

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10628**  
March 15, 1993 ]

**REGULATION CC  
AVAILABILITY OF FUNDS AND COLLECTION OF CHECKS**

**— Merger of NY Head Office and Jericho Office Territories**

**— Updated Uniform Commercial Code Citations**

**— Brochure on Regulation CC Compliance**

*To All State Member Banks in the Second  
Federal Reserve District, and Others Concerned:*

The Board of Governors of the Federal Reserve System has (a) amended Appendices A and B-2 to its Regulation CC, "Availability of Funds and Collection of Checks," as a result of the consolidation of the areas served by this Bank's Head Office and Jericho Office into a single territory, (b) amended Appendix E to that Regulation in order to provide updated cross-references to the Uniform Commercial Code, and (c) published a brochure on compliance with Regulation CC.

**Merger of territories**

Appendix A has been amended to include the Head Office routing numbers as part of the Jericho Office. As a result, a check deposited in the former Head Office territory and drawn on a depository institution in the Jericho Office territory is a local check and subject to the availability schedule for a local check in Section 229.12(b). Similarly, a check deposited in the former Jericho Office territory and drawn on a depository institution in the former Head Office territory is also a local check. These checks would have previously been considered nonlocal checks. Appendix B-2 to Regulation CC had previously reduced the availability of these checks to three business days. Because these checks are now local checks with two-day availability, however, this part of Appendix B-2 has been deleted.

Depository institutions should adjust their customer availability schedules to comply with this change. For example, institutions located in the 0214 and 0219 availability zones receiving checks drawn on 0210, 0260, and 2260 paying institutions are required to grant availability under the local (two-day) schedule. Similarly, institutions located in the 0210, 0260, and 2260 availability zones receiving checks drawn on 0214 and 0219 paying institutions are also subject to local availability schedules.

The New York Head Office continues to accept deposits of checks endpoint-sorted (fine-sorted) to banks with routing numbers 0210, 0260, and 2260. These items should also be treated as local checks, if deposited by 0210, 0260, 2260, 0214, or 0219 institutions.

(OVER)

### Citation updates

The changes in Appendix E to Regulation CC provide updated cross-references between the Regulation and the latest version of the Uniform Commercial Code.

### Guide to compliance

The Board of Governors has also published a new brochure, entitled "A Guide to Regulation CC Compliance," concerning the major problems financial institutions have in complying with the Regulation. The brochure covers the five most common Regulation CC violations cited and goes into some depth concerning funds availability.

\* \* \*

Enclosed, for those who maintain sets of the Board's regulations and certain others, is an excerpt from the *Federal Register* of January 4, 1993, containing the changes in Appendices A, B-2, and E; also enclosed, for State member banks in this District, is a copy of the new brochure. Additional, single copies of the enclosures can be obtained at this Bank (33 Liberty Street) from the Issues Division on the first floor, or by calling the Circulars Division (Tel. No. 212-720-5215 or 5216).

Questions on the brochure should be directed to our Compliance Examinations Department (Tel. No. 212-720-5914).

Questions about the changes in availability of credit for checks should be directed to one of the following officers:

*New York Head Office*

Matthew J. Puglisi, Manager  
Check Services Department  
(Tel. No. 212-720-6551)

*East Rutherford Operations Center*

Fred A. Denesevich, Regional Check Manager  
(Tel. No. 201-531-3429)

*Jericho Office*

Anthony N. Sagliano, Regional Check Manager  
(Tel. No. 516-997-4569)

E. GERALD CORRIGAN,  
*President.*

# federal register

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**REGULATION CC —  
AVAILABILITY OF FUNDS  
AND COLLECTION OF CHECKS**

**Amendments to  
Appendices A, B-2, and E**

*Effective January 5, 1993*

[Enc. Cir. No. 10628]



