

October 4, 1991

Jonathan G. Katz
Secretary, Securities and Exchange Commission
450 Fifth Street, NW
Mail Stop 6-9
Washington, DC 20549

Re: File No. S7-27-91 Signature Guarantees

Dear Mr. Katz:

The following clarification is submitted concerning the proposed rule on acceptance of signature guarantees from eligible guarantor institutions published in the Federal Register on September 16, 1991 (56 FR 46748).

You note in the supplementary information section of the proposed regulation that federal credit unions can provide signature guarantees to their members. This is the longstanding position of the NCUA as set forth in the 1986 General Counsel opinion letter referenced in the supplementary information. The language of the proposed rule, in its definition of eligible guarantor institutions, includes "insured credit unions (as that term is defined in Section 101(7) of the Federal Credit Union Act (12 U.S.C. 1752(7))." "Insured credit unions" includes all federal credit unions as well as most state chartered credit unions. Generally, the NCUA only has authority to interpret the powers of federal credit unions. The 1986 opinion only addresses the authority of federal credit unions. The authority for state chartered credit unions to offer signature guarantee services would have to come from the appropriate state enabling act, state regulations or the state supervisory authority.

Thank you for the opportunity to comment on this issue. Please contact me if I can be of further assistance.

Sincerely,

Hattie M. Ulan
Associate General Counsel

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