

October 8, 2008

Richard Pearlman, Esq.
Iglar Dougherty
2457 Care Drive
Tallahassee, FL 32308

Re: Safekeeping of Investments.

Dear Mr. Pearlman:

You have asked if a wholly-owned subsidiary of a registered bank holding company is eligible to act as an investment safekeeper for a federal credit union (FCU). The answer to your question is yes.

NCUA's investment rule permits an FCU to have its investments and repurchase collateral held by a safekeeper that is regulated by the Securities and Exchange Commission, a federal or state depository institution regulator, or a state trust company regulator. 12 C.F.R. §703.9(b). As you have noted, bank holding companies and their subsidiaries are subject to regulation and supervision by the Federal Reserve. 12 C.F.R. Part 225. Other requirements on FCUs using safekeepers include: board of director approval of the safekeeper and a written agreement obligating the safekeeper to exercise, at least, ordinary care; obtaining and reconciling monthly a statement of investments and collateral held in safekeeping; and analyzing annually the safekeeper's ability to fulfill its custodial responsibilities. 12 C.F.R. §§703.9(a), (c)-(d).

Please feel free to contact Staff Attorney Ross Kendall or me with any questions about this opinion. If you have questions pertaining to a particular credit union client's compliance with these requirements, we suggest you or your client consult directly with the credit union's NCUA examiner or the appropriate NCUA regional office.

Sincerely,

/S/

Sheila A. Albin
Associate General Counsel

GC/RPK:bhs
08-0917