**FOR FURTHER INFORMATION CONTACT:**

Oliver Ireland, Associate General Counsel (202/452-3625), or Stephanie Martin, Senior Attorney (202/452-3198), Legal Division. For the hearing impaired only: Telecommunications Device for the Deaf, Dorothea Thompson (202/452-3544), Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

**SUPPLEMENTARY INFORMATION:** The Board's Regulation CC (12 CFR part 229) and its accompanying Commentary (Appendix E to part 229) contains many citations and cross-references to the Uniform Commercial Code (UCC). Section 229.2(ii) of Regulation CC defines "Uniform Commercial Code" as the version of the UCC adopted by the individual states. The Commentary to this definition states that, for purposes of uniform citation, all citations to the UCC in the regulation and Commentary refer to the official text as approved by the National Conference of Commissioners on Uniform State Laws (NCCUSL) and the American Law Institute (ALI).

In 1990, the NCCUSL and the ALI approved new versions of UCC Articles 3 and 4, governing commercial transactions and bank deposits and collections, which have already been adopted in several states. Some sections of the new Articles 3 and 4 have been amended substantially and some only in form. The Board has amended the citations and cross-references in Regulation CC and its Commentary to conform to the new version of the UCC. The Board has also relocated two sentences in the Commentary to § 229.30(a) that were misplaced.

In addition, the Federal Reserve Bank of New York recently discontinued check processing at its head office and incorporated the former head office check processing region into the Jericho office check processing region. The Board has amended the routing number lists in Appendices A and B-2 to reflect this change.

The amendments adopted by the Board are technical changes that do not affect the substance of Regulation CC or its Commentary. The amendments will provide updated cross-references between Regulation CC and the latest version of the UCC and update the routing number lists in Appendices A and B-2. Accordingly, the Board, for good cause, finds that the notice and public comment procedure normally required is not necessary and would be contrary to the public interest under 5 U.S.C. 553(b)(B). The Board further finds that, for the same reasons, there is good cause under 5 U.S.C. 553(d)(3) to

make the amendments effective immediately, without regard for the 30-day period provided for in 5 U.S.C. 553(d).

**Final Regulatory Flexibility Analysis**

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that adoption of this final rule will not have a significant economic impact on a substantial number of small entities that are subject to the regulation. As noted above, the amendments impose no new requirements, but merely update UCC cross-references and appendices.

**List of Subjects in 12 CFR Part 229**

Banks, banking, Federal Reserve System, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, 12 CFR part 229 is amended as follows:

1. The authority citation for part 229 continues to read as follows:

**Authority:** 12 U.S.C. 4001 *et seq.*

2. In section 229.2, in the second sentence of paragraph (cc), "U.C.C. 4-202(2)" is revised to read "UCC 4-202(b)".

3. In Appendix A to part 229, under the heading "SECOND FEDERAL RESERVE DISTRICT," the numbers appearing directly under the subheading "Head Office" are transferred in numerical order under the subheading "Jericho Office" and the subheading "Head Office" is removed.

4. In Appendix B-2 to part 229, the headings "New York" and "Jericho" and their corresponding entries are removed from the table.

5. In Appendix E under the Commentary to section 229.2, in the first sentence of the second paragraph of paragraphs (f) and (g), "U.C.C. § 4-104(1)(c)" is revised to read "UCC 4-104(a)(3)"; in the second sentence of paragraph (j), "U.C.C. §§ 3-410, 3-411" is revised to read "UCC 3-409"; in the first sentence of the third paragraph of paragraph (k), "U.C.C. § 3-120" is revised to read "UCC 4-106(a)"; the first sentence of the last paragraph of paragraph (bb) is revised as set forth below; and in the fourth sentence of paragraph (cc), "U.C.C. 4-202(2)" is revised to read "UCC 4-202(b)".

**Appendix E to Part 229—[Amended]**

\* \* \* \* \*

**Section 229.2 Definitions**

\* \* \* \* \*

(bb) *Qualified returned check.* \* \* \*

\* \* \* \* \*

A qualified returned check need not contain the elements of a check drawn on the

**12 CFR Part 229**

[Regulation CC; Docket No. R-0783]

RIN 7100-AB01

**Availability of Funds and Collection of Checks**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule; technical corrections.

