



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

April 13, 1987

GC/55-39
4660

Office of General Counsel

Steven E. Carlson, Esq.
Dorsey & Whitney
2200 First Bank Place East
Minneapolis, Minnesota 55402

Dear Mr. Carlson:

This is in response to your letter of February 12, 1987, regarding Federal credit union (FCU) investment in three series of the Carnegie Government Securities Trust: (1) Carnegie Short Government Series; (2) Carnegie Intermediate Government Series; and (3) Carnegie Long Government Series (hereinafter the Funds).

The prospectus, which is dated March 31, 1987, provides that the Funds can make commitments to purchase securities on a when-issued or delayed delivery basis. It further states that the delivery and payment for such transactions will normally take place between fifteen and forty-five days after the commitment to purchase.

Section 703.3(b)(1) of the NCUA Rules and Regulations provides that an FCU may enter into a cash forward agreement to purchase or sell a security provided that the period from the trade date to the settlement date does not exceed one hundred and twenty days. A cash forward agreement is defined as an agreement to purchase or sell a security with delivery and acceptance being mandatory at a future date in excess of thirty days from the trade date. §703.2(d), NCUA Rules and Regulations. As the Funds have the authority to enter into cash forward agreements in which the period from the trade date to the settlement date exceeds one hundred and twenty days, the Funds are not permissible investments for FCU's. To be in compliance with §703.3(b), the prospectus would have to be modified to provide that when the Funds make commitments to purchase securities on a when-issued or delayed delivery basis, delivery and payment of the securities

... to E. H. ... permissible investments

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will normally take place between fifteen and forty-five days after the commitment to purchase, but in any event, will not exceed one hundred and twenty days.

We hope this has been of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Bisker", written in a cursive style.

STEVEN R. BISKER
Assistant General Counsel

JT:sg