



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

Office of General Counsel

Eric F. Fess, Esq.  
Chapman and Cutler  
111 West Monroe Street  
Chicago, IL 60603

GC/YG:cc  
4660  
5/23/86

Dear Mr. Fess:

This responds to your letter dated April 22, 1986, to this Office concerning the permissibility of Federal credit union (FCU) investment in the First Trust Fund-U.S. Government Series (First Trust), Prospectus dated February 21, 1986, as revised April 1, 1986, and Statement of Additional Information dated February 21, 1986.

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. §703, are the exclusive provisions of Federal law regulating FCU investments and deposits. We have interpreted these provisions as authorizing FCU investment in mutual funds or trusts if all of the investments and investment practices made by the fund or trust are permissible if made directly by an FCU.

According to the Prospectus, First Trust will invest in those direct obligations of the U.S. Treasury and obligations issued or guaranteed by agencies or instrumentalities of the U.S. Government that are authorized for FCU investment in Section 107(7) of the FCU Act. Therefore, it is the opinion of this Office that the First Trust Fund-U.S. Government Series is a permissible investment for FCU's.

This opinion letter should not be interpreted or represented as NCUA's endorsement, recommendation, or approval of First Trust. 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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