**SUMMARY:** The Board is publishing technical corrections to Regulation CC. The corrections will conform the Uniform Commercial Code citations in Regulation CC and its Commentary to the 1990 version of Articles 3 and 4 of the UCC, as approved by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, and to a recent realignment in Federal Reserve check processing regions. The amendments will provide updated cross-references between Regulation CC and the latest version of the UCC and will update the routing numbers in the appendices to the regulation.

**EFFECTIVE DATE:** January 5, 1993.



depository bank, such as the name of the depository bank. \* \* \*

6. In Appendix E under the Commentary to section 229.11, in the fourth sentence of the last paragraph of paragraph (b) under the heading "Time Period Adjustment for Withdrawal by Cash", "U.C.C. § 4-107" is revised to read "UCC 4-108".

7. In Appendix E under the Commentary to paragraph (a) of section 229.14, in the fourth sentence of the first paragraph of footnote 3, "U.C.C. sections 4-211 and 4-213" is revised to read "UCC 4-214 and 4-215".

8. In Appendix E under the Commentary to section 229.19, in the last sentence of the last paragraph of paragraph (e), "U.C.C. 4-213(1)(a)" is revised to read "UCC 4-215(a)(1)".

9. In Appendix E under the Commentary to section 229.30:

a. In paragraph (a), the last two sentences of the seventh from the last paragraph are removed; two new sentences are added to the end of the fifth from the last paragraph as set out below; in footnote 4, "U.C.C. section 4-202(3)" is revised to read "UCC 4-202(c)"; in the third sentence of the sixth from the last paragraph, "U.C.C. sections 3-418 and 4-213(1)" is revised to read "UCC 3-418(c) and 4-215(a)"; the third from the last paragraph (numbered 1) is removed; the second from the last and the last paragraphs (numbered 2 and 3) are redesignated as 1 and 2, respectively; in newly-redesignated paragraph 1, "Section 4-301(4)" is revised to read "Section 4-301(d)"; and in newly-redesignated paragraph 2, "Section 4-301(1)" is revised to read "Section 4-301(a)";

b. In paragraph (b), in the last sentence of the last paragraph, "U.C.C. section 4-207" is revised to read "UCC 4-208"; and

c. In paragraph (f), in the first sentence of the second paragraph, "U.C.C. section 4-301(1)" is revised to read "UCC 4-301(a)".

#### Appendix E to Part 229—[Amended]

#### Section 229.30 Paying bank's responsibility for return of checks

(a) \* \* \*

\* \* \* Also, a paying bank is not responsible for failure to make expeditious return to a party that has breached a presentment warranty under UCC 4-208, notwithstanding that the paying bank has returned the check. (See Commentary to § 229.33(a).)

10. In Appendix E under the Commentary to section 229.31:

a. In paragraph (a), in the second sentence of the fifth from the last

paragraph, "U.C.C. section 4-202(3)" is revised to read "UCC 4-202(c)"; the third from the last paragraph (numbered 1) is removed; the second from the last and the last paragraphs (numbered 2 and 3) are redesignated as 1 and 2, respectively; in newly-redesignated paragraph 1, "Section 4-202(2)" is revised to read "Section 4-202(b)", and in newly-redesignated paragraph 2, "Section 4-212(1)" is revised to read "Section 4-214(a)";

b. In paragraph (b), in the first sentence of the third paragraph, "U.C.C. section 4-202(2)" is revised to read "UCC 4-202(b)"; and

c. In paragraph (c), in the first sentence of the last paragraph, "U.C.C. section 4-212(1)" is revised to read "UCC 4-214(a)".

11. In Appendix E under the Commentary to section 229.32, in the fourth sentence of the first paragraph of paragraph (a), "U.C.C. section 3-504(2)" is revised to read "UCC 3-111", and in the second sentence of the second paragraph of paragraph (b), "U.C.C. section 4-107" is revised to read "UCC 4-108".

