



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

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4660
5/6/86

Office of General Counsel

Mr. Ralph Spelbring
236 Bank Street
Elkhart, IN 46516

Dear Mr. Spelbring:

This responds to your letter dated March 1, 1986, to Ms. Joan Pinkerton, concerning Federal credit union (FCU) investment in Canadian Treasury bills or certificates of deposit.

You have suggested that the FCU establish a trust account, comprised of deposits from members, which would then be invested in Canadian Treasury bills or certificates of deposit. Such an account cannot be established by the FCU.

Federal credit unions have no general trustee powers. In the absence of general trustee powers, an FCU may not make investments on behalf of individual FCU members. Similarly, FCU's are not authorized to invest in Canadian banks, even on their own behalf.

Sections 107(7) and (8) of the Federal Credit Union Act, 12 U.S.C. §§1757(7) and (8), and Part 703 of the NCUA Rules and Regulations, 12 C.F.R. §703, are the exclusive provisions addressing FCU investments and deposits. Sections 107(7) and (8) of the Act and Part 703 of the Rules and Regulations specifically limit FCU deposits and investments to FDIC- or FSLIC-insured institutions. Thus, unless the Canadian bank is FDIC- or FSLIC-insured, the FCU may not invest in such a bank.

Please let me know if you have further questions. I hope we have been of assistance.

Sincerely,

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STEVEN R. BISKER
Assistant General Counsel

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