



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

February 13, 1987

GC/RD:sg
4660

Office of General Counsel

Mr David Printy
President
Morison Asset Management, Inc.
P.O. Box 3709
Minneapolis, MN 55403

Dear Mr. Printy,

This responds to your recent letter concerning the permissibility of Morison Asset Management, Inc. (MAM) providing investment advisory services to Federal credit unions (FCU's).

I would like to reiterate that, while NCUA does not approve specific agreements between FCU's and third parties, we can assist you in making your own determination as to whether MAM is permissible for FCU's.

Section 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 provisions of Federal law regulating FCU investments and deposits. All of the investments and the investment activities in which MAM engages on behalf of the FCU must be permissible for FCU's.

As you know, we previously reviewed this investment account agreement for FCU's in an October 28, 1986, letter to you. At that time, we stated that the delegation of investment authority from the FCU to MAM was within the bounds of the FCU Act, but that some investments and investment practices of MAM would not be permissible for FCU's.

Enclosed with your letter is revised version of the investment account agreement. We note what seems to be a typographical error in the last phrase of paragraph 9. The wording should read "which are the provisions of Federal law regulating Federal Credit Union investments and deposits."

With the exception of the typographical error noted above, it is our opinion that the terms of the revised investment account agreement for FCU's would not be violative of the FCU Act or the NCUA Rules and Regulations. However, this should not be interpreted or represented as NCUA's endorsement, recommendation,

FCU's Investment Advisor Agreements

Mr. David Printy

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or approval of the MAM program or the investment account agreement. The economic soundness of the MAM program is a decision properly made by each FCU. Any communication with FCU's concerning our opinion must clearly state this distinction.

Thank you for your continued cooperation. I hope that we have been of assistance.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

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THIS IS NOT A RECOMMENDATION BY NENA