



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

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4/23/86

Mary K. Bellamy, Esq.
Assistant General Counsel
Investment Company Institute
1600 M Street, N.W.
Washington, DC 20036

Dear Ms. Bellamy:

This is in response to your letter of March 7, 1986, concerning the legality of Federal credit union (FCU) investment in unit investment trusts.

It has been our longstanding position that an FCU may invest in a unit investment trust (trust) if the underlying investments and investment transactions are legal for direct investment by FCU's pursuant to Sections 107(7) and (8) of the FCU Act (12 U.S.C. §1757(7) and (8)) and Part 703 of the NCUA Rules and Regulations (12 C.F.R. Part 703).

You enclosed our June 11, 1979, letter to Richard M. Phillips, Esq., with your letter. Our letter to Mr. Phillips set forth certain requirements on FCU mutual fund investments. One of the requirements set forth was that any mutual or trust fund be reviewed by the NCUA before an FCU could legally invest in it. That requirement no longer exists. An opinion from this Office is not required before an FCU can make an investment.

If an opinion letter from this Office is desired, we require that the requestor submit an initial legal review of the investment. This review should address the various aspects of the investment (e.g., referring to pages in the prospectus) and relate them to the requirements of the FCU Act and NCUA Rules and Regulations (see citations in previous paragraph). We will then concur with or state our reason for nonconcurrence with the opinion.

You request that, once this Office renders an opinion on the legality of FCU investment in a particular unit investment trust, the opinion apply to all subsequent series of that particular trust. You reason that, although the specific composition of unit investment trusts will vary among the series, the other features, such as types of securities in which it will invest, will be substantially identical from one series to the next. A review of the Standard Terms and Conditions of the unit

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investment trusts enclosed with your letter reveals that they may vary from one series to the next. (See p. 1 of the Standard Terms and Conditions for the Government Securities Income Fund, GNMA Series R, enclosed with your letter.) Since the standard terms and conditions can vary from one series of a unit investment trust to the next, we can not render opinions on future series.

We note further that the NCUA does not approve, endorse or recommend investments for FCU's. We merely state our opinion as to whether a specific investment is legal for FCU's. Any communication with FCU's concerning our opinions must clearly state this distinction.

Lastly, we suggest that if you or your members have any questions on investments that have already been reviewed by NCUA, you call the NCUA Investment Hotline at 800-424-3205.

We hope that we have been of assistance. If further legal questions arise, please contact Hattie Ulan of this Office.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

HMU:cch