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eNews Headline: Do We Have to Provide a New Account Hold Notice?

Question: We had a new customer open an account on Monday. Today (Wednesday) it was discovered that there was no hold placed or notice given. I think we can place a hold for 3 or longer up to 12 days (checks were local) and not send a notice, as this is a new account. Deposit was for \$20,000.00.

Answer: You can place a hold and no notice is required. Some banks do provide a 'new account' hold notice as a courtesy, but it is not required.

When Regulation CC was drafted, 'new account' disclosures were included in the initial disclosure requirements. It was assumed that accountholders would read and understand those 'new account' disclosures – at least for a month. Since the deposit in question was over \$5,000, be sure to read the 'Compliance Tip' below as well.

The requirements for a "Notice of exception" hold is found in section 229.13(g).

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(1) In general. Subject to paragraphs (g)(2) and (g)(3) of this section, when a depository bank extends the time when funds will be available for withdrawal based on the application of an exception contained in paragraphs (b) through (e) of this section, it must provide the depositor with a written notice.

(i) The notice shall include the following information -

(A) A number or code, which need not exceed four digits, that identifies the customer's account;

(B) The date of the deposit;

(C) The amount of the deposit that is being delayed;

(D) The reason the exception was invoked; and

(E) The time period within which the funds will be available for withdrawal.

Source [link](#).

The first sentence reads as follows – ‘Subject to paragraphs (g)(2) and (g)(3) of this section, when a depository bank extends the time when funds will be available for withdrawal based on the application of an exception contained in paragraphs (b) through (e) of this section, it must provide the depositor with a written notice.’

Notice that no written notice is required for exceptions contained in paragraph (a). Paragraph (a) provides for new account holds. Assuming you provided your accountholders with the necessary initial disclosure, that constitutes a notice of the hold for new accounts.

For the Compliance Adviser *Legal Ease* archive, click [here](#).

Compliance Tip: For a ‘new account,’ funds deposited in one banking day in excess of \$5,000 must be available for withdrawal no later than the ninth banking day.

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(1) A deposit in a new account -

(i) Is subject to the requirements of § 229.10 (a) and (b) to make funds from deposits by cash and electronic payments available for withdrawal on the business day following the banking day of deposit or receipt;

(ii) Is subject to the requirements of § 229.10(c)(1) (i) through (v) and § 229.10(c)(2) only with respect to the first \$5,000 of funds deposited on any one banking day; but the amount of the deposit in excess of \$5,000 shall be available for withdrawal not later than the ninth business day following the banking day on which funds are deposited; and

(iii) Is not subject to the availability requirements of §§ 229.10(c)(1)(vi) and (vii) and 229.12.

Publish: 12/18

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