12. In Appendix E under the Commentary to paragraph (a) of section 229.33, in the second from the last sentence of the last paragraph, "U.C.C. 4-207(1)" is revised to read "UCC 4-208" and in the last sentence of the last paragraph, "U.C.C. 4-207(1) and 4-302" is revised to read "UCC 4-208 and 4-302".

13. In Appendix E under the Commentary to section 229.35:

a. In paragraph (a), the second sentence of the sixth paragraph is revised to read "(See UCC 4-207(a) and 4-208(a).)";

b. In paragraph (b), in the seventh sentence of the fifth paragraph, "U.C.C. sections 4-213(1) and 4-302" is revised to read "UCC 4-215(a) and 4-302"; in the eighth sentence of the fifth paragraph, "U.C.C. 4-211(2) and (3) and 4-213(3)" is revised to read "UCC 4-213 and 4-215(d)"; in the tenth sentence of the fifth paragraph, "U.C.C. 4-211, 4-212, and 4-213" is revised to read "UCC 4-213, 4-214, and 4-215"; in the first and second sentences of the second from the last paragraph (numbered 1), "Section 4-212(1)" is revised to read "Section 4-214(a)"; and the last paragraph (numbered 2) is revised as set out below; and

c. In paragraph (c), in the second sentence, "U.C.C. section 4-201(2)" is revised to read "UCC 4-201(b)".

#### Appendix E to Part 229—[Amended]

#### Section 229.35 Indorsements

(b) \* \* \*

2. Section 3-415 and related provisions (such as section 3-503), in that such provisions would not apply as between banks, or as between the depository bank and its customer.

14. In Appendix E under the Commentary to section 229.36:

a. In paragraph (b), in the fourth sentence of the third paragraph (numbered 1), "U.C.C. 4-204(3)" is revised to read "UCC 4-204(c)"; in the fourth sentence of the seventh paragraph (numbered 3), "U.C.C. 3-504(2)" is revised to read "UCC 3-111"; and in the last paragraph, "U.C.C. 3-504(2)(c)" is revised to read "UCC 3-111";

b. In paragraph (c), the third sentence is revised as set out below; and

c. In paragraph (d), in the fifth sentence, "U.C.C. § 4-213(b) or (d)" is revised to read "UCC 4-215(a)(2) or (3)".

#### Appendix E to Part 229—[Amended]

#### Section 229.36 Presentment and issuance of checks

(c) \* \* \* This process has the potential to improve the efficiency of check processing, and express provision for truncation and electronic presentment is made in UCC 4-110 and 4-406(b). \* \* \*

15. In Appendix E under the Commentary to section 229.37, before the parenthetical in the second sentence in the first paragraph, "U.C.C. 4-103(1)" is revised to read "UCC 4-103(a)", and in the first sentence in the second paragraph, "U.C.C. 4-103(2)" is revised to read "UCC 4-103(b)".

16. In Appendix E under the Commentary to section 229.38:

a. In paragraph (a), in the third sentence in the second paragraph, "U.C.C. sections 4-103(5) and 4-202(3)" is revised to read "UCC 4-103(e) and 4-202(c)";

b. In paragraph (b), in the last sentence, "sections 4-213 and 4-302" is revised to read "sections 4-215 and 4-302"; and

c. In paragraph (e), the second sentence is revised to read as follows:

#### Appendix E to Part 229—[Amended]

#### Section 229.38 Liability

(e) \* \* \* It adopts the standard of UCC 4-109(b).

17. In Appendix E under the Commentary to section 229.39, in the introductory text, "U.C.C. section 4-214" is revised to read "UCC 4-215".

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, December 29, 1992.

**William W. Wiles,**

*Secretary of the Board.*

[FR Doc. 92-31933 Filed 12-31-92; 8:45 am]

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