

Chapter DFI-CU 59

MISCELLANEOUS INVESTMENTS BY CREDIT UNIONS

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Note: Chapter CU 59 was renumbered chapter DFI-CU 59 under s. 13.93 (2m) (b) 1., Stats., and correction made under s. 13.93 (2m) (b) 6. and 7., Stats., Register, October, 1997, No. 502.

DFI-CU 59.01 Miscellaneous investments. In addition to the specific investments identified in s. 186.11, Stats., credit unions, subject to the minimum requirements established below, may also invest in “institutional investments” without the prior approval of the director of credit unions.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72.

DFI-CU 59.02 Definition. “Institutional investments” represent securities issued by hospitals, churches, sanatoria, seminaries, dioceses, and similar type institutions.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72.

DFI-CU 59.03 Minimum requirements. (1) The institutional security must be rated by a nationally recognized statistical rating organization in one of its 2 highest rating categories.

(2) Even though exempt with the federal securities and exchange commission, the institutional investment securities should be registered with the office of the division of securities, state of Wisconsin, and saleable in the state of Wisconsin.

(3) The institutional investments are to be limited to institutions located within the continental United States.

(4) The maturity of the securities purchased may be up to 5 years from the date of purchase. The foregoing is not to be construed as permitting investments in excess of 60 months.

(5) A credit union may not invest in institutional investments within the “balloon”; that is, where a substantial portion of the securities mature on the same date, usually, the last maturity year.

(6) (a) An individual credit union may not invest more than \$100,000, subject to adjustment under par. (b), in securities issued by any one individual institution without the prior approval of the director of credit unions.

(b) 1. In this paragraph, “consumer price index” means the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor.

2. On July 1 of each even-numbered year beginning on July 1, 2016, the legislative fiscal bureau shall make a calculation of the percentage difference between the consumer price index for the 12-month period ending on December 31 of the preceding year and the consumer price index for the 12-month period ending on December 31 of the year that is 2 years before the preceding year and, if this percentage difference is a positive number, shall make a calculation of the dollar amount specified under par. (a) as adjusted by this percentage difference, rounded to the nearest multiple of \$1,000. The legislative fiscal bureau shall notify the legislative reference bureau of these calculated amounts, and the legislative reference bureau shall publish these calculated amounts in the Wisconsin Administrative Register. If the calculated percentage difference is a positive number, then on the effective date of the Wisconsin Administrative Register, the amount under par. (a) is adjusted to reflect the calculated adjusted amount, as published.

(7) At the date of the investment, the credit union must have at least 70% of its liquidity in investments other than institutional investments.

(8) The individual investment must be approved by a majority of the investing credit union board of directors.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; **2013 Wis. Act 277: am. (1), renum. (6) to (6) (a) and am., cr. (6) (b) Register May 2014 No. 701, eff. 6-1-14.**

DFI-CU 59.04 Director's consent. Subject to the foregoing minimum requirements as outlined above in s. DFI-CU 59.03, the director of credit unions hereby grants permission to eligible credit unions to make investments in institutional investments. However, it should be pointed out that the responsibility for the selection of this type of investment necessarily rests with the board of directors of the investing credit union. The director of credit unions in granting this permission, merely indicates that he or she does not object to the credit union investing therein, but does not indicate that this type of investment necessarily is in the best interests of the credit union.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; corrections made under s. 13.93 (2m) (b) 5., Stats., Register, September, 1993, No. 453.