opportunity<br>Commentary  | May 1998<br>November 1996      |
| Amendments to Commentary  | February 1998                  |
| C Home Mortgage Disclosure<br>Commentary  | December 1998<br>February 1996 |
| Amendments to Commentary  | February 1998                  |
| Amendments to Commentary  | December 17, 1998              |
| D Reserve Requirements of Depository Institutions   | April 1997                     |
| Amendments  | December 1998                  |
| Amendments  | September 28, 1999             |
| E Electronic Fund Transfers   | July 1996                      |
| Amendments  | November 1998                  |
| Commentary  | August 1996                    |
| F Limitations on Interbank Liabilities  | February 1993                  |
| * (Consolidated into Regulation U, effective April 1, 1998)   |                                |
| * Membership of State Banking Institutions in the<br>Federal Reserve System   | September 1998                 |
| Amendments  | December 1998                  |
| Capital Adequacy Guidelines   | May 1999                       |
| I Issue and Cancellation of Capital Stock of<br>Federal Reserve Banks   | September 1998                 |
| J Collection of Checks and Other Items by Federal Reserve Banks<br>and Funds Transfers through Fedwire  | January 1998                   |
| K International Banking, Operations   | January 1994                   |
| Amendments  | December 1998                  |
| L Management Official Interlocks  | September 1996                 |
| M Consumer Leasing  | November 1998                  |
| Commentary  | June 1999                      |
| N Relations with Foreign Banks and Bankers  | February 13, 1962              |
| O Loans to Executive Officers, Directors, and Principal<br>Shareholders of Member Banks   | June 1994                      |
| Amendments  | Derembpr I PP8                 |
| P (Rescinded October 1, 1998)   |                                |
| Q Prohibition Against the Payment of Interest on<br>Demand Deposits   | August 1993                    |
| R (Rescinded December 6, 1996)  |                                |
| Supersedes index dated October 20, 1999.  |                                |
| For most regulatory pamphlets published by the Board of Governors, the publication date appears in the lower left corner of the inside front cover. |                                |
| <b>ntle</b>   | <b>Date"</b>                   |
| S Reimbursement for Providing Financial Records;<br>Recordkeeping Requirements for Certain Financial Records  | July 1996<br>November 14, 1996 |
| <i>Amendment</i>  |                                |
| * Credit by Brokers and Dealers (Filed under Reg. U)  | April 1998                     |
| * Credit by Banks and Persons Other Than Brokers or Dealers<br>for the Purpose of Purchasing or Carrying Margin Stocks                              | April 1998                     |

\* (Suspended October 9, 1996)

W (Suspended May 7, 1952)

|  |                                 |
|--|---------------------------------|
| * Borrowers of Securities Credit (Filed under Reg. U)                    | April 1998                      |
| * Bank Holding Companies and Change in Bank Control<br><i>Amendments</i> | May 1997<br>January 1999        |
| <i>Capital Adequacy Guidelines</i> (See Regulation H)                    |                                 |
| Z Truth in Lending<br><i>Commentary</i>                                  | March 1998<br>July 1999         |
| AA Unfair or Deceptive Acts or Practices<br><i>Staff Guidelines</i>      | August 1992<br>January 1986     |
| <i>Amendments to Staff Guidelines</i>                                    | August 1, 1988                  |
| BB Community Reinvestment<br><i>Amendments</i>                           | July 1995<br>September 1997     |
| CC Availability of Funds and Collection of Checks<br><i>Amendments</i>   | August 1997<br>April 1, 1999    |
| <i>Amendments</i>  | October 27, 1999                |
| DD Truth in Savings<br><i>Amendment</i>                                  | November 1998<br>September 1999 |
| <i>Commentary</i>  | October 1994                    |
| <i>Amendments to Commentary</i>  | January 1995                    |
| EE Netting Eligibility for Financial Institutions<br><i>Amendments</i>   | May 1994<br>April 1996          |

### Procedural Rules

The Federal Reserve Bank of Richmond does not routinely distribute updates and amendments to the internal procedural rules of the Board of Governors of the Federal Reserve System. Copies of the Board's rules on the following subjects appear in volume 12 of the Code of Federal Regulations and Parts 6 and 8 of the Federal Reserve Regulatory

Service as indicated:

|   | <b>Code of Federal<br/>Regulations</b> | <b>Federal Reserve<br/>Regulatory Service</b> |
|---|--|---|
| Rules of Organization                         |  | 8- 001  |
| Branches of Federal Reserve Banks             |  | 8- 158  |
| Availability of Information                   | 12 CFR 261                             | 8- 230  |
| Access to and Review of Personal Information  | 12 CFR 261a                            | 8- 300  |
| Public Observation of Meetings                | 12 CFR 261b                            | 8- 400  |
| Rules of Procedure                            | 12 CFR 262                             | 8- 016  |
| Rules of Practice for Hearings                | 12 CFR 263                             | 8- 043  |
| Employee Responsibility and Conduct           | 12 CFR 264                             | 8- 550  |
| Federal Reserve Bank Directors                | 12 CFR 264a                            | 8- 168  |
| Foreign Gifts and Decorations                 | 12 CFR 264b                            | 8- 610  |
| Delegation of Authority                       | 12 CFR 265                             | 8- 102  |
| Activities of Former Members and Employees    | 12 CFR 266                             | 8- 600  |
| Consumer Advisory Council                     | 12 CFR 267                             | 6-1800  |
| Equal Opportunity                             | 12 CFR 268                             | 8- 440  |
| Labor Relations for the Federal Reserve Banks | 12 CFR 269                             | 8- 195  |