

December 16, 1997

Debra Reul, Portfolio Analyst
Financial Services Group
Duncan-Williams, Inc.
5860 Ridgeway Center Pkwy.
Memphis, TN 38120

Re: Securities Safekeeping
Your letter of October 22, 1997

Dear Ms. Reul:

You have asked whether Duncan-Williams may continue to safekeep securities for its federal credit union (FCU) clients under Section 703.60 of the revised rules governing investment and deposit activities issued by the National Credit Union Administration (NCUA) Board in June 1997. 62 Fed. Reg. 32989 (1997). It may under an interim final rule issued by the NCUA Board on November 24, 1997, which further amended Section 703.60. 62 Fed. Reg. 64146 (1997).

The interim final rule replaced the prohibition against a selling broker-dealer acting as a safekeeper with the requirement, "Any safekeeper you [an FCU] use must be regulated or supervised by either the Securities and Exchange Commission or a federal or state depository institution regulatory agency." Since Duncan-Williams is regulated by the Securities and Exchange Commission, it may safekeep securities for FCUs.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/LH:bhs
SSIC 4660
97-1047