

## VI. Deposits — EFA

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- **“Business Day”** Any day excluding Saturdays, Sundays and legal holidays (standard Federal Reserve holiday schedule).
- **“Banking Day”** A business day in which a bank is open for substantially all of its banking activities.

Even though a bank may be open for regular business on a Saturday or Sunday, it is not a banking day for the purpose of Regulation CC because Saturday and Sunday are never a ‘business day’ under the regulation. The fact that one branch is open to the public for substantially all of its banking activities does not necessarily mean that day is a banking day for other branches.

**“Check”** Includes both original checks and substitute checks.<sup>2</sup>

- **“Original Check”** The first paper check issued with respect to a particular payment transaction.
- **“Substitute Check”** A paper reproduction of an original check that:
  - Contains an image of the front and back of the original check;
  - Bears an MICR line containing all of the information encoded on the original check’s MICR line, except as provided in the industry standard for substitute checks;<sup>3</sup>
  - Conforms in dimension, paper stock, and otherwise with industry standards for substitute checks; and
  - Is suitable for automated processing in the same manner as the original check.  
A substitute check for which a bank has provided the warranties described in §229.52 is the legal equivalent of an original check if the substitute check accurately represents all of the information on the front and back of the original check and bears the legend “This is a legal copy of your check. You can use it the same way you would use the original check.”
- **“Copy”** Any paper reproduction of an original check, including a paper printout of an electronic image, a photocopy, or a substitute check. A “sufficient copy” is a copy of an original check that accurately represents all of the information on the front and back of the check at the

<sup>2</sup> The term “check” does not include checks drawn in a foreign currency or checks drawn on a bank located outside the United States.

<sup>3</sup> Magnetic ink character recognition (MICR) line means the numbers, which may include the routing number, account number, check number, and check amount, that are printed across the bottom of a check in magnetic ink. The industry standard for substitute checks is American National Standard Specifications for an Image Replacement Document – IRD, X9.100-140. ANS X9.100-140 specifies ways in which the content of a substitute check’s MICR line may vary from the content of the original check’s MICR line. ANS X9.100-140 also specifies circumstances in which a substitute check MICR line need not be printed in magnetic ink.

time of truncation or is otherwise sufficient to establish the validity of a claim.

**“Consumer”** A natural person who draws a check on a consumer account or cashes or deposits a returned check against a consumer account.

**“Consumer Account”** An account used primarily for personal, family, or household purposes.

**“Customer”** A person who has an account with a bank.

**“Local Check”** A check deposited in a location of the depository bank that is located in the same Federal Reserve check processing region as the paying bank.

**“Non-Local Check”** is a check deposited in a different check processing region than the paying bank.

**“Truncate”** To remove an original check from the forward collection or return process and replace it with a substitute check or, by agreement, information relating to the original check. The truncating bank may or may not choose to provide subsequent delivery of the original check.

### **Administrative Enforcement – §229.3**

The regulation is to be enforced for banks through Section 8 of the Federal Deposit Insurance Act (12 USC 1818) and for credit unions through the Federal Credit Union Act (12 USC 1751 et seq.). In addition, a supervisory agency may enforce compliance though any other authority conferred on it by law. The Federal Reserve Board shall enforce the requirements of the regulation for depository institutions that are not specifically committed to some other government agency.

### **Subpart B – Availability of Funds And Disclosure of Funds Availability Policies**

#### **Next-Day Availability – §229.10**

Cash, electronic payments, and certain check deposits must generally be made available for withdrawal the business day after the banking day on which they were received. Among the covered check deposits are cashier’s, certified, and teller’s checks, government checks (including U.S. Treasury checks, U.S. Postal money orders, state and local government checks, checks drawn on Federal Reserve or Federal Home Loan Banks), and certain “on us” checks (checks drawn on the same bank or a branch thereof).

Generally, to qualify for next-day availability, the deposit must be:

- Made at a staffed teller station; and
- Deposited into an account held by the payee of the check.

However, two types of deposits, U.S. Treasury checks and “on us” checks, must receive next-day availability even if the deposit is not made at a staffed teller station. Other next-day check deposits, and cash deposits, that are not made at staffed teller stations must be available for withdrawal on the second business day after the day of deposit under §229.10(a)(2) and §229.10(c)(2).

#### ***Additional Rules***

Under §229.10(c)(1)(iv-v), for state and local government checks to receive next-day availability, the depository bank must be located in the same state as the governmental unit issuing the check. Further, under §229.10(c)(3), the depository bank may require special deposit slips or envelopes for these deposits, as well as for cashier’s, certified and teller’s check deposits. If the depository bank requires the use of special deposit slips, it must either provide the slips or inform customers how they may be obtained.

For “on us” checks to receive next-day availability, the checks must be drawn on the same or another branch of the bank where the check is deposited. In addition, both branches must be located in the same state or check processing region.

#### ***\$100 Rule***

Section 229.10(c)(1)(vii) of the regulation contains a special \$100 rule for check deposits not subject to next-day availability. Under the rule, the depository bank must make available for withdrawal the lesser of \$100 or the aggregate amount deposited to all accounts, including individual and joint accounts, held by the same customer on any one banking day. The \$100 rule does not apply to deposits received at nonproprietary Automated Teller Machines (ATMs).

#### **Availability Schedule – §229.12**

The permanent availability schedule became effective on September 1, 1990. (*See Permanent Funds Availability Schedule-Figures A & B on the following pages.*) Under this schedule, local check deposits must be made available no later than the second business day following the banking day of deposit. Deposits of nonlocal checks must be made available no later than the fifth business day following the banking day of deposit. Funds, including cash and all checks, deposited at nonproprietary ATMs must be made available no later than

the fifth business day following the banking day on which the funds were deposited.

Checks that would normally receive next-day availability are treated as local or non-local check deposits if they do not meet all the criteria for next-day availability under §229.10(c). (As mentioned earlier, certain checks generally deposited at a staffed teller station and into an account held by the payee of the check receive next-day availability. However, state, local government and certain “on us” checks are subject to additional rules.)

U.S. Treasury checks and U.S. Postal Money orders that do not meet all the requirements for next-day or second day availability as outlined in §229.10(c) receive funds availability as if they were “local” checks. Cashiers, certified, teller’s, state and local government, and checks drawn on the Federal Reserve or Federal Home Loan Banks that do not meet all the requirements in §229.10(c) receive funds availability as either local or non-local checks, according to the location of the bank on which they are drawn.

#### ***Cash Withdrawals***

Special rules apply to cash withdrawals from local and non-local check deposits. While §229.12 (d) allows the depository bank to extend the availability schedule for cash or similar withdrawals by one day, the customer must still be allowed to withdraw the first \$100 of any check deposit not subject to next-day availability on the business day following the day of deposit. In addition to the first \$100, a customer must also be allowed to withdraw \$400 of the deposited funds (or the maximum amount that can be withdrawn from an ATM, but not more than \$400) no later than 5 p.m. on the day funds become available for check withdrawals. The remainder of deposited funds would be available for cash withdrawal on the following business day.

#### ***Extension of the Schedule for Certain Deposits***

Section 229.12(e) provides that banks in Alaska, Hawaii, Puerto Rico, or the Virgin Islands receiving checks drawn on or payable through banks located in another state may extend the availability schedules for local and non-local checks by one day. This exception, however, does not apply to checks drawn on banks in these states or territories and deposited in banks located in the continental U.S.