



NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

GC/JT:sg
SSIC 3601
89-0822

September 15, 1989

Office of General Counsel

Mr. Scotty Broome
General Manager
Keesler Federal Credit Union
Keesler AFB, MS 39534-7001

Re: Foreign Currency Exchange Service (Your August 10,
1989, Letter)

Dear Mr. Broome:

You have asked whether it is permissible for a Federal credit union ("FCU") to provide a foreign currency exchange service to its members. It has been NCUA's longstanding position that this service is incidental to an FCU's authority to accept and maintain shares, and is therefore authorized pursuant to Sections 107(6) and 107(16) of the FCU Act (12 U.S.C. 1757(6) and 1757(16)). We have further stated that, although an FCU can accept shares in foreign currencies, the shares cannot be maintained in foreign currencies due to the high risk associated with the fluctuating foreign exchange rates (see enclosed opinion). You indicated that your FCU does not intend to maintain foreign currency accounts.

You also asked whether Part 721 of NCUA's Rules and Regulations (12 C.F.R. Part 721) would limit any profit that the FCU may receive from offering an exchange service. Since the proposed service will be offered directly by the FCU and not through a third party vendor, we do not believe that Part 721 is applicable.

Sincerely,

A handwritten signature in cursive script that reads "Hattie M. Ulan".

HATTIE M. ULAN
Assistant General Counsel

Enclosure

cc: Regional Director, Region III (Atlanta)

FOIA

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