

RESCINDED

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Outdated – See OCC 2020-11

Regulation CC and Regulation Q: Dodd–Frank Wall Street Reform and Consumer Protection Act–Regulations CC and Q

This bulletin advises national banks of two provisions included in the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd–Frank Act) of 2010 that become effective July 21, 2011. The first is section 1086 of the Dodd–Frank Act, which amends the Expedited Funds Availability Act implemented by Regulation CC. The second is section 627 of the Dodd–Frank Act, which repeals section 19(i) of the Federal Reserve Act and amends section 5(b)(1)(B) of the Home Owners' Loan Act. The Board of Governors of the Federal Reserve System (Board) is in the process of drafting regulations addressing these provisions; however, they may not be finalized by the effective date. The statutory changes take effect on July 21, 2011, even in the absence of final regulations. Therefore, national banks should make the appropriate changes to their practices, policies, and/or disclosures as necessary to comply with these provisions. Additional details related to each provision are discussed below.

To

Chief Executive Officers and
Compliance Officers of All
National Banks, Department and
Division Heads, All Examining
Personnel, and Other Interested
Parties

Regulation CC–Expedited Funds Availability Act

Section 1086 of the Dodd–Frank Act amends the Expedited Funds Availability Act to require depository institutions to make the first \$200 of funds deposited by certain check(s)¹ into an account available for withdrawal on the business day after the banking day that a deposit is received. Currently, depository institutions must make the first \$100 available on the business day after such a deposit.

Unless a national bank already provides next-day availability for certain checks, by July 21, 2011, it should

- Change its practices to ensure that the first \$200 of funds deposited by certain check(s) into an account will be available on the business day after the banking day that the deposit is made,
- Change required notices and disclosures (initial and subsequent) to indicate that the first \$200 of funds deposited by certain check(s) into an account will be available on the business day after deposit, and
- Provide affected customers a change-of-terms notice no later than 30 days after the depository institution implements the change.

The Board requested public comment on proposed comprehensive changes to Regulation CC (Availability of Funds and Collection of Checks), including changes to implement section 1086 of the Dodd–Frank Act. See *76 Fed. Reg.* 16862 (March 25, 2011). National banks should make the appropriate changes to their practices, policies, and disclosures as necessary to comply with the statute by July 21, 2011, even if the changes to Regulation

CC have not been adopted by that date. The \$200 amount will be inflation-adjusted every five years.²

Regulation Q – Prohibition Against Payment of Interest on Demand Deposits

Section 627 of the Dodd–Frank Act repeals section 19(i) of the Federal Reserve Act (12 USC 371a) and amends section 5(b)(1)(B) of the Home Owners’ Loan Act. The repeal of those sections removes the prohibition on payment of interest on demand deposit accounts. After July 21, 2011, member banks and federal savings associations may pay interest on demand deposit accounts, but are not required to pay interest on these accounts. If an institution makes a determination to pay interest on some or all of its demand deposit accounts, it must notify affected customers that the account is no longer eligible for full (unlimited) deposit insurance coverage as a noninterest-bearing transaction account.³

The Board requested public comment regarding the proposed repeal of Regulation Q to implement the provisions of the Dodd–Frank Act. *See 76 Fed. Reg. 20892* (April 14, 2011). If national banks and federal savings associations make changes to their product offerings after July 21 to pay interest on demand deposit accounts, given the repeal of the statutory prohibitions, they should make appropriate changes to their policies, practices, procedures, and disclosures.

For more information on these provisions, please contact your supervisory office; Pamela Mount, National Bank Examiner, Compliance Policy, at (202) 649-5470; or Community and Consumer Law, at (202) 649-6350.

Grovetta N. Gardineer
Deputy Comptroller for Compliance Policy

¹ "Certain checks" means a check or checks not subject to next-day availability after deposit on any one banking day. *See* 12 CFR 229.10(c).

² The dollar amounts are to be adjusted every five years after December 31, 2011, by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, as published by the Bureau of Labor Statistics, rounded to the nearest multiple of \$25. Dodd-Frank Act section 1086.

³ 12 CFR 330.16(c)(3).

Related Links

- [Dodd-Frank Act Amendment to Regulation CC](#) (PDF)
- [Dodd-Frank Act Amendment to Regulation Q](#) (PDF)