**Section 190.180 Investments**

The board of directors of a credit union shall use the following procedures in managing and investing funds not being used for loans to members.

a) The board must develop a written investment policy that includes, at a minimum:

1) persons authorized to take investment actions and the kinds of investments permitted the designated person or committee;

2) limits by amount and term of the investments;

3) procedure for approval of all broker or advisor relationships;

4) procedure for safekeeping of securities.

b) All investments are to be recorded on the books and records in accordance with GAAP and so as to enable the Division to readily ascertain the financial condition of the credit union.

c) Investments are limited to the direct purchase of securities listed in Section 59 of the Act, and common trust or mutual funds whose investment authority is limited solely to securities and investments listed in Section 59.

d) Credit unions may invest in privately issued collateralized mortgage obligations (CMOs). A CMO is a corporate bond secured by mortgage pass-through certificates of the Government National Mortgage Association or the Federal National Mortgage Association (FNMA), provided the obligations receive the highest rating (either AAA or AA) by Standard and Poors or another comparable rating service.

e) Credit unions are not authorized to engage in speculative investment activities or transactions, including but not limited to:

1) short sales of securities;

2) adjusted trades;

3) standby commitments;

4) cash forward agreements in excess of 120 days from the trade date;

5) futures contracts;

6) the buying and carrying of securities on margin through the use of borrowed funds; or

7) investment in fixed and variable annuities, except as provided in Section 59(c) of the Act.

(Source: Amended at 37 Ill. Reg. 12450, effective July 16, 2013)