Arizona Department of Financial Institutions

SUBSTANTIVE POLICY STATEMENT

Section:	**Credit Unions**	**August 01, 2012**
Subject:	**NCUA Investment Regulation Part 703**	**Policy Statement # CU 1**

In response to inquiries regarding the applicability of Part 703 of NCUA Rules and Regulations (the NCUA Regulation) to our state-chartered credit unions, the Department is issuing this policy statement.

Investment activities of state-chartered credit unions are governed by Arizona Revised Statutes Sections 6-576 and 6-577. This section defines what is a permissible investment and who is authorized to engage in investment activities on behalf of a credit union. However, there is no detailed guidance in this statutory provision on the policies, procedures and controls that should be incorporated into a safe and sound investment function.

For purposes of this policy, the Department will make use, as it has in the past, of authoritative and industry literature, including the NCUA Regulation, in its evaluation of a credit union's investment activity and will expect state-chartered credit unions generally to follow, as appropriate, the guidance contained within that regulation.

Questions regarding this policy statement should be directed to our Financial Institutions Division at (602) 771-2800.