



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

September 24, 1991

Walter Polner
Director of Research
ASCU
P.O. Box 5488
Madison, WI 53705

Re: Part 703 of NCUA Rules and Regulations
(Your July 25, 1991, Letter)

Dear Mr. Polner:

You note that the phrase "bailment for hire contract" is defined in Section 703.2(b) of the National Credit Union Administration Rules and Regulations, and you ask where in the Regulations the phrase is used. It is used in Section 703.2(1)(1), which is an amended version of former Section 703.3(a)(4)(i)(A). Section 703.2(1)(1) defines an investment-type repurchase transaction as:

a repurchase transaction where the Federal credit union purchasing the security takes physical possession of the security or receives written confirmation of the purchase and a custodial or safekeeping receipt from a third party under a written bailment for hire contract, or is recorded as the owner of the security through the Federal Reserve Book-Entry System.

Investment-type repurchase transactions are permissible investments for federal credit unions. (See Section 703.3(d) of the Regulations.)

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Unfortunately, we cannot supply you with a copy of a bailment for hire contract. ASCU's own attorney should be able to assist you in that regard.

Sincerely,

Hattie M. Ulan

Hattie M. Ulan
Associate General Counsel

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