



Regulation CC – Elimination of Non-Local Checks

The Federal Reserve will consolidate all check processing operations into the Federal Reserve Bank of Cleveland as of February 27, 2010. This will effectively make all checks with any routing number for a financial institution or office within the United States a “local check” for Regulation CC purposes. Thus, while Regulation CC has not been revised, the provisions relating to the availability of non-local checks will no longer apply.

Alert Date: January 12, 2010
Status: Effective February 27, 2010
Links: [Federal Reserve Notice](#)

Due to the increasing use of electronic funds transfers and the resulting decrease in the use of checks, the Federal Reserve is completing its restructuring of the check processing operations by consolidating all of them into the Federal Reserve Bank of Cleveland. As a result, checks with U.S. routing numbers will now be “local” for all financial institutions and must be treated as such for purposes of making the funds available to customers. This means that funds must be made available within 2 business days for standard availability and case-by-case holds, and within 7 business days for exception holds. Deposits into new accounts may still be held for longer time periods.

Recommendations for Next Steps

By February 27, 2010, make sure you:

1. Train tellers, deposit operations and new accounts personnel who are responsible for placing holds on checks at the time of deposit. Review your procedures and revise as needed to remove references to nonlocal checks and reflect any changes in your Regulation CC disclosure.
2. Check your core processing system to ensure that any necessary programming changes are completed.
3. Review your disclosures for accuracy:
 - Not later than 30 days after implementation, ensure that existing customers are informed that only a local check delay policy will exist after February 27, 2010.
 - Ensure that new customers are provided with an accurate funds availability disclosure.
 - Review your hold notices to determine if any changes are needed regarding delayed availability from 11 days to 7 days for safeguard exceptions.
4. Update your Regulation CC monitoring and audit programs.
5. Review any board approved Regulation CC policy and make necessary changes.
6. Review related lobby notices at teller windows and any other location that the financial institution receives deposits to make necessary changes so that they agree with your Regulation CC disclosure.