



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

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12/30/85

OFFICE OF GENERAL COUNSEL

Edward J. Wiles, Jr., Esq.
Vice President and Associate Counsel
Kemper Financial Services, Inc.
120 South LaSalle Street
Chicago, IL 60603

Dear Mr. Wiles:

This is in reply to your letter dated October 29, 1985, to Mr. Robert Fenner of this Office concerning the permissibility of Federal credit union (FCU) investment in the ~~Kemper Government~~ Money Market Fund, Inc. (Fund), Prospectus and Statement of Additional Information dated November 20, 1984.

You have already reviewed the pertinent provisions of the FCU Act (particularly Sections 107(7) and (8)) and the NCUA Rules and Regulations (particularly Part 703) regulating FCU investments and deposits. We have interpreted these provisions as authorizing FCU investment in mutual funds if all of the investments and investment practices made by the fund are permissible if made directly by an FCU.

The Fund invests exclusively in U.S. Treasury bills, notes, bonds, and other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities as described on page two of the Prospectus. It is not clear from the Prospectus that the obligations issued or guaranteed by instrumentalities would be permissible FCU investments. Further description in the Prospectus, or in the Statement of Additional Information, would be necessary to clarify this investment activity of the Fund. In addition, the Fund engages in repurchase transactions. Based upon our review of the Investment Company Act of 1940 (1940 Act), regulations issued pursuant thereto, and conversations with the Securities and Exchange Commission (SEC) staff, if the Fund is in compliance with the 1940 Act and regulations, our regulatory requirement contained in Section 703.2(1)(1) is satisfied.

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Edward J. Wiles, Jr., Esq.
December 30, 1985
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Inasmuch as there is insufficient information in the Prospectus to determine whether the investments are permissible, it is our opinion that the Kemper Government Money Market Fund is not a permissible investment for Federal credit unions.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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