



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

December 23, 1985

OFFICE OF GENERAL COUNSEL

Robert E. Burton, Jr., Esquire  
Squire, Sanders and Dempsey  
BancOhio National Place  
155 East Broad Street  
Columbus, Ohio 43215

Dear Mr. Burton:

This is in reply to your follow-up letter dated September 26, 1985, to this Office concerning the permissibility of Federal credit union (FCU) investment in the ~~Cardinal Government Securities~~ Trust (CGST), Prospectus dated January 30, 1985.

You state in your letter that the World Bank is an instrumentality of the United States, as well as its other member governments. There is no general authority in 12 U.S.C. §1757(7) for FCU investment in obligations of instrumentalities of the United States. Rather, only those instrumentalities specifically described (e.g., Federal land banks, Federal Home Loan Banks, FNMA, etc.) would be legal investments. In addition, all "obligations, participations, securities, or other instruments of, or issued by, or fully guaranteed as to principal and interest by any . . . agency of the United States . . ." would be permissible FCU investments. Lastly, all securities fully guaranteed as to principal and interest by the United States would be authorized FCU investments. Inasmuch as World Bank obligations do not satisfy any of these requirements, they would not be legal investments for FCU's.

You also provide information on the repurchase transactions engaged in by CGST. Based on the additional information provided, we now conclude that the repurchase transactions do satisfy the requirements set forth in Section 703.3(d) of the NCUA Rules and Regulations.

FOIA vol J E. 5,

Robert E. Burton, Jr., Esq.  
December , 1985  
Page Two

However, inasmuch as CGST is authorized to invest in World Bank obligations, the Trust would not be a permissible investment for FCU's.

Sincerely,

STEVEN R. BISKER  
Assistant General Counsel

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