

September 18, 1996

June M. Melvin
Director of Finance
Comstar Federal Credit Union
22601 Gateway Center Dr. #100
Clarksburg, MD 20871-2002

Re: Brokerage Services (Your Letter of August 19, 1995)

Dear Ms. Melvin:

You requested an opinion regarding the use by Comstar Federal Credit Union (the "FCU") of a securities brokerage firm for investment decisions and brokerage services. Somehow the FCU's credit union service organization ("CUSO") would also be involved with these transactions, and the CUSO would derive a fee from the transactions. Because the information received in your request is too limited to render an opinion on your particular situation, this letter provides basic guidelines for broker selection activities. We are also enclosing a copy of NCUA Interpretative Ruling and Policy Statement No. 92-1, Supervisory Policy Statement on Securities Activities; NCUA's Letter to Credit Unions No. 157 and the Proposed Investment and Deposit Activities Rule, 60 Fed.Reg. 61219 (November 29, 1995).

Traditionally, NCUA has broadly interpreted the ability of CUSOs to engage in a wide array of securities services, if permissible under relevant federal and state law. 12 C.F.R. §701.27(d) and (e); *see also* enclosed our letter to John Stuart, re: CUSO Regulation, dated February 5, 1996. For an analysis of such laws, we recommend the FCU consult its own legal advisor. If you have particular questions, please call NCUA's Office of Investment Services at (703) 518-6620, or Region II at (703) 838-0401.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/MSG:sg
SSIC 4660
96-0825

Enclosures

cc: Jane Walters, Region II Director
Edward Dupcak, Director, Office of Investment Services