

## **Guidelines for the Legacy Securities Public-Private Investment Program**

### **Justification**

The objective of this program is to support market functioning and facilitate price discovery in the markets for asset-backed securities, allowing banks and other financial institutions to re-deploy capital and extend new credit to households and businesses.

### **Eligibility Considerations**

The United States Department of the Treasury will determine eligibility of participants and allocation of resources under the Emergency Economic Stabilization Act (EESA) pursuant to the Legacy Securities Public-Private Investment Program (S-PPIP). Institutions will be considered for participation in the S-PPIP on a case-by-case basis. In determining whether or not an institution is eligible for participation, Treasury may consider, among other things, a variety of criteria including the following:

1. Demonstrated capacity to raise a minimum amount of private sector capital;
2. Demonstrated experience investing in targeted asset classes, including through performance track records;
3. A minimum amount (market value) of the targeted asset classes currently under management;
4. Demonstrated operational capacity to manage the investments in a manner consistent with Treasury's stated investment objectives while also protecting taxpayers; and
5. Headquartered in the United States (although the ultimate parent company need not be headquartered in the U.S.).

Treasury may amend or supplement these criteria from time to time. To ensure robust participation by both small and large firms, these criteria may be viewed on a holistic basis and failure to meet any one criterion may not necessarily disqualify an institution. In making these judgments, Treasury will obtain and consider information from a variety of sources and will take into account recommendations received from regulatory bodies, as applicable, that could provide insight into any potential issues associated with selecting a particular institution. Treasury will also conduct due diligence as it determines is necessary.

### **Form, Terms, and Conditions of Treasury Investment**

Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis in accordance with the considerations mandated in EESA. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary of the Treasury determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require that any Public-Private Investment Fund formed pursuant to this program provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. Treasury will also require any institution participating in the program to adhere to rigorous compliance standards. In addition, Treasury will consider other measures, including limitations on the institution's fees and expenditures with respect to Treasury's investments, or other corporate governance requirements, to protect the taxpayers' interests.

These program guidelines are being published in accordance with the requirements of Section 101(d) of EESA.