

December 16, 1997

Terry Robertson, CPA, Senior Vice President
Fixed Income Research
Thomas A. Snyder, Managing Director
Fixed Income Compliance
Morgan Keegan & Co., Inc.
50 Front Street
Memphis, TN 38103

Re: Securities Safekeeping
Your letter of November 10, 1997

Dear Messrs. Robertson and Snyder:

You have asked whether Morgan Keegan may continue to safekeep securities for federal credit unions (FCUs) 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 Morgan Keegan 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
97-1125