



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

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4/23/86

Office of General Counsel  
Mr. Michael E. McCarthy  
ManEquity, Inc.  
9085 East Mineral Circle, Suite 300  
Englewood, CO 80112

Dear Mr. McCarthy:

This responds to your letter dated January 20, 1986, to Ms. Rosemary Brady, concerning the National Credit Union Administration's (NCUA) policy on self-directed IRA/Keogh accounts, Interpretive Ruling and Policy Statement 85-1. You inquire about the commissions, fees, etc., that may be received by a Federal credit union (FCU) and a broker/dealer in connection with a self-directed account of a member.

In response to your questions, an FCU may not receive or share in commissions charged by a broker/dealer for executing a securities transaction. Although, under the Federal securities laws, an FCU can receive or share in commissions without having to register as a broker/dealer, NCUA Rules and Regulations limit the amount of monies that an FCU may receive in connection with such activity.

Section 721 of the NCUA Rules and Regulations (12 C.F.R. §721) is applicable to commissions generated through purchases and sales in a self directed IRA/Keogh account. With respect to the commissions generated from self-directed accounts, an FCU can be reimbursed only for its direct and indirect costs of performing administrative functions.

Although an FCU cannot share in commissions other than to reimburse it for its direct and indirect costs, it can charge a custodial fee, etc., for establishing and maintaining the IRA/Keogh account pursuant to Section 701.35 of the NCUA Rules and Regulations (12 C.F.R. §701.35) This fee may be in the form of a one-time set-up charge, a monthly service charge, or whatever arrangement the FCU desires.

If I can be of further assistance, please let me know.

Sincerely,

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STEVEN R. BISKER  
Assistant General Counsel

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