



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 21, 1998

Mr. David R. Wilson
Executive Vice President
First Security Corporation
41 East 100 South, Third Floor
Salt Lake City, Utah 84111

Dear Mr. Wilson:

This is in response to the request of First Security Corporation ("First Security") for modification of a commitment made in connection with the approval of its notice to engage *de novo* through First Security Capital Markets, Inc. ("Company"), both in Salt Lake City, Utah, in certain nonbanking activities, including underwriting and dealing, to a limited extent, in certain municipal revenue bonds, mortgage-related securities, consumer receivable-related securities, and commercial paper ("bank-ineligible securities").^{1/}

First Security committed that Company would derive no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities.^{2/} First Security also committed that Company would calculate compliance with the 25-percent revenue limitation on an eight quarter rolling average basis.

First Security now proposes that Company be permitted to calculate compliance with the 25-percent revenue limitation on bank-ineligible securities activities on an annualized basis during the first year of Company's operations.^{3/}

^{1/} See Letter from Jennifer J. Johnson, Deputy Secretary of the Board, to David R. Wilson, dated December 18, 1997.

^{2/} See Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities, 61 Federal Register 68,750 (1996).

^{3/} Company commenced operations on March 2, 1998.

Under this method, Company would ensure that its revenues from bank-ineligible securities activities during the first year of operations do not exceed 25 percent of Company's total revenues during that same one-year period. After the first year, Company would compute compliance with the revenue limit on the standard rolling quarterly average basis.

The Board recently permitted the de novo section 20 subsidiary of another bank holding company to monitor compliance with the 25-percent revenue limitation on an annualized basis during the first year of the subsidiary's operations.^{4/} Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board (12 CFR 265.7(a)(2)), has determined to grant First Security's request that Company be permitted to calculate compliance with the 25-percent revenue limit on an annualized basis, but only for the first year of operation. This determination does not grant relief from any other conditions or commitments to which First Security or Company may be subject.

Very truly yours,



Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of San Francisco

^{4/} See U.S. Bancorp, 84 Federal Reserve Bulletin __ (Order dated April 20, 1998).