



**PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS**

Steven L. Beshear
Governor

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Larry R. Bond
Acting Secretary

Charles A. Vice
Commissioner

TO: All Kentucky Chartered Credit Unions

DATE: September 4, 2014

FROM: Charles A. Vice, Commissioner

RE: List of Approved Investments in Stock and Bonds pursuant to KRS 286.6-585(7)

According to Kentucky Revised Statute 286.6-585(7), a credit union may use funds not used in loans to members for investments in stocks and bonds of corporations; provided, the investment is limited to stocks or bonds which appear on a list approved by the commissioner and published quarterly or annually. As such, the commissioner's approved list shall include investment grade bonds (i.e., bonds limited to the four highest grades assigned by national rating firms) and stocks of financially sound corporations included on the Dow Jones Industrial Average and the Standard & Poor 500. This approval does not imply any endorsement, representation or responsibility by the Department with respect to a credit union's selection of individual investments. Management shall conduct a pre-purchase analysis, retain supporting documentation and perform proper due diligence when selecting stocks or bonds for investment purposes. The scope of the due diligence should be a function of the security's credit quality, and the size and complexity of the investment relative to the credit unions overall investment portfolio. Prior to purchase, the credit union must analyze the issuer's capacity to meet financial commitments. This list shall remain in effect until amended or withdrawn by the Commissioner.