

#### **04 NCAC 06C .1202 PERMISSIBLE TRANSACTIONS**

Credit unions may:

- (1) purchase or sell securities in accordance with G.S. 54-109.1 et seq. and when the purchase or sale is to be completed within five business days after the agreement is made;
- (2) buy or sell a future contract only if it is used as a hedging contract incidental to the assembly of a pool of loans for sale in the secondary market;
- (3) enter into reverse repurchase agreements to meet ordinary and unexpected liquidity needs such as temporary share withdrawal or loan demands, but such agreements represent borrowing and are limited to the borrowing limitations as specified in Rule .0308 of this Subchapter;
- (4) enter into loan-type repurchase agreements only with their own members, other credit unions, or credit union organizations;
- (5) enter into investment-type repurchase agreements if the following elements of a sale of security are included:
  - (a) The Credit Union takes possession of the securities or receives a custodial or safekeeping receipt from a bank or other financial institution evidencing that the securities have been segregated from the general assets of the vendor.
  - (b) The Credit Union is not required to deliver the identical securities in the event of repurchase.
  - (c) The Credit Union assumes the risks of market fluctuation in the value of the securities at purchase.
  - (d) The Credit Union receives the coupons or stated interest rate dividend on the securities purchased for the time period owned.
- (6) deliver written application to the Administrator to make investments and purchase insurance, mutual funds and fixed or variable annuity products. The Administrator shall promptly grant or deny the application within 60 calendar days following receipt with or without conditions or provisions, upon consideration of the following factors:
  - (a) The investment or product is for the sole purpose of funding employee benefit, retirement or deferred compensation plans for employees of the Credit Union; and
  - (b) The investment or purchase is made consistent with G.S. 54-109.12.

*History Note:* Authority G.S. 54-109.12; 54-109.82; 54-109.92(a);  
Eff. April 1, 1979;  
Amended Eff. January 1, 2007;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September 6, 2016.