Frequently Asked Questions
Capital Purchase Program (CPP)
Related to Missed Dividend (or Interest) Payments and *Board Observers*

Q1. **Why is Treasury requesting permission to send observers to the board of directors of CPP participating institutions?**

A1. When an institution decided to participate in the CPP, it entered into a securities purchase agreement (Agreement) with Treasury, which provided Treasury the contractual right to nominate up to two members to the board of directors upon the sixth missed dividend (or interest) payment. Treasury is requesting permission to send observers to certain institutions once they miss five dividend (or interest) payments to help determine how to best exercise its contractual rights to nominate up to two directors.

Q2. **From which institutions will Treasury request permission to send an observer?**

A2. After an institution participating in the CPP has five unpaid dividend (or interest) payments, Treasury will request permission to send an observer to that institution's board of director meetings, prioritizing those requests, in part, based upon the size of Treasury's investment.

Q3. **Who will Treasury send to act as an observer to the board of directors of institutions that have missed five dividend (or interest) payments?**

A3. Treasury will select qualified members of the Office of Financial Stability (OFS) staff to act as observers.

Q4. **How will the observers participate in board of director meetings?**

A4. Observers will seek to listen during meetings with participation limited to clarifying questions on materials distributed, presentations made and actions proposed or taken as well as address questions concerning the observer's role. Observers will leave a meeting, or any portion, if asked.

Q5. **How will Treasury treat the information received by an observer?**

A5. The information disclosed during, or in connection with, board of directors meetings will be treated as any other information received pursuant to the Agreement, in particular, Section 3.5 ("Access, Information and Confidentiality"). As set forth in Section 3.5, Treasury will use its "reasonable best efforts to hold… and cause its agents, consultants, contractors and advisors to hold, in confidence [information received]" subject to certain exceptions.

Q6. **If an institution voluntarily grants permission to Treasury to send observers, what expenses in connection with the observer will be paid by the institution?**

A6. Treasury will be responsible for all of the observer's compensation and travel expenses, if any, as part of the observation of board of director meetings.

Q7. **When will Treasury consider nominating up to two members to the board of directors?**

A7. Pursuant to the Agreement, Treasury has a contractual right to nominate up to two members to the board of directors of an institution after the institution has six unpaid dividend (or interest) payments. Treasury will determine how to best exercise this contractual right after a full evaluation of its investment including information provided by the observers.

Q9. **Can an institution request for Treasury to send observers prior to having five unpaid dividend (or interest) payments?**

A9. Yes, while Treasury will not request permission to send an observer to an institution until it has five unpaid dividend (or interest) payments, an institution can request for Treasury to send an observer before the institution has five unpaid dividend (or interest) payments.