



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

Thomas J. Kosco, Esq.
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

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Dear Mr. Kosco:

This is in reply to your letter of January 10, 1986, concerning the permissibility of Federal credit union (FCU) investment in Institutional Liquid Assets, Prospectus and Statement of Additional Information dated May 1, 1985, and supplement dated November 22, 1985. In particular, you seek an opinion on the Treasury Obligations Portfolio.

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

The Fund invests exclusively in U.S. Treasury securities and repurchase agreements pertaining thereto. These investments are permissible for direct investment by FCU's and the repurchase transactions are in compliance with our regulations.

In light of the above, it is the opinion of this Office that the Treasury Obligations Portfolio is a legal investment for Federal credit unions. This should not, however, be interpreted or represented as NCUA's endorsement, recommendation, or approval of Institutional Liquid Assets. Rather, it is merely our opinion that the investment is legal for FCU's. Any communication with Federal credit unions concerning this opinion must clearly state this distinction.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

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