



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/YG:cch
4660
5/23/86

Office of General Counsel

Ms. Lynne M. Powers
Merrill Lynch, Pierce, Fenner &
Smith Inc.
3601 C Street
Penthouse Suite West
Anchorage, AK 99503

Dear Ms. Powers:

This is in reply to your letter dated April 15, 1986, to Mr. Robert LaPorte, concerning the permissibility of Federal credit union (FCU) investment in the CMA Government Securities Fund (Fund), Prospectus dated July 31, 1985.

We previously issued an opinion letter concerning the Fund to Merrill Lynch on January 15, 1985, (copy enclosed). That opinion was based on the July 31, 1984, Prospectus.

Upon reviewing the July 31, 1985, Prospectus we find that the Fund is still a legal investment for FCU's. (See previous opinion for analysis.) This should not, however, be interpreted or represented as NCUA's endorsement, recommendation, or approval of the CMA Government Securities Fund. It is merely our opinion that the investment is legal for FCU's. Any communication with Federal credit unions concerning our opinion must clearly state this distinction.

I hope we have been of assistance.

Sincerely,

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STEVEN R. BISKER
Assistant General Counsel

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NATIONAL CREDIT UNION ADMINISTRATION

Enclosure

WASHINGTON, D.C. 20458

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1/15/85

Mr. Robert Harris
Vice President
Merrill Lynch Asset
Management Inc.
633 Third Ave.
New York, NY 10017

Dear Mr. Harris:

This is in reply to your letter dated January 2, 1985, to this Office concerning the permissibility of Federal credit union (FCU) investment in the CMA Government Securities Fund (Fund), Prospectus and Statement of Additional Information dated July 31, 1984.

As you know, 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)) are the pertinent provisions of Federal law regulating FCU investments and deposits. Although not expressly stated in these provisions, we have previously opined that investments in mutual funds or trusts are legal for FCU's if all of the investments and investment practices of the fund or trust are legal investments if made directly by an FCU.

According to the Prospectus, the Fund invests exclusively in obligations issued or guaranteed as to principal and interest by the United States Government. These investments are permissible for direct investment by FCU's. In addition, the Fund also engages in repurchase and cash forward agreements. These investment activities also appear to satisfy the regulatory provisions of Part 703.

In light of the above, it is the opinion of this Office that the CMA Government Securities Fund is a permissible investment for FCU's. This should not, however, be interpreted or represented as NCUA's endorsement, recommendation, or approval of the CMA Government Securities Fund. It is merely our opinion that the investments are legal for FCU's. Any communication with Federal credit unions concerning our opinion must clearly state this distinction.

I hope that we have been of assistance.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel