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As filed with the Securities and Exchange Commission on September 16, 2013
Securities Act Registration No. 333-189307
Investment Company Act Registration No. 811-22853

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-2

☒ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**
☒ **PRE-EFFECTIVE AMENDMENT NO. 2**
☐ **POST-EFFECTIVE AMENDMENT NO.**

and/or

☒ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**
☒ **AMENDMENT NO. 2**

StoneCastle Financial Corp.

(Exact Name of Registrant as Specified in Charter)

152 West 57th Street, 35th Floor
New York, New York 10019
(Address of Principal Executive Offices)

(212) 354-6500
(Registrant's Telephone Number, Including Area Code)

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ☐

It is proposed that this filing will become effective (check appropriate box):

☐ when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities being Registered	Amount to be Registered[(1)]	Proposed maximum Offering Price per Share[(1)]	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee[(3)]
Common Stock, $0.001 par value per share	6,000,000	$25.00	$150,000,000	$ 20,460

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Includes the underwriters' over-allotment.
(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

StoneCastle Financial Corp.

Shares
Common Stock
per share

Investment Company. StoneCastle Financial Corp. ("we," "us" or "our") is a Delaware corporation registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the "Investment Company Act"). We intend to elect to be treated, and intend to comply with the requirements to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986 (the "Code") commencing with the filing of our income tax return for the taxable year ending December 31, 2013. We will be managed by StoneCastle Asset Management LLC (the "Advisor"), a subsidiary of StoneCastle Partners, LLC ("StoneCastle Partners"), a leading asset management firm that invests in community banks throughout the United States. StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks.

Investment Objectives. Our primary investment objective is to provide stockholders with current income, and to a lesser extent capital appreciation, through preferred equity, subordinated debt and common equity investments in U.S. domiciled community banks. See "Community Banking Sector Focus." We may also invest in similar securities of larger U.S. domiciled banks to a lesser extent. There can be no assurance that we will achieve our investment objectives.

Investment Strategy. We expect to create a portfolio of securities focused on the bank market, with an emphasis on community banks, through investments in numerous issuers differentiated by asset sizes, business models and geographies, and we will seek to finance our portfolio primarily with the proceeds of this equity offering and future equity offerings. We may also incur leverage to the extent permitted by the Investment Company Act. See "Leverage."

Our Advisor and/or its affiliates and certain of their employees have committed to purchase directly from us 1% of the common stock sold in this offering at a price equal to the offering price less underwriting commissions.

***No Prior Trading History*. Prior to this offering, there has been no public or private market for our common stock. Shares of closed-end management investment companies frequently trade at prices lower than their net asset value (often referred to as a "discount"), which may increase investor risk of loss**. The risk of loss due to this discount may be greater for initial investors expecting to sell their shares in a relatively short period after completion of this initial public offering.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 54 of this prospectus.

	Per Share	Total[1]
Public Offering Price	$	$
Sales Load[2]	$	$
Estimated offering expenses	$	$
Proceeds, after expenses, to us	$	$

(1) The underwriters named in this prospectus have the option to purchase up to additional shares of common stock at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments, if any. If the over-allotment option is exercised in full, the public offering price, sales load and proceeds, before expenses, to us will be , and , respectively.

(2) The sales load, which is a one-time fee, represents the underwriting discounts and commissions for the common stock sold in this offering. We refer you to "Underwriting" on page 98 for additional information regarding total underwriter compensation.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common stock to purchasers on or about , 2013.

KEEFE, BRUYETTE & WOODS
A Stifel Company

The date of this prospectus is

Exchange Listing. We expect to list our common stock on the NASDAQ Global Market under the trading or "ticker" symbol "BANX."

Leverage. We may incur leverage to the extent permitted by the Investment Company Act. As a result, we will limit (i) leverage from debt securities to one-third of our total assets, including the proceeds of such borrowings, at the time such borrowings are calculated and (ii) the total aggregate liquidation value and outstanding principal amount of any preferred stock and debt securities to 50% or less of the amount of our total assets (including the proceeds of debt securities and preferred stock) less liabilities and indebtedness not represented by our debt securities and preferred stock, each in accordance with the requirements of the Investment Company Act. We will operate with leverage through recourse and non-recourse collateralized financings, private or public offerings of debt, warehouse facilities, secured and unsecured bank credit facilities, repurchase agreements and other borrowings. Although we have no present intention to do so, we may also operate with leverage by issuing preferred stock.

Leverage is a speculative technique that may adversely affect our earnings or book value. If the return on assets acquired with borrowed funds or other leveraged proceeds does not exceed the cost of the leverage and our cost of operations, then the incurrence of such leverage could cause us to lose money. Because our Advisor's fee is based on total assets (including any assets acquired with the proceeds of leverage), our Advisor's fee will be higher if we utilize leverage. The use of such leverage involves significant risks. See "Risk Factors—Risks Related to Our Operations." We may utilize derivatives in order to hedge against interest rate changes associated with our use of leverage. See "Derivative Transactions."

This prospectus sets forth information about us that a prospective investor should know before investing. You should read this prospectus and retain it for future reference. We have filed a Statement of Additional Information, dated , 2013, containing additional information about us with the Securities and Exchange Commission (the "SEC") which is incorporated by reference in its entirety into this prospectus. You may request a free copy of the Statement of Additional Information and our future annual and semi-annual reports by calling us at (212) 354-6500 or by writing to us at 152 West 57th Street, 35th Floor, New York, New York 10019. You can also obtain a copy of our Statement of Additional Information and our future annual and semi-annual reports to stockholders on our website at www.stonecastle-financial.com. Information included on our website is not incorporated into this prospectus. You can review and copy documents we have filed at the SEC's Public Reference Room in Washington, D.C. Call 1-800-SEC-0330 for information. The SEC charges a fee for copies. You can obtain the same information free from the SEC's website (http://www.sec.gov), on which you may view our Statement of Additional Information, all materials incorporated by reference and other information about us. You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC's Public Reference Section, 100 F Street N.E., Room 1580, Washington, D.C. 20549.

Our common stock does not represent a deposit or obligation of, and is not guaranteed or endorsed by, any bank or other insured depository institution and is not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition and prospects may have changed since that date. We will amend or supplement this prospectus to reflect material changes to the information contained in this prospectus to the extent required by applicable law.

Until , 2013 (25 days after the date of this prospectus) all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to each dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to its unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus, including "Risk Factors," before making a decision to invest in our common stock. This summary may not contain all of the information that you should consider before investing in shares of common stock of StoneCastle Financial Corp. In the prospectus, unless the context suggests otherwise, references to "we," "us," "Company," "our company" or "our" refer to StoneCastle Financial Corp., a Delaware corporation and its subsidiaries; references to "Advisor" mean StoneCastle Asset Management LLC, a Delaware limited liability company; references to "StoneCastle Partners" mean StoneCastle Partners, LLC, the parent of StoneCastle Asset Management LLC, our Advisor; and references to "common stock" or "shares" mean the common stock of StoneCastle Financial Corp.

The Company

StoneCastle Financial Corp. is a newly organized Delaware corporation established to continue and expand the business of StoneCastle Partners, which commenced operations in 2003, making investments in community banks located throughout the United States. Our investment objective is to provide stockholders with current income and capital appreciation. We anticipate focusing investments on preferred stock, subordinated debt, convertible securities and, to a lesser extent, common equity that will generally be expected to pay us dividends and interest on a current basis and generate capital gains over time. We will seek to enhance our returns through the use of warrants, options or other equity conversion features.

We expect that the closing of our initial public offering will occur on or around , 2013. We intend to elect to be treated, and intend to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code commencing with the filing of our income tax return for the taxable year ending December 31, 2013.

Investment Objectives

Our primary investment objective is to provide stockholders with current income, and to a lesser extent, capital appreciation, through preferred equity, subordinated debt and common equity investments in U.S. domiciled banks, primarily community banks. See "Community Banking Sector Focus."

Our Advisor

StoneCastle Asset Management LLC, an SEC-registered investment adviser dedicated to the community banking sector that was formed on November 14, 2012, will manage our assets. Our Advisor is registered with the SEC under the Investment Advisers Act of 1940 (the "Investment Advisers Act"). Our Advisor's affiliate, StoneCastle Advisors, LLC, also is an SEC-registered investment adviser registered under the Investment Advisers Act and was formed in 2004. While we have no operating experience and our Advisor has no advisory experience, our Advisor will be staffed with investment professionals from its affiliates, which collectively manage one of the largest portfolios of assets dedicated to the U.S. community banking sector, with a ten-year history of investing in trust preferred capital securities issued by, or, other obligations of, community, regional and money center banks. StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks. Our Advisor's investment philosophy is grounded in disciplined, fundamental, bottom-up credit and investment analysis. We will use our Advisor's existing community banking infrastructure to identify attractive investment opportunities and to underwrite and monitor our investment portfolio.

Our Advisor is wholly-owned by StoneCastle Partners. StoneCastle Partners is managed by its two Managing Partners, Joshua S. Siegel (founder & CEO) and George Shilowitz (Managing Partner). Charlesbank Capital Partners, LLC, a leading private equity investment manager, and Canadian Imperial Bank of Commerce ("CIBC"), own minority interests in StoneCastle Partners.

Each of our Advisor's investment decisions will be reviewed and approved for us by our Advisor's investment committee, the members of which may also act as the investment committee for other investment vehicles managed by our Advisor or its affiliates. Our Advisor's two senior officers, Messrs. Siegel and Shilowitz, each have 17 years of experience advising and investing in financial institutions, investing in financial assets and building financial services companies.

Our Advisor has entered into a staffing agreement (the "Staffing Agreement") with StoneCastle Partners and several of its affiliates. Under the Staffing Agreement, these companies will make experienced investment professionals available to our Advisor and provide our Advisor access to the senior investment personnel of StoneCastle Partners and its affiliates. Our Advisor intends to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of StoneCastle Partners' investment professionals. Biographical information for key members of our Advisor's investment team is set forth below under "Management—Biographical Information." As our investment adviser, our Advisor is obligated to allocate investment opportunities among us and its other clients in accordance with its allocation policy; however, there can be no assurance that our Advisor will allocate such opportunities to us fairly or equitably in the short-term or over time. Our board of directors is charged with protecting our interests by monitoring how our Advisor addresses these and other conflicts of interest associated with its management services and compensation.

Community Banking Sector Focus

We intend to pursue our investment objective by investing principally in public and privately-held community banks located throughout the United States. For the purpose of our investment objectives and this prospectus, we define "community bank" to mean banks, savings associations and their holding companies with less than $10 billion in consolidated assets that serve local markets. As of March 31, 2013, the community banking sector is a highly fragmented $2.9 trillion industry, comprised of over 6,900 banks located throughout the United States, including underserved rural, semi-rural, suburban and other niche markets. Community banks generally have simple, straightforward business models and geographically concentrated credit exposure. Community banks typically do not have exposure to non-U.S. credit and are focused on lending to borrowers in their distinct communities. As a result, we believe that community banks frequently have a better understanding of the local businesses they finance than larger banking organizations. Many of these community banks are well established, having been in business on average for more than 75 years, and have survived many economic cycles, including the most recent financial crisis. We expect to create a portfolio of securities focused on the bank market, with an emphasis on community banks, through investments in numerous issuers differentiated by asset sizes, business models and geographies.

Market Opportunity

We believe that the community banking sector is attractive due to the strong long-term performance of community banks and the general lack of investment competition from institutional investors. The Company has been formed to invest in the ongoing capital needs of community banks. We believe that the environment for investing in community banks is attractive for the following reasons:

- *Long-Term Resiliency of Community Banks*. The community banking industry has a long history of resiliency and historically has exhibited a low rate of failure. According to data from the FDIC, since

1934, FDIC insured banks and thrifts have failed at an annual rate of 0.37%, with peak cycle one-year failure rates of 3.22% in 1989 (S&L crisis), 1.96% in 2010 (Great Recession) and 0.54% in 1938 (Great Depression). We believe that these figures are comparable with Baa and Ba Moody's rated corporate bond default rates, which have experienced an average annual default rate since 1920 of approximately 0.27% for Moody's Baa-rated corporate bonds and 1.07% for Ba-rated bonds, with the highest one year default rates of 2.01% and 11.48%, for Baa-rated and Ba-rated corporate bonds, respectively, as reported in Annual Default Study: Corporate Default and Recovery Rates, 1920-2012 released on February 28, 2013.

- *Greater Equity Cushions.* While community banks are generally subject to the same regulations as their larger competitors, community banks have historically maintained significantly larger amounts of equity capital. Given that community banks do not typically have access to different forms of capital from the public markets, most equity in community banks is comprised of common equity, a form considered of the highest quality by federal and state banking regulators. As of December 31, 2012, banks with less than $10 billion of assets maintained Tier 1 risk-based capital ratios 24% higher than banks with more than $10 billion of assets. Given that banks over $10 billion have 45% higher non-current loans to loans (3.86% vs. 2.67%), community banks generally have significantly better equity cushions than their larger competitors.
- *Large Fragmented Market*. Community banks collectively control in excess of $2.9 trillion of financial assets. Despite significant industry consolidation since 1980, as of March 31, 2013 there are still more than 7,000 FDIC-insured banks in the United States. More than 98% of these banks have less than $10 billion of assets and many only service their local communities. The highly fragmented nature of the industry poses significant challenges for potential investors seeking to implement a diversified investment strategy.
- *Robust Demand for Capital*. Regulatory changes are requiring all banks to hold increased levels of capital. This requirement creates what we believe to be strong demand for capital in the form of preferred equity, subordinated debt and common equity. Further, capital is needed to facilitate ongoing consolidation within the banking industry, including acquisitions of failed banks from the FDIC. Lastly, organic growth of well-positioned institutions also supports demand. Our Advisor estimates that the community banking sector will require more than $50 billion of capital over the next several years to facilitate (i) compliance with heightened regulatory capital ratios, (ii) acquisition of competitors and failed banks and (iii) organic asset growth. This estimate is in part based on the size of the trust preferred CDO market and the phase out of trust preferred securities from the definition of Tier 1 capital.
- *Constrained Supply of Capital*. We believe that the supply of new capital available to community banks is extremely constrained and will remain so for many years. We also believe that there are many community banks with well-established franchises and cash flow characteristics that are not attracting capital from private equity or other institutional investors because: (i) they are perceived by such investors as risky due to their size; (ii) the companies are located in rural or niche markets that are unfamiliar to institutional investors; or (iii) the investments in these companies are too small given (a) the size of the target companies and (b) limitations on majority ownership dictated by certain banking regulations. We believe that these companies represent attractive investment candidates for us. We believe that this lack of institutional investor interest and the inability of most community banks to access the capital markets will enable us to invest at attractive pricing levels.
- *Sector Overlooked by Institutional Capital Providers.* We believe that many investors historically have avoided investing in community banks due to the small size of these banks, their heavy regulation, Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"), ownership restrictions and the perception that community banks are riskier than larger financial institutions. In addition, many capital providers lack the necessary technical expertise to evaluate the quality of the small- and mid-sized privately-held community banks and lack a network of relationships to identify attractive opportunities.

- *Favorable Market Conditions*. We believe that the substantial re-pricing of risk resulting from the recent financial crisis along with significantly improved bank balance sheets since the worst period of the crisis has created an ideal environment for us to begin our investment activities. Bank failures and unprecedented losses by large money-center banks and investment banks related to sub-prime mortgages and other higher risk financial products have "painted all banks with a negative brush." As a consequence, valuations of financial institutions have declined substantially, allowing potential investors to dictate favorable terms.

Competitive Advantages

We believe that our exclusive focus on the community banking sector provides us with a significant competitive advantage relative to non-specialized investors. We believe that we are well-suited to meet the capital needs of the community banking sector for the following reasons:

- *Experience in the Community Banking Sector*. StoneCastle Partners' current investment platform will provide us with significant advantages in sourcing, evaluating, executing and managing investments. Our Advisor's affiliate, StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks.
- *Substantial Access to Deal Flow*. In order to execute our business strategy, we will rely on our Advisor's and its affiliates' strong reputations and deep relationships with issuers, underwriters, financial intermediaries and sponsors, as well as our exclusive investment referral and endorsement relationships with CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the American Bankers Association ("ABA"). Pursuant to the agreements governing these relationships, CAB Marketing, LLC will assist us with the promotion and identification of potential investment opportunities through marketing campaigns, placements at ABA events and introductions to banks seeking capital. In addition, CAB, L.L.C. has granted to us a license to use the CAB name, "Corporation for American Banking," in connection with our investment program. We may use this name in connection with the foregoing promotion and identification activities including emails, press releases, events and due diligence questionnaires targeting ABA members. Most capital raising activities by community banks are conducted through privately-negotiated transactions that occur outside of traditional institutional investment channels, including the capital markets. We believe that StoneCastle Partners' and CAB, L.L.C.'s large network of relationships will help us to identify attractive investment opportunities and will provide us with a competitive advantage. The ABA and its subsidiaries have not endorsed this offering, and you should not construe references to them in this prospectus as such an endorsement.
- *Experienced Management Team.* StoneCastle Partners and its affiliates are led by StoneCastle Partners' two Managing Partners, Joshua S. Siegel and George Shilowitz, and collectively have approximately 40 employees. Our investment team is comprised of professionals who have substantial expertise investing in community banks, and includes former senior bankers, credit officers, private equity investors, rating agency analysts, bank examiners, fixed income specialists and attorneys.
- *Specialized / Proprietary Systems*. During the past decade, StoneCastle Partners has invested substantial funds and resources into the development of its proprietary analytic systems/database that is dedicated to analyzing banks (the "RAMPART" systems). RAMPART currently tracks and analyzes every bank in the U.S. and provides our investment professionals with significant operational leverage, allowing our team to sort through vast amounts of data to screen for potential investments. We know of few institutional investors that have developed infrastructure comparable to that of StoneCastle Partners and its affiliates.

- *Disciplined Investment Philosophy and Risk Management*. Our Advisor's senior investment professionals have substantial experience structuring investments that balance the needs of community banks with appropriate levels of risk control. Our Advisor's investment approach for us will emphasize current income and appropriate levels of long-term capital appreciation. Given that we expect a significant portion of our investments to be fixed income-like (including preferred stock), preservation of capital is our priority and we seek to minimize downside risk by investing in banks that exhibit the potential for long-term stability (See "The Company—Investment Overview" and "The Company—Investment Process and Due Diligence").
- *Few Organized Competitors*. We believe that several factors render many U.S. investors and financial institutions ill-suited to lend to or invest in community banks. Historically, the relatively small size of individual community banks and certain regulatory requirements limiting control have deterred many institutional investors, including private equity investors, from making those investments. As a consequence, few institutional investors have developed and possess the specialized skills and infrastructure to efficiently analyze and monitor investments in community banks on a large scale. Based on the experience of our management team, investing in community banks requires specialized skills and infrastructure, including: (i) the ability to analyze small community banking institutions and the local economies in which they do business; (ii) specialized systems to analyze and track vast amounts of bank performance data; (iii) a deep understanding and working relationship with state and federal regulators that oversee community banks; and (iv) brand awareness within the community banking industry and a strong reputation as a long-term partner that understands the needs of community banks.
- *Extended Investment Horizon.* Unlike private equity investors, we will not be subject to standard periodic capital return requirements. These provisions often force private equity investors to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might prefer, potentially resulting in both a lower overall return to investors. We believe that our flexibility to make investments with a long-term view, and without the capital return requirements of traditional private investment funds, will provide us with the opportunity to generate attractive returns on invested capital.

Targeted Investment Characteristics

Our business strategy will focus on minimizing risk by using a disciplined underwriting process in providing capital to community banks. We intend to focus on investing in community banks that exhibit the following characteristics:

- *Experienced Management.* We will seek to invest in community banks with management teams or sponsors that are experienced in running local banking businesses and managing risk. We will seek community banks that have a particular market focus, expertise in that market and a track record of success. Further, we will seek senior management teams with significant ties to their local communities.
- *Stability of Earnings*. We will seek to invest in community banks with the potential to generate stable cash flows over long periods of time, and therefore we will seek out institutions that have a defined lending strategy and predictable sources of interest revenues, stable sources of deposits and predictable expenses.
- *Stability of Market*. We will seek to invest in community banks whose core business is conducted in one or more geographic markets that have sustainable local economics. The market characteristics we will seek include stable or growing employment bases and favorable long-term demographic trends, among other characteristics.

- *Growth Opportunities*. We will seek to invest in healthy community banks headquartered in markets which provide significant organic growth opportunities or headquartered in highly fragmented markets where industry consolidation is likely providing the opportunity for community banks to grow through acquisitions of smaller competitors.
- *Strong Competitive Position*. We intend to focus on community banks that have developed strong market positions within their respective markets and that are well positioned to capitalize on growth opportunities. We will seek to invest in companies that demonstrate competitive advantages that should help to protect and potentially expand their market position and profitability. Typically, we would not expect to invest in *de novo* institutions or community banks having highly speculative business plans.
- *Visibility of Exit*. When investing in common equity, we will seek investments that are likely to result in an exit opportunity. Exits may come through the conversion of an investment into public shares, an initial public offering of shares by the bank, the sale of the bank or the repurchase of shares by the bank or another financial investor.

Potential Investments and Initial Portfolio

We intend to create a portfolio primarily comprised of securities issued by community banks by investing in public and privately held banks, initially in amounts generally ranging between approximately $5 million to $20 million each (unless our investment size is otherwise constrained or expanded by applicable law, rule or regulation). We have an existing pipeline of potential investments of up to $250 million in the aggregate that meet our criteria, consisting primarily of preferred stock, and to a lesser extent, subordinated debt and common equity. We will invest in accordance with our Advisor's investment policy in primarily the following assets:

TARP Assets: We are seeking to acquire one or more portfolios of perpetual preferred stock issued by community banks under the U.S. Department of the Treasury's ("U.S. Treasury") Troubled Asset Relief Program ("TARP") Capital Purchase Plan. Under TARP, more than 450 community banks issued in excess of $10 billion of perpetual preferred stock in 2008 and 2009 ("TARP Preferred") and approximately $2.5 billion in TARP Preferred issued by approximately 170 institutions remains outstanding. The U.S. Treasury is in the process of selling its TARP Preferred holdings through an auction process in which we will seek to participate. We will also seek to purchase these securities through secondary market transactions. We believe that there are approximately 65 issuers in this program that meet our investment criteria, totaling approximately $1 billion of target assets.

Preferred and Common Equity Assets: We continue to receive capital requests from numerous community banks regarding potential investments initially in amounts ranging from $5 million to $20 million per investment. Preferred stock may have fixed or variable dividend rates, which may be subject to rate caps and collars. We expect to consummate these potential investments in the first six months following this offering. In connection with our investments, we may also receive options or warrants to purchase common or preferred equity.

Initial Portfolio: We have entered into a purchase and sale agreement (the "PSA") to acquire a portfolio of securities from an unaffiliated institutional asset manager, subject to the closing of this offering, consisting of cumulative TARP Preferred securities issued by five bank holding companies (the "Initial Portfolio").

Subject to adjustment as described in the PSA, the purchase price for the Initial Portfolio will be equal to the aggregate outstanding par amount of the Initial Portfolio (approximately $74.3 million) plus accrued but unpaid dividends. Our Advisor selected the Initial Portfolio because it believes that the purchase of these securities is consistent with our investment objectives and because it will expedite our ability to deploy the proceeds of this offering.

The seller of the Initial Portfolio may terminate the PSA if we have not closed on the purchase of the Initial Portfolio prior to September 20, 2013. We may extend the deadline for the closing beyond September 20, 2013 by mutual agreement with the seller. In addition, the seller may sell the Initial Portfolio to third parties at any time in the case of a credit event, as defined in the PSA, or if the seller receives an unsolicited offer to purchase the Initial Portfolio at a higher price than our purchase price, subject to our right of first refusal to match any such unsolicited offer. In the case of a Credit Event, as defined in the PSA, we may elect to not purchase some or all of the securities in the Initial Portfolio.

The foregoing description of the PSA is qualified by reference to the copy of the PSA filed as an exhibit to the registration statement. While we intend to consummate the purchase of the entire Initial Portfolio shortly after the closing of this offering, we cannot assure you that we will make such acquisition in a timely manner, in whole or in part.

Regardless of the type of capital security, we intend to invest the majority of our portfolio in institutions that are currently paying dividends or interest on their securities, that our Advisor believes have the ability to pay dividends or interest on the securities, and/or that are not currently a party to any regulatory enforcement actions that would limit or hinder their ability to pay dividends or interest. While we do not intend to invest a significant portion of our funds in institutions that do not meet the foregoing criteria, we may invest in institutions that our Advisor believes have the ability to emerge from such conditions, pay any accrued interest or cumulative unpaid dividends at emergence and begin the normalized payment of interest or dividends in arrears and/or as frequently stipulated by the issuance in question.

From time to time, we may also invest in Tier 2 qualifying debt securities (long term subordinated debt securities), and other debt securities or hybrid instruments issued by community banks or their holding companies. Additionally, we may invest in Tier 1 qualifying debt securities. These debt securities may have fixed or floating interest rates.

Regulatory capital regulations adopted in response to the Dodd-Frank Act and the Basel III Accord require banks to, among other things, maintain higher Tier 1 capital and leverage ratios. These regulations also generally require that, in order to qualify as Tier 1 capital, preferred stock must be non-cumulative in nature (only TARP Preferred and certain securities issued by small bank holding companies, defined as holding companies with less than $500 million in consolidated assets, may be cumulative and qualify as Tier 1 capital). We expect that the majority of the new issue preferred stock in which we invest will be non-cumulative. While these existing and any future regulatory capital requirements may cause community banks to raise additional capital, the requirement to comply with these regulations may make some community banks less likely to pay dividends on preferred stock and common stock.

In addition, future changes in regulatory capital regulations may negatively or positively affect our investments and may subject us to additional pre-payment and capital redeployment risk.

Most of our assets will be illiquid, and their fair value may not be readily determinable. Accordingly, there can be no assurance that we would be able to realize the value at which we carry such assets if we need to dispose of them. As a result, we can provide no assurance that any given asset could be sold at a price equal to the value at which we carry it. We believe that a majority of the investments we will make will not be rated by a nationally recognized statistical rating organization (“NRSRO”). If such investments were rated by a NRSRO, we believe they may be rated below investment grade.

Leverage

We expect to borrow to fund our investment activities, which is also known as utilizing leverage. While we may enter into borrowing arrangements with banks or other lenders that are unsecured, we may also fund a portion of our investments by secured debt facilities. Additionally, we may create one or more wholly-owned special purpose subsidiaries to facilitate secured borrowing structures.

We intend to borrow to fund a portion of our assets and will limit our overall borrowing to meet the limitations set forth under the Investment Company Act. As a result, we will limit our total debt securities to one third of our total assets, including the proceeds of such debt securities. In addition, while we have no present intention to issue preferred stock, our certificate of incorporation authorizes us to do so. The Investment Company Act limits the amount of preferred stock that we may issue.

In order to reduce the interest rate and credit risks associated with our investments and use of leverage, we expect to utilize derivatives including interest rate swaps, caps, floors and forward transactions and credit default swaps, total return swaps and credit-linked notes. In addition, we may utilize futures and warrants in order to hedge against changes in market prices of the securities of the publicly-traded banks in which we invest.

Conflicts of Interest

Our Advisor will be subject to certain conflicts of interest in our management. These conflicts will arise primarily from the involvement of our Advisor and its affiliates in other activities that may conflict with our activities. Our Advisor and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests or the interests of their clients may conflict with our interests and the interest of the holders of our common stock. Other present and future activities of our Advisor and its affiliates may give rise to additional conflicts of interest which may have a negative impact on us.

Our Advisor’s compliance department and legal department will oversee its conflict-resolution system. The program places particular emphasis on the principle of fair and equitable allocation of appropriate opportunities to our Advisor’s clients over time. As a result of our Advisor’s allocation policies, we may not be able to invest in all opportunities that are appropriate for us and this may have the effect of reducing our potential earnings. Although our Advisor has agreed with us that it will allocate opportunities among its clients pursuant to its written policies and procedures, there is no assurance that these policies and procedures will work as intended or that we will be allocated our fair share of investment opportunities over time.

Our board of directors is charged with protecting our interests by monitoring how our advisor addresses these and other conflicts of interest associated with its management services and compensation.

Corporate Information

Our principal executive offices are located at 152 West 57th Street, 35th Floor, New York, New York 10019. Our telephone number is (212) 354-6500.

Advisor Information

The offices of our Advisor are located at 152 West 57th Street, 35th Floor, New York, New York 10019. The telephone number for our Advisor is (212) 354-6500.

Who May Want to Invest

Investors should consider their investment goals, time horizons and risk tolerance before investing in our common stock. An investment in our common stock is not appropriate for all investors, and our common stock is not intended to be a complete investment program. Our common stock is designed as a long-term investment and not as a trading vehicle. Our common stock may be an appropriate investment for investors who are seeking:

- potential recurring dividend and interest cash flow;
- an investment company focused primarily on the community bank sector;
- an investment company whose capital structure may be significantly leveraged;
- an investment company that will initially invest in preferred equity, subordinated debt and common equity;
- an investment company that may be suitable for retirement or other tax exempt accounts; and
- professional securities selection and active management by an experienced adviser.

An investment in our common stock involves risk, and we urge you to consult your tax and legal advisers before making an investment in our common stock. You could lose some or all of your investment. See “Risk Factors.”

An investment in our common stock involves significant risks, including:

Risks Related to Our Operations

- We have no operating history; our Advisor has no advisory experience, and there can be no assurance that we will achieve our business objectives.
- Our performance is highly dependent on our Advisor.
- Most of our assets will be illiquid, and their fair value may not be readily determinable.
- Our Advisor may rely on assumptions that prove to be incorrect.
- Our Advisor and its affiliates may serve as investment adviser to other funds, investment vehicles and investors, which may create conflicts of interest not in the best interest of us or our stockholders.
- We will operate with leverage, which may adversely affect our return on our assets and may reduce cash available for distribution.
- Our investment portfolio is recorded at fair value, with our board of directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is uncertainty as to the value of our investments.
- Our investments will be subject to dividend and interest rate fluctuations, and we may incur interest rate risk.
- We may compete with a number of other prospective investors for desirable investment opportunities.
- We may initially generate low or negative rates of return on capital, and we may not be able to execute our business plans as quickly as expected, if at all.
- We may not consummate our intended purchase of TARP Preferred securities.
- Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.
- If we are unable to source investments effectively, we may be unable to achieve our investment objective.
- Our quarterly results may fluctuate.
- Derivatives transactions may limit our income or result in losses.

- Financing arrangements with lenders or preferred shareholders may limit our ability to make dividend payments to our stockholders.
- We may change our business strategy and operational policies without stockholder consent, which may result in a determination to pursue riskier business activities.
- Laws and regulations may prohibit the banks in which we invest from paying interest and/or dividends to us.
- Legal and regulatory changes could occur that may adversely affect us.
- We may be required to register as a commodity pool operator.
- Market fluctuations caused by *force majeure*, terrorism or certain other acts may adversely affect our performance.
- Changes in interest rates may affect our net investment income, reinvestment risk and the probability of defaults of our investments.
- We will invest primarily in unrated and illiquid securities.

Risks Related to Investing in Community Banking Sector

- Our assets will be concentrated in the banking sector, potentially exposing us to greater risks than companies that invest in multiple sectors.
- We will invest in equity and debt securities issued by community banks, subjecting us to unique risks.
- All of our investments are subject to liquidity risk, but we may face higher liquidity risk if we invest in debt obligations and other securities that are unrated and issued by banks that have no corporate rating.
- We expect to create a portfolio of securities, focused on the bank market, with an emphasis on community banks, which would make us more economically vulnerable in the event of a downturn in the banking industry.
- A large number of community banks may fail during times of economic stress.
- We expect to create a portfolio of securities, focused on the bank market, with an emphasis on community banks whose business is subject to greater lending risks than larger banks.

Bank Regulatory Risk

- The banking institutions in which we will invest are subject to substantial regulations that could adversely affect their ability to operate and the value of our investments.
- We may become subject to adverse current or future banking regulations.
- Ownership of our stock by certain types of regulated institutions may subject us to additional regulations.
- Investments in banking institutions and transactions related to our portfolio investments may require approval from one or more regulatory authorities.
- If we were deemed to be a bank holding company or savings and loan holding company, bank holding companies or savings and loan holding companies that invest in us will be subject to certain restrictions and regulations.

Risks Related to Our Advisor and/or its Affiliates

- Our performance is dependent on our Advisor, and we may not find a suitable replacement if the management agreement is terminated.
- The departure or death of any of the members of senior management of our Advisor or StoneCastle Partners may adversely affect our ability to achieve our business objective; our management agreement does not require the availability to us of any particular individuals.
- If our Advisor ceases to be our manager under our management agreement, financial institutions that provided our credit facilities may not provide future financing to us.

- Our Advisor's liability is limited under our management agreement, and we have agreed to indemnify our Advisor against certain liabilities.
- There may be potential conflicts of interest between our management and our Advisor, on one hand, and the interest of our common stockholders, on the other.
- We are limited in our ability to conduct transactions with affiliates.
- Our Advisor's investment committee is not independent from its management.
- We may compete with our Advisor's current and future investment vehicles for access to capital and assets.
- There may be other conflicts of interest in our relationship with our Advisor and/or its affiliates that could negatively affect our earnings.
- Our Advisor's management of our business is subject to the oversight of our board of directors, but our board of directors will not approve each business decision made by our Advisor.
- Our Advisor may be incentivized to incur additional leverage, up to the extent permitted by regulations.

Risks Related to this Offering

- The price for our common stock may be volatile.
- The price for our common stock is subject to market risk.
- Future offerings of debt securities or preferred stock, which would rank senior to our common stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market value of our common stock.

ERISA Plan Risks

- We are subject to certain limitations imposed under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Risks Related to Taxation

- Despite our plans to elect to become a RIC, we may not be able to meet the requirements to make or maintain an election to be a RIC.
- We will be subject to corporate-level federal income tax on all of our income if we are unable to maintain RIC status under Subchapter M of the Code.
- Whether an investment in a RIC is appropriate for a Non-U.S. Stockholder will depend upon the Non-U.S. Stockholder's particular circumstances and whether certain temporary tax provisions are extended.

We strongly urge you to review carefully the discussion under "U.S. Federal Income Tax Considerations" and to seek advice based on your particular circumstances from an independent tax adviser.

THE OFFERING

Common stock we are offering	We are offering shares of our common stock, par value $0.001 per share, at an initial offering price of $ per share through a group of underwriters (the "Underwriters") led by Keefe, Bruyette & Woods, Inc. which price includes an underwriting commission of % of the offering price, a one-time fee paid to the underwriters and the only sales load paid in connection with this offering. We have registered the offer and sale of our shares with the SEC under the Securities Act of 1933 (the "Securities Act"). We have granted the Underwriters an option to purchase up to an additional shares of our common stock within 45 days of the date of this prospectus to cover any over-allotments. See "Underwriters."
Listing and symbol	We expect to list our common stock on the NASDAQ Global Market under the trading or "ticker" symbol "BANX."
Use of proceeds	We will apply a portion of the gross proceeds received from the issuance and sale of the common stock to pay organizational expenses of the Company and to pay the expenses of offering the common stock (including the underwriting commissions). We expect to use the net proceeds of this offering to make investments in accordance with our investment objectives and to pay our operating expenses. We anticipate that it may take up to six months to invest substantially all of the net proceeds of this offering in securities meeting our investment objectives. Pending investment, we will invest the net proceeds of this offering, and any liquid assets we subsequently hold, in temporary investments that will include cash or other temporary investments, including readily marketable interest-bearing and dividend paying securities which may be outside of the community banking industry. See "Use of Proceeds."
Our regulatory status	We are a corporation organized under the laws of the State of Delaware and are registered with the SEC under the Investment Company Act as a non-diversified, closed-end management investment company. See "Closed-End Fund Structure." We intend to be treated, and intend to comply with the requirements to qualify annually, as a RIC commencing with the filing of our income tax return for the taxable year ending December 31, 2013.
Dividends	We intend to distribute quarterly dividends of no less than 90% of our net income to our stockholders out of assets legally available for distribution following the completion of our first fiscal quarter. Our board will determine the amount of our quarterly dividends out of assets legally available. See

	"Dividend Policy" and "Discussion of Management's Operating Plans—Dividend Policy." There can be no assurance that we will distribute such dividends, and any failure to do so could jeopardize our status as a RIC. To date, we have not made any distributions to stockholders.
Investment adviser	Our Advisor, a Delaware limited liability company, is registered with the SEC under the Investment Advisers Act and will serve as our investment adviser. The management agreement with our Advisor will remain in effect for an initial period of two years from the date of effectiveness, unless earlier terminated, and will continue in effect from year to year thereafter, but only so long as each continuance is specifically approved by (i) our board of directors or the vote of a majority of our voting securities and (ii) the vote of a majority of our independent directors. Our board of directors and sole stockholder approved the management agreement with our Advisor prior to the date of this prospectus. The management agreement with our Advisor may be terminated at any time, without payment or penalty, by vote of our board of directors, by vote of a majority of our voting securities, or by our Advisor, in each case on 60 days' written notice. As required by the Investment Company Act, the management agreement with our Advisor will terminate automatically in the event of its assignment. See "Management" and "Portfolio Management."
Fees	Pursuant to the management agreement, we will pay our Advisor a management fee. The management fee will be paid quarterly in arrears and will be equal to 0.4375% (1.75% annualized) of our assets at the end of such quarter, including cash and cash equivalents and assets purchased with borrowings, except that, (i) until we have invested at least 85% of the net proceeds we receive from the sale of our common stock, we will reduce the management fee so that the portion of the management fee payable with respect to our assets held in cash and cash equivalents will be equal to 0.0625% (0.25% annualized); and (ii) for the first twelve months following the closing of this offering, we will reduce the management fee otherwise charged at 0.4375% per quarter to 0.375% per quarter (1.5% annualized). In addition, we will reimburse our Advisor for fees and expenses incurred on our behalf, including our pro rata portion of its administrative expenses. See "Management—Management Agreement."
Leverage	We expect to borrow to fund our investment activities, which is also known as utilizing leverage. While we may enter into borrowing arrangements with banks or other lenders that are unsecured, we may also fund a portion of our investments by creating one or more wholly-owned special purpose subsidiaries to facilitate secured borrowing structures. The Investment Company Act limits our total debt securities to

	one-third of our total assets, including the proceeds of such debt securities. In addition, while we have no present intention to issue preferred stock, our certificate of incorporation authorizes us to do so. The Investment Company Act limits the amount of the preferred stock that we may issue. The use of such leverage involves significant risks. See "Risk Factors—Risk Related to Our Operations."
Tax considerations	As a RIC, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as dividends. To obtain and maintain RIC status, we must meet specific requirements, including the income we earn, the assets we hold and the amounts we distribute. We may utilize derivatives in order to hedge against interest rate changes associated with our use of leverage. See "Derivative Transactions." Please review carefully "Risk Factors–Risks Related to Taxation" and "U.S. Federal Income Tax Considerations," and consult your tax adviser regarding the U.S. federal, state and local tax consequences of an investment in our common stock.
Anti-takeover provisions	Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may deter hostile takeovers or proxy contests, as may certain provisions of Delaware law, our certificate of incorporation or bylaws or other measures adopted by us. In addition, our certificate of incorporation and bylaws contain provisions that could prevent a change in our control or management. See "Description of Shares—Certificate of Incorporation and Bylaws—Anti-Takeover Effects, Our Certificate of Incorporation and Bylaws."
Dividend reinvestment plan	We intend to have a dividend reinvestment plan for our stockholders that will be effective after completion of this offering. Our plan will be an "opt out" dividend reinvestment plan. As a result, if we declare a distribution after the plan is effective, a stockholder's cash distribution will be automatically reinvested in additional common stock, unless the stockholder specifically "opts out" of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of common stock will generally be subject to the same U.S. federal, state and local income tax consequences as stockholders who elect to receive their distributions in cash. See "Dividend Reinvestment Plan" and "U.S. Federal Income Tax Considerations."
Abandoned private offering	This information is being provided pursuant to Rule 155(b) under the Securities Act. Between February 11, 2013 and

	May 31, 2013, we offered our stock in a proposed private placement (i) inside the United States to “accredited investors” (as defined in Rule 501(a) under the Securities Act), and (ii) outside the United States in “offshore transactions” (as defined in Rule 902(h) under the Securities Act), in each case to persons who were also “qualified purchasers” or “knowledgeable employees” (each as defined in the Investment Company Act). We terminated all offering activity with respect to that proposed private placement on May 31, 2013 in order to pursue this offering because we believed that we would attract more demand from investors as a listed and public-traded entity. At the time of termination, we had not established the size of the proposed private placement. We did not accept any offers to buy or indications of interest given in the abandoned private placement. This prospectus supersedes any offering materials used in the abandoned private offering.
Available information	We are subject to the informational requirements of the Investment Company Act and are required to file certain reports, including proxy statements and annual and semi-annual reports, with the SEC. Information we file with the SEC may be obtained free of charge by contacting us at 152 West 57th Street, 35th Floor, New York, New York 10019 or by telephone at (212) 354-6500. We will post our future annual and semi-annual reports to stockholders and other information on our website at www.stonecastle-financial.com. Information included on our website is not incorporated into this prospectus. These documents can be inspected and copied for a fee at the SEC’s public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information about the operation of the SEC’s public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website, at www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, that file documents electronically with the SEC.
Risk factors	An investment in our common stock involves a high degree of risk. You should carefully consider the full text of the risk factors outlined below beginning on page 54 of this prospectus, together with the other information contained in this prospectus, before investing in our common stock. In connection with the forward-looking statements that appear in this prospectus, you should also carefully review the cautionary statement referred to above under “Cautionary Statement Concerning Forward-Looking Statements.”

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The matters discussed under "Prospectus Summary," "Risk Factors," "Dividend Policy," "The Company" and elsewhere in this prospectus, as well as in future oral and written statements by our management, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties that could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Important assumptions include our ability to originate new investments and achieve certain levels of return, the availability to us of additional capital and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a forward-looking statement in this prospectus should not be regarded as a representation by us that our plans or objectives will be achieved. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our business strategy;
- our ability to use effectively the proceeds of this offering and manage our anticipated growth;
- our ability to obtain future financing arrangements;
- estimates relating to, and our ability to make, future distributions;
- our ability to compete in the marketplace;
- market trends;
- projected capital and operating expenditures, including fees paid to our affiliates; and
- the impact of technology on our operations and business.

Our beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our common stock, along with, among others, the following factors that could cause actual results to vary from our forward-looking statements:

- the factors referenced in this prospectus, including those set forth under the sections captioned "Risk Factors" and "The Company;"
- general volatility of the capital markets and the market price of our common stock;
- changes in our business strategy;
- availability, terms and deployment of capital;
- availability of qualified personnel;
- changes in the sectors in which we invest, interest rates or the general economy;
- increased rates of default and/or decreased recovery rates relating to our investments;
- changes in applicable laws, rules or regulations;
- our ability to qualify and elect to become a RIC;
- increased prepayments relating to our investments; and
- the degree and nature of our competition.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. We are not obligated, and do not undertake an obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY OF COMPANY EXPENSES

The annual expenses table shows our expenses as a percentage of net assets attributable to our common stock. Net assets means the value of our total assets (the value of the securities held plus cash or other assets, including interest accrued but not yet received) less: (i) all of our liabilities (including accrued expenses); (ii) accumulated and unpaid dividends on any outstanding preferred stock; (iii) the aggregate liquidation preference of any outstanding preferred stock; (iv) accrued and unpaid interest payments on any outstanding indebtedness; (v) the aggregate principal amount of any outstanding indebtedness; and (vi) any distributions payable on our common stock. **We caution you that certain of the indicated percentages in the table below indicating annual expenses are estimates and may vary.**

Stockholder Transaction Expense (as a percentage of offering price):	
Sales Load	5.00%(1)
Offering Expenses Borne by Us	0.74%(2)
Dividend Reinvestment Plan Expenses(3)	None
Total Stockholder Transaction Expenses Paid	5.74%
Annual Expenses (as a percentage of net assets attributable to common stock):(4)	
Management Fee (payable under management agreement)(5)	2.14%
Interest payments on borrowed funds(6)	1.28%
Other Expenses (estimated for the current fiscal year)(7)	1.03%
Net Annual Expenses	4.45%

(1) For a description of the underwriting discounts and commissions paid to the underwriters, which is a one-time fee and the only sales load, see "Underwriting."

(2) We will pay estimated offering costs of $0.19 per share, estimated to total approximately $1.1 million.

(3) The expenses associated with the administration of our dividend reinvestment plan are included in "Other Expenses." The participants in our dividend reinvestment plan will pay a pro rata share of brokerage commissions incurred with respect to open market purchases, if any, made by the plan agent under the plan. For more details about the plan, see "Dividend Reinvestment Plan."

(4) Assumes leverage of approximately $71 million. We will operate with leverage through recourse and non-recourse collateralized financings, private or public offerings of debt, warehouse facilities, secured and unsecured bank facilities, repurchase agreements and other borrowings. The table above assumes we operate with approximately $61 million of leverage, which reflects leverage in an amount representing 30% of our total assets (including such borrowed funds) assuming an annual interest rate of 3.00% on the amount borrowed and assuming we issue 6 million shares of common stock at $25 per share and no preferred stock.

(5) We will pay the management fee quarterly in arrears, and it will be equal to 0.4375% (1.75% annualized) of our assets at the end of such quarter, including cash and cash equivalents and assets purchased with borrowings, except that, (i) until we have invested at least 85% of the net proceeds we receive from the sale of our common stock, we will reduce the management fee so that the portion of the management fee payable with respect to our assets held in cash and cash equivalents will be equal to 0.0625% (0.25% annualized); and (ii) for the first twelve months following the closing of this offering, we will reduce the management fee otherwise charged at 0.4375% per quarter to 0.375% per quarter (1.5% annualized). For the purposes of calculating our expenses, we have assumed a 1.5% management fee. See "Management—Management Agreement."

(6) Interest expense assumes that leverage will represent 30% of our Managed Assets (as defined under "Management—Management Agreement—Management Fee") and charge interest or involve payment at a rate set by an interest rate transaction at an annual average rate of approximately 3.00%.

(7) Pursuant to the management agreement, our Advisor will also furnish us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). We will bear all expenses incurred in our operations, and we will bear the expenses related to this offering. "Other Expenses" above includes all such costs not borne by our Advisor, which may include but are not limited to overhead costs of our business, commissions, fees paid to CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the ABA, as part of our exclusive investment referral and endorsement relationships with those subsidiaries, fees and expenses connected with our investments and auditing, accounting and legal expenses. See "Management—Management Agreement—Payment of Our Expenses."

Example

The following example demonstrates the hypothetical dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock[1]. These amounts are based upon assumed offering expenses of 4.45% and our payment of annual operating expenses at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 102	$ 185	$ 271	$ 485

The purpose of the table and example above is to assist you in understanding the various costs and expenses that an investor in this offering will bear directly or indirectly. **The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown**. Moreover, while the example assumes a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan may receive common stock valued at the market price in effect at that time. This price may be at, above or below net asset value. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

As of the date of this prospectus, we have not commenced investment operations. The "Other Expenses" shown in the table and related footnote above are based on estimated amounts for our first year of operation unless otherwise indicated and assume that we issue approximately 6 million shares of common stock. If we issue fewer shares of common stock, all other things being equal, certain of these percentages would increase. For additional information with respect to our expenses, see "Management" and "Dividend Reinvestment Plan."

[1] This includes the sales load of $50.00 and estimated offering expenses of $7.40 on a hypothetical $1,000 investment.

USE OF PROCEEDS

The net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately $ ($ if the Underwriters exercise the over-allotment option in full), after deducting the underwriting commissions of approximately 5.0% or $ ($ if the Underwriters exercise the over-allotment option in full) and estimated organizational and offering expenses of approximately $1,110,000 payable by us. Our Advisor and/or its affiliates and certain of their employees have agreed to purchase an aggregate of 1% of the common stock sold in this offering at the offering price less the underwriting commission.

We anticipate that it may take up to six months to invest substantially all of the net proceeds of this offering in securities meeting our investment objectives described in this prospectus. We intend to hold a certain portion of the net proceeds in cash or other temporary investments, including readily marketable interest-bearing and dividend paying securities which may be outside of the community banking industry. We may also initially invest the net proceeds which we receive from this offering in cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, high-quality, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid fixed income securities. In either event, due to these investments we expect that our return on the investments will be lower than what we will realize after investment in accordance with our investment objective and strategies.

DIVIDEND POLICY

We intend to pay quarterly distributions to our stockholders in an amount, and on a timely basis, sufficient to obtain and maintain our status as a RIC; investment company taxable income includes, among other items, dividends, interest and the excess of any net short-term capital gains over net long-term capital losses, reduced by deductible expenses.

We intend to be treated, and intend to comply with the requirements to qualify annually, as a RIC commencing with the filing of our income tax return for the taxable year ending December 31, 2013. For federal income tax purposes, as a RIC we would be required to distribute substantially all of our net investment income each year both to avoid federal income tax on our distributed income and to avoid a potential excise tax. If our ability to make distributions on our common stock is limited, such limitations could, under certain circumstances, impair our ability to maintain a qualification for taxation as a RIC, which would have adverse consequences for our stockholders. See “U.S. Federal Income Tax Considerations.”

We will pay all dividends at the discretion of our board of directors, and the dividends we pay will depend on a number of factors, including:

- distribution requirements under the Investment Company Act and to maintain our status as a RIC.
- our financial condition;
- general business conditions;
- actual results of operations;
- the timing of the deployment of our capital;
- debt service requirements;
- availability of cash distributions;
- our operating expenses;
- any contractual, legal and regulatory restrictions on the payment of distributions by us to our stockholders including debt covenants imposed by lenders to the Company; and
- other factors our board of directors in its discretion may deem relevant.

If a stockholder’s common stock is registered directly with us or with a brokerage firm that participates in our Automatic Dividend Reinvestment Plan, distributions will be automatically reinvested in additional common stock under the Automatic Dividend Reinvestment Plan unless a stockholder elects to receive distributions in cash. If a stockholder elects to receive distributions in cash, payment will be made by check. See “Dividend Reinvestment Plan.”

CAPITALIZATION

The following table sets forth our anticipated initial capitalization including (i) elements of our actual capitalization as of (without considering the costs of this offering) and (ii) elements of our capitalization adjusted to reflect the sale of shares of common stock in this offering at an offering price of $ per share of common stock. The as adjusted capitalization includes the deduction of the approximately 5% underwriting commission and $1,110,000 of estimated organizational and offering expenses payable by us. See "Use of Proceeds."

	As of	
	Actual	As Adjusted for Closing
	(Amounts in thousands)	
Cash	$	$
Stockholders' equity:		
Common stock, par value $0.001 per share, 40,000,000 shares of common stock authorized, shares of common stock outstanding, actual; shares of common stock outstanding, as adjusted for initial closing; and common stock outstanding, as adjusted for this offering	$	$
Preferred stock, par value $0.001 per share, 10,000,000 shares of preferred stock authorized, 0 shares of preferred outstanding, actual; 0 shares of preferred outstanding, as adjusted for initial closing; and 0 shares of preferred stock outstanding, as adjusted for this offering	$	$
Paid in capital	$	$
Total stockholders' equity	$	$

DISCUSSION OF MANAGEMENT'S OPERATING PLANS

Overview

We were formed as a Delaware corporation on February 7, 2013. We are registered as an investment company under the Investment Company Act and plan to be treated, and intend to comply with the requirements to qualify annually, as a RIC commencing with the filing of our income tax return for the taxable year ending December 31, 2013.

We intend to invest substantially all of our total assets in securities issued by community banks, including securities of private, thinly traded or micro-cap public companies, cash and cash equivalents such as U.S. government securities and high quality debt maturing in one year or less. We do not expect to be regulated as a bank holding company or a savings and loan holding company by the Federal Reserve.

We anticipate that it may take up to six months to invest substantially all of the net proceeds of this offering in securities meeting our investment objectives. We expect our direct investments in each community bank initially in amounts generally ranging between approximately $5 million and $20 million (unless investment size is otherwise expanded or constrained by applicable law, rule or regulation), although investment sizes may be smaller or larger than this targeted range. Pending such investment, we intend to invest the proceeds of this offering initially in a combination of U.S. Government securities and high quality, short-term money market instruments. This offering will provide us with capital to implement our strategy.

Revenues

We intend to generate revenue in the form of dividends on dividend-paying equity securities as well as interest payable on the debt investments that we hold. In addition, we intend to generate revenue in the form of capital gains through equity securities, warrants, options or other equity interests. We expect to invest the majority of our assets in preferred equity, subordinated debt, and common equity that pay cash dividends and interest on a recurring or customized basis. We may invest in unsecured debt issued by community banks, and we currently expect these investments to have maturities in excess of ten years to enable our borrowers to obtain favorable regulatory capital treatment. We currently intend to structure our investments to provide for quarterly dividend and interest payments. To meet certain regulatory requirements of the banks in which we invest, we may structure investments to provide that dividends may be deferrable on a cumulative or non-cumulative basis. Because only TARP Preferred and certain securities issued by small bank holding companies, defined as holding companies with less than $500 million in consolidated assets, may be cumulative and qualify as Tier 1 capital, we expect that the majority of the new issue preferred stock in which we invest will be non-cumulative. However, investors should be aware that up to 100% of our portfolio may consist of non-cumulative preferred equity securities or may consist of a substantial amount of cumulative preferred equity securities, or any combination in between these scenarios. Based upon management's prior experience, we may receive up-front fee revenue from the community bank issuers in connection with newly originated securities. We anticipate such fees range from 0% to 3% of the amount we invest and will be paid in cash. We also may receive fee income from underlying community banks in connection with our investments. See "Discussion of Management's Operating Plans—Fee Income."

Expenses

Our primary operating expenses will include the payment of management fees and operating expenses, including (i) a portion of any overhead expenses of StoneCastle Partners and its affiliates that are allocable to us by our Advisor upon its reasonable determination that such expenses provided a benefit to us, and (ii) the services fees payable to CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the ABA, as part of our and our Advisor's investment referral and endorsement relationships with those subsidiaries. We have entered into an exclusive investment referral and endorsement relationship with CAB Marketing, LLC and CAB, L.L.C. See "Management—Management Agreement—CAB Marketing, LLC and CAB, L.L.C." Our management fees will

compensate our Advisor for its investment advisory and management services. The management fees will be limited to a fixed percentage of our assets. Pursuant to the management agreement, our Advisor will also furnish us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). We will bear all expenses not specifically assumed by our Advisor and incurred in our operations, and we will bear the expenses related to this offering. We will reimburse our Advisor to the extent these expenses are paid by our Advisor. See "Management—Management Agreement—Payment of Our Expenses." We may also pay a portion of the fee income that we receive from community banks in connection with our investments in them to one or more unaffiliated brokers for introducing us to such opportunities. Based upon management's prior experience, we may receive up-front fee revenue from the community bank issuers in connection with newly originated securities. We anticipate such fees will range from 0% to 3% of the amount we invest and will be paid in cash. Our Advisor will not be paid an incentive fee and will not participate in our profits in its capacity as Advisor. See "Management—Management Agreement." Certain affiliates of our Advisor, however, may participate in our profits to the extent of their ownership of common stock. See "Certain Relationships and Related Party Transactions."

We may, but are not required to, enter into interest rate hedging agreements to hedge interest rate risk associated with any indebtedness we may incur. Such hedging activities, which we anticipate will be in compliance with our exemption from registration under the Commodity Exchange Act of 1936, as amended (the "CEA"), may include the use interest rate transactions such as swaps, caps, floors, and repurchase agreements. We will bear any costs incurred in entering into and settling such contracts. There is no assurance that any hedging strategy we may employ will be successful. See "Risk Factors—Risks Related to Our Operations."

Financial Condition, Liquidity and Capital Resources

We will generate cash primarily from: (i) the net proceeds of this offering and any future debt or equity securities offerings and (ii) cash flows from operations, including interest earned from the temporary investment of cash. In the future, we may also fund a portion of our investments through borrowings from banks or other lenders or by creating a wholly-owned subsidiary to facilitate secured borrowing structures. We believe that the use of special purpose entities to hold our assets will permit us to potentially obtain less expensive leverage than we might otherwise be able to obtain because it will facilitate our ability to obtain favorable ratings, which in turn may reduce the cost of leverage. However, the lenders to these special purpose entities typically impose substantial restrictions on the assets contained in such special purpose entities such as restrictions on our ability to encumber them. There can be no assurances that our subsidiary will be able to obtain more favorable borrowing terms. We do not expect to incur such indebtedness until we have substantially invested the proceeds of this offering in securities that meet our investment objective. Our primary use of funds will be to make investments in portfolio companies, pay expenses and pay cash dividends to our stockholders.

Dividend Policy

We intend to pay quarterly distributions to our stockholders in an amount, and on a timely basis, sufficient to obtain and maintain our status as a RIC. Investment company taxable income includes, among other items, dividends, interest and the excess of any net short-term capital gains over net long-term capital losses, reduced by deductible expenses.

We intend to be treated, and intend to comply with the requirements to qualify annually, as a RIC commencing with the filing of our income tax return for the taxable year ending December 31, 2013. For federal income tax purposes, as a RIC we would be required to distribute substantially all of our net investment income each year both to avoid federal income tax on our distributed income and to avoid a potential excise tax. If our ability to make distributions on our common stock is limited, such limitations could, under certain circumstances, impair our ability to maintain a qualification for taxation as a RIC, which would have adverse consequences for our stockholders. See "U.S. Federal Income Tax Considerations."

Contractual Obligations

We have entered into a management agreement with our Advisor pursuant to which our Advisor has agreed to: (i) serve as our investment adviser in exchange for the consideration set forth therein; and (ii) furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and to provide on our behalf managerial assistance to certain of our portfolio companies. See "Management—Management Agreement."

Payments under the management agreement in future periods will be a management fee based on a percentage of the value of our Managed Assets, as well as reimbursement of expenses of the Advisor. The compensation and allocable routine overhead expenses of all investment professionals of our Advisor and its staff, when and to the extent engaged in providing us investment advisory services, will be provided and paid for by our Advisor and not us, although we will reimburse our Advisor an amount equal to our allocable portion of overhead and other expenses incurred by our Advisor in performing its obligations under the management agreement. See "Management—Management Agreement—Management Fee" and "Management—Management Agreement—Payment of our Expenses."

The management agreement with our Advisor may be terminated at any time, without payment or penalty, by vote of our board of directors, by vote of a majority of our voting securities, or by our Advisor, in each case on 60 days' written notice. As required by the Investment Company Act, the management agreement with our Advisor will terminate automatically in the event of its assignment. See "Management" and "Portfolio Management."

StoneCastle Partners has licensed the "StoneCastle" name to us and our Advisor on a non-exclusive, royalty-free basis. We will have the right to use the "StoneCastle" name so long as our Advisor or one of its approved affiliates remains our investment adviser.

Critical Accounting Policies

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States (or "US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

Valuation of Portfolio Investments

The preparation of our financial statements requires us to estimate the value of our investments and the related amounts of unrealized appreciation and depreciation of investments recorded. We intend to invest in illiquid securities, including debt and equity securities of primarily privately-held or thinly-traded public companies. Our investments generally will be subject to restrictions on resale and in the case of privately-held companies, generally, will have no established trading market. We will value all of our privately-held investments at fair value. We intend to determine fair value of our privately-held investments to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties, other than in a forced or liquidation sale. We will use market values when quotations are readily available.

We will engage one or more regionally or nationally recognized independent valuation firms to assist in determining the fair value of our investments that do not have readily available market prices or quotations. In the event an investment does not have a readily determinable price, our board of directors will review valuations from one or more regionally or nationally recognized independent valuation firms along with a valuation provided by our Advisor. Our board of directors will regularly review and evaluate our valuation

methodology and any such valuation service it uses and the historical accuracy of such valuation methodologies. Our board of directors will review all valuation recommendations (including those provided by our Advisor) and will assign the valuation they determine to best represent the fair value for such investment. The methods for valuing these investments may include fundamental analysis, market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, discounted cash flow analysis, multiple analysis, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of privately-held securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Our preferred and common equity investments as well as our equity-related investments (including warrants and options) in portfolio companies (collectively, “Equity Investments”) for which there is no liquid public market will be valued at fair value, which will be determined using various factors, including cash flow from operations of the portfolio companies and other pertinent factors, such as recent offers to purchase a company’s portfolio securities or other liquidation events. The determined fair values will generally be discounted to account for restrictions on resale and minority ownership positions. The value of our Equity Investments in public companies for which market quotations are readily available will be based upon the closing public market price on the balance sheet date. Securities with sale restrictions will typically be valued at a discount from the public market value of the security. Our board of directors may consider other methods of accounting to value our investments as appropriate in conformity with US GAAP.

Dividend and Interest Income

We record dividend income on the ex-dividend date. We record interest income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, on an accrual basis. To the extent we receive dividends that are eligible for qualified dividend income treatment (if received by a noncorporate holder) or the dividends received deduction (if received by a corporate holder), we intend to report such information to our stockholders so that they can take advantage of the preferential income tax rules that would apply to the portion of our distributions that correspond to such income.

Fee Income

Fee income will include our fees, if any, for due diligence, structuring, commitment and facility fees, and fees, if any, for transaction services, consulting services and management services rendered to portfolio companies and other third parties. We will recognize commitment and facility fees for debt generally as income over the life of the underlying loan, and we will recognize commitment and facility fees for perpetual stock generally as income in the year the investment is consummated. We will recognize due diligence, structuring, transaction service, consulting and management service fees generally as income when services are rendered.

THE COMPANY

StoneCastle Financial Corp. is a newly organized Delaware corporation established to continue and expand the business of StoneCastle Partners, which commenced operations in 2003, and makes investments in community banks located throughout the United States. Our investment objective is to provide stockholders with current income and capital appreciation. Our primary investment objective is to provide stockholders with current income, and to a lesser extent, capital appreciation, through preferred equity, subordinated debt and common equity investments in U.S. domiciled banks, primarily community banks. We will seek to enhance our returns through the use of warrants, options or other equity conversion features. The banks in which we invest may include, as part of the consideration of any new issuance of capital stock to us, a grant of warrants or options to increase our investment in such banks or options to convert our investment from a preferred security to common equity in the event we believe we can increase the returns for our investors through such conversion.

In the event we enter into derivatives for the purpose of hedging, those derivatives may constitute a senior security under the Investment Company Act, and the company will include that position in its leverage calculation. However, warrants, options or conversion features attached to preferred stock investments when we purchase them constitute assets, not liabilities, and we will not consider such assets to constitute a senior security under the Investment Company Act.

We expect that the closing of our initial public offering of common stock will occur on or around , 2013. We intend to be treated, and intend to comply with the requirements to qualify annually, as a RIC commencing with the filing of our income tax return for the taxable year ending December 31, 2013.

We will seek to structure our investments to avoid being regulated by various banking authorities. Therefore, we do not currently expect to be regulated by any state or federal banking regulatory bodies and will have significant flexibility with respect to the products we can offer our community banking clients and the manner in which we operate. In the future, we may be subject to such regulation if regulations change or if certain regulated institutions are deemed to control us. Further, while we have no current intent to do so, we may become subject to such federal and state banking regulations if we change our business strategy in a manner that subjects us to such regulation. See “Risk Factors—Bank Regulatory Risk.”

Our Advisor

StoneCastle Asset Management LLC, an SEC-registered investment adviser dedicated to the community banking sector that was formed on November 14, 2012, will manage our assets. Our Advisor is registered with the SEC under the Investment Advisers Act. Our Advisor’s affiliate, StoneCastle Advisors, LLC, also is an SEC-registered investment adviser registered under the Investment Advisers Act and was formed in 2004. While we have no operating experience and our Advisor has no advisory experience, our Advisor will be staffed with investment professionals from its affiliates, which collectively manage one of the largest portfolios of assets dedicated to the U.S. community banking sector, with a ten-year history of investing in trust preferred capital securities issued by, or, other obligations of, community, regional and money center banks. StoneCastle Partners and its subsidiaries, currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks. Our Advisor’s investment philosophy is grounded in disciplined, fundamental, bottom-up credit and investment analysis. We will use our Advisor’s existing community banking infrastructure to identify attractive investment opportunities and to underwrite and monitor our investment portfolio.

Our Advisor is wholly-owned by StoneCastle Partners. StoneCastle Partners is managed by its two Managing Partners, Joshua S. Siegel (founder & CEO) and George Shilowitz (Managing Partner). Charlesbank Capital Partners, LLC, a leading private equity investment manager, and Canadian Imperial Bank of Commerce CIBC, own minority interests in StoneCastle Partners.

Each of our Advisor's investment decisions will be reviewed and approved for us by our Advisor's investment committee, which may also act as the investment committee for other investment vehicles managed by our Advisor and its affiliates. Our Advisor's two senior officers, Messrs. Siegel and Shilowitz, each have 17 years of experience advising and investing in financial institutions, investing in financial assets and building financial services companies.

Our Advisor has entered into the Staffing Agreement with StoneCastle Partners and several of its affiliates. Under the Staffing Agreement, these companies will make experienced investment professionals available to our Advisor and provide our Advisor access to the senior investment personnel of StoneCastle Partners and its affiliates. Our Advisor intends to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of StoneCastle Partners' investment professionals. Biographical information for key members of our Advisor's investment team is set forth below under "Management—Biographical Information." As our investment adviser, our Advisor is obligated to allocate investment opportunities among us and its other clients in accordance with its allocation policy; however, there can be no assurance that it will allocate such opportunities to us fairly or equitably in the short-term or over time. Our board of directors is charged with protecting our interests by monitoring how our Advisor addresses these and other conflicts of interest associated with its management services and compensation.

Community Banking Sector Focus

We intend to pursue our investment objective by investing principally in public and privately-held community banks located throughout the United States. For the purpose of our investment objective and this prospectus, we define "community bank" to mean banks, savings associations and their holding companies with less than $10 billion in consolidated assets that serve local markets. As of March 31, 2013, the community banking sector is a highly fragmented $2.9 trillion industry, comprised of over 6,900 banks located throughout the United States, including under-served rural, semi-rural, suburban and other niche markets. Community banks generally have simple, straight-forward business models and geographically concentrated credit exposure. Community banks typically do not have exposure to non-U.S. credit and are focused on lending to borrowers in their distinct communities. As a result, we believe that community banks frequently have a better understanding of the local businesses they finance than larger banking organizations. Many of these community banks are well established, having been in business on average for more than 75 years and have survived many economic cycles, including the most recent financial crisis. We expect to create a portfolio within the community bank market focused on the bank market, with an emphasis on community banks, through investments in numerous issuers differentiated by asset sizes, business models and geographies.

Market Opportunity

We believe that the community banking sector is attractive due to the strong long-term performance of community banks and the general lack of investment competition from institutional investors. The Company has been formed to invest in the ongoing capital needs of community banks. We believe that the environment for investing in community banks is attractive for the following reasons:

- *Long-Term Resiliency of Community Banks*. The community banking industry has a long history of resiliency and historically has exhibited a low rate of failure. According to data from the FDIC, since 1934, FDIC insured banks and thrifts have failed at an annual rate of 0.37%, with peak cycle one-year failure rates of 3.22% in 1989 (S&L crisis), 1.96% in 2010 (Great Recession) and 0.54% in 1938 (Great Depression). We believe that these figures are comparable with Baa and Ba Moody's rated corporate bond default rates, which have experienced an average annual default rate since 1920 of approximately 0.27% for Moody's Baa-rated corporate bonds and 1.07% for Ba-rated bonds, with the highest one year default rates of 2.01% and 11.48%, for Baa-rated and Ba-rated corporate bonds, respectively, as reported in Annual Default Study: Corporate Default and Recovery Rates, 1920-2012 released on February 28, 2013.

- *Greater Equity Cushions.* While community banks are generally subject to the same regulations as their larger competitors, community banks have historically maintained significantly larger amounts of equity capital. Given that community banks do not typically have access to different forms of capital from the public markets, most equity in community banks is comprised of common equity, a form considered of the highest quality by federal and state banking regulators. As of December 31, 2012, banks with less than $10 billion of assets maintained Tier 1 risk-based capital ratios 24% higher than banks with more than $10 billion of assets. Given that banks over $10 billion have 45% higher non-current loans to loans (3.86% vs. 2.67%), community banks generally have significantly better equity cushions than their larger competitors.
- *Large Fragmented Market.* Community banks collectively control in excess of $2.9 trillion of financial assets. Despite significant industry consolidation since 1980, there are still more than 7,000 FDIC-insured banks in the United States. More than 98% of these banks have less than $10 billion of assets and many only service their local communities. The highly fragmented nature of the industry poses significant challenges for potential investors seeking to implement a diversified investment strategy.
- *Robust Demand for Capital*. Regulatory changes are requiring all banks to hold increased levels of capital. This requirement creates what we believe to be strong demand for capital in the form of preferred equity, subordinated debt and common equity. Further, capital is needed to facilitate ongoing consolidation within the banking industry, including acquisitions of failed banks from the FDIC. Lastly, organic growth of well-positioned institutions also supports demand. Our Advisor estimates that the community banking sector will require more than $50 billion of capital over the next several years to facilitate (i) compliance with heightened regulatory capital ratios, (ii) acquisition of competitors and failed banks and (iii) organic asset growth. This estimate is in part based on the size of the trust preferred CDO market and the phase out of trust preferred securities from the definition of Tier 1 capital.
- *Constrained Supply of Capital*. We believe that the supply of new capital available to community banks is extremely constrained and will remain so for many years. We also believe that there are many community banks with well-established franchises and cash flow characteristics that are not attracting capital from private equity or other institutional investors because: (i) they are perceived by such investors as risky due to their size; (ii) the companies are located in rural or niche markets that are unfamiliar to institutional investors; or (iii) the investments in these companies are too small given (a) the size of the target companies and (b) limitations on majority ownership dictated by certain banking regulations. We believe that these companies represent attractive investment candidates for us. We believe that this lack of institutional investor interest and the inability of most community banks to access the capital markets will enable us to invest at attractive pricing levels.
- *Sector Overlooked by Institutional Capital Providers.* We believe that many investors historically have avoided investing in community banks due to the small size of these banks, their heavy regulation, Bank Holding Company Act ownership restrictions and the perception that community banks are riskier than larger financial institutions. In addition, many capital providers lack the necessary technical expertise to evaluate the quality of the small- and mid-sized privately-held community banks and lack a network of relationships to identify attractive opportunities.
- *Favorable Market Conditions*. We believe that the substantial re-pricing of risk resulting from the recent financial crisis along with significantly improved bank balance sheets since the worst period of the crisis has created an ideal environment for us to begin our investment activities. Bank failures and unprecedented losses by large money-center banks and investment banks related to sub-prime mortgages and other higher risk financial products have “painted all banks with a negative brush.” As a consequence, valuations of financial institutions have declined substantially, allowing potential investors to dictate favorable terms.

Competitive Advantages

We believe that our exclusive focus on the community banking sector provides us with a significant competitive advantage relative to non-specialized investors. We believe that we are well-suited to meet the capital needs of the community banking sector for the following reasons:

- *Experience in the Community Banking Sector*. StoneCastle Partners' current investment platform will provide us with significant advantages in sourcing, evaluating, executing and managing investments. Our Advisor's affiliate, StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks.
- *Substantial Access to Deal Flow*. In order to execute our business strategy, we will rely on our Advisor's and its affiliates' strong reputations and deep relationships with issuers, underwriters, financial intermediaries and sponsors, as well as our Advisor's and our exclusive investment referral and endorsement relationships with CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the American Bankers Association ("ABA"). Pursuant to the agreements governing these relationships, CAB Marketing, LLC will assist us with the promotion and identification of potential investment opportunities through marketing campaigns, placements at ABA events, and introductions to banks seeking capital. In addition, CAB, L.L.C. has granted to us a license to use the CAB name, "Corporation for American Banking," in connection with our investment program. We may use this name in connection with the foregoing promotion and identification activities including emails, press releases, events and due diligence questionnaires targeting ABA Members. Most capital raising activities by community banks are conducted through privately-negotiated transactions that occur outside of traditional institutional investment channels, including the capital markets. We believe that StoneCastle Partners' and CAB, L.L.C.'s large network of relationships will help us to identify attractive investment opportunities and will provide us with a competitive advantage. The ABA and its subsidiaries have not endorsed this offering, and you should not construe references to them in this prospectus as such an endorsement.
- *Experienced Management Team.* StoneCastle Partners and its affiliates are led by StoneCastle Partners' two managing partners, Joshua S. Siegel and George Shilowitz, and collectively have approximately 40 employees. Our investment team is comprised of professionals who have substantial expertise investing in community banks, and includes former senior bankers, credit officers, private equity investors, rating agency analysts, bank examiners, fixed income specialists and attorneys.
- *Specialized / Proprietary Systems*. During the past decade, StoneCastle Partners has invested substantial funds and resources into the development of its proprietary analytic systems/database that is dedicated to analyzing banks (the "RAMPART" systems). RAMPART currently tracks and analyzes every bank in the U.S. and provides our investment professionals with significant operational leverage, allowing our team to sort through vast amounts of data to screen for potential investments. We know of few institutional investors that have developed infrastructure comparable to that of StoneCastle Partners and its affiliates.
- *Disciplined Investment Philosophy and Risk Management*. Our Advisor's senior investment professionals have substantial experience structuring investments that balance the needs of community banks with appropriate levels of risk control. Our Advisor's investment approach for us will emphasize current income and appropriate levels of long-term capital appreciation. Given that we expect a significant portion of our investments to be fixed income-like (including preferred stock), preservation of capital is our priority and we seek to minimize downside risk by investing in banks that exhibit the potential for long-term stability (See "The Company—Investment Overview" and "The Company—Investment Process and Due Diligence").
- *Few Organized Competitors*. We believe that several factors render many U.S. investors and financial institutions ill-suited to lend to or invest in community banks. Historically, the relatively small size of individual community banks and certain regulatory requirements limiting control have deterred many institutional investors, including private equity investors, from making those investments. As a consequence, few institutional investors have developed and possess the specialized skills and infrastructure to efficiently analyze and monitor investments in community banks on a large scale. Based on the experience of our management team, investing in community banks requires specialized skills and

infrastructure, including: (i) the ability to analyze small community banking institutions and the local economies in which they do business; (ii) specialized systems to analyze and track vast amounts of bank performance data; (iii) a deep understanding and working relationship with state and federal regulators that oversee community banks; and (iv) brand awareness within the community banking industry and a strong reputation as a long-term partner that understands the needs of community banks.

- *Extended Investment Horizon.* Unlike private equity investors, we will not be subject to standard periodic capital return requirements. These provisions often force private equity investors to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might prefer, potentially resulting in both a lower overall return to investors. We believe that our flexibility to make investments with a long-term view, and without the capital return requirements of traditional private investment funds, will provide us with the opportunity to generate attractive returns on invested capital.

Targeted Investment Characteristics

Our business strategy will focus on minimizing risk by using a disciplined underwriting process in providing capital to community banks. We intend to focus on investing in community banks that exhibit the following characteristics:

- *Experienced Management.* We will seek to invest in community banks with management teams or sponsors that are experienced in running local banking businesses and managing risk. We will seek community banks that have a particular market focus, expertise in that market and a track record of success. Further, we will seek senior management teams with significant ties to their local communities.
- *Stability of Earnings*. We will seek to invest in community banks with the potential to generate stable cash flows over long periods of time, and therefore we will seek out institutions that have a defined lending strategy and predictable sources of interest revenues, stable sources of deposits and predictable expenses.
- *Stability of Market*. We will seek to invest in community banks whose core business is conducted in one or more geographic markets that have sustainable local economics. The market characteristics we seek include stable or growing employment bases and favorable long-term demographic trends, among other characteristics.
- *Growth Opportunities*. We will we seek to invest in healthy community banks headquartered in markets which provide significant organic growth opportunities or headquartered in highly fragmented markets where industry consolidation is likely providing the opportunity for community banks to grow through acquisitions of smaller competitors.
- *Strong Competitive Position*. We intend to focus on community banks that have developed strong market positions within their respective markets and that are well positioned to capitalize on growth opportunities. We will seek to invest in companies that demonstrate competitive advantages that should help to protect and potentially expand their market position and profitability. Typically, we would not expect to invest in *de novo* institutions or community banks having highly speculative business plans.
- *Visibility of Exit*. When investing in common equity, we will seek investments that are likely to result in an exit opportunity. Exits may come through the conversion of an investment into public shares, an initial public offering of shares by the bank, the sale of the bank or the repurchase of shares by the bank or another financial investor.

Potential Investments and Initial Portfolio

We intend to create a portfolio primarily comprised of securities issued by community banks by investing in public and privately held banks, initially in amounts generally ranging between approximately $5 million to $20 million each (unless our investment size is otherwise constrained or expanded by applicable law, rule or regulation). We have an existing pipeline of potential investments of up to $250 million in the aggregate that meet our criteria, consisting primarily of preferred stock and, to a lesser extent, subordinated debt and common equity. We will invest in accordance with our Advisor’s investment policy in primarily the following assets:

TARP Assets: We are seeking to acquire one or more portfolios of perpetual preferred stock issued by community banks under the U.S. Treasury's TARP Capital Purchase Plan. Under TARP, more than 450 community banks issued in excess of $10 billion of perpetual preferred stock in 2008 and 2009 ("TARP Preferred") and approximately $2.5 billion in TARP Preferred issued by approximately 170 institutions remains outstanding. The U.S. Treasury is in the process of selling its TARP Preferred holdings through an auction process in which we will seek to participate. We will also seek to purchase these securities through secondary market transactions. We believe that there are approximately 65 issuers in this program that meet our investment criteria, totaling approximately $1 billion of target assets.

According to the U.S. Treasury, the TARP Capital Purchase Program was launched to stabilize the financial system by providing capital to viable financial institutions of all sizes throughout the nation. The Capital Purchase Program was designed to bolster the capital position of viable institutions of all sizes and to build confidence in these institutions and the financial system as a whole. Treasury initially committed more than one third of all TARP funding, $250 billion, to the Capital Purchase Program, which was later reduced to $218 billion in March 2009. At the end of the investment period for the program, Treasury had invested approximately $205 billion under the Capital Purchase Program in 707 financial institutions in 48 states, including more than 450 small and community banks and 22 certified community development financial institutions. Treasury's investments through the Capital Purchase Program, made in the form of cumulative preferred stock or debt securities, generally pay Treasury a 5% dividend on preferred shares for the first five years and a 9% rate thereafter. In addition, Treasury received warrants to purchase common shares or other securities from the banks during the Capital Purchase Program investment period. The purpose of the additional securities was to enable taxpayers to reap additional returns on their investments as banks recovered.

As reported in the Troubled Asset Relief Program (TARP): Monthly Report to Congress – June 2013, dated July 10, 2013, the total Capital Purchase Program Proceeds amounted to $222.75 billion. In addition, the report states "today, every additional dollar recovered from Capital Purchase Program participants represents a positive return for taxpayers."

While some institutions that received capital from the TARP Capital Purchase Program were troubled and may remain troubled today due to heightened levels of non-performing assets, among other things, we believe that a number of participating institutions currently exhibit healthy fundamental characteristics that will make acceptable investment candidates for us.

While we generally expect to invest in TARP Preferred issued by community banks that are current on their dividend payments, we may in certain instances invest in TARP Preferred issued by community banks that are not current if we believe they will become current in the future.

As of September 2013, the current dividend rate on most TARP Preferred is 5%. A majority of these securities will experience a dividend rate increase to 9% in late 2013 or early 2014. Due to this significant increase in the dividend rate, there may be a strong incentive for banks to repurchase, or refinance, their TARP Preferred. The ability for a bank to redeem its outstanding TARP Preferred is primarily predicated upon its ability to raise additional capital, which is likely required to be obtained at a lower cost than its TARP Preferred. While it is possible for an issuer to redeem its TARP Preferred, because these are perpetual securities, they do not include acceleration rights exercisable by the holder. In the event our investments are pre-paid or "called," it may take significant time for us to redeploy the proceeds into new acceptable investments.

Preferred and Common Equity Assets: We continue to receive capital requests from numerous community banks regarding potential investments initially in amounts ranging from $5 million to $20 million per investment. Preferred stock may have fixed or variable dividend rates, which may be subject to rate caps and collars. We expect to consummate these potential investments in the first six months following this offering. In connection with our investments, we may also receive options or warrants to purchase common or preferred equity.

Initial Portfolio: We have entered into a purchase and sale agreement (the "PSA") to acquire a portfolio of securities from an unaffiliated institutional asset manager, subject to the closing of this offering, consisting of cumulative TARP Preferred securities issued by five bank holding companies (the "Initial Portfolio").

Subject to adjustment as described in the PSA, the purchase price for the Initial Portfolio will be equal to the aggregate outstanding par amount of the Initial Portfolio (approximately $74.3 million) plus accrued but unpaid dividends. Our Advisor selected the Initial Portfolio because it believes that the purchase of these securities is consistent with our investment objectives and because it will expedite our ability to deploy the proceeds of this offering.

The seller of the Initial Portfolio may terminate the PSA if we have not closed on the purchase of the Initial Portfolio prior to September 20, 2013. We may extend the deadline for the closing beyond September 20, 2013 by mutual agreement with the seller. In addition, the seller may sell the Initial Portfolio to third parities at any time in the case of a credit event, as defined in the PSA, or if the seller receives an unsolicited offer to purchase the Initial Portfolio at a higher price than our purchase price, subject to our right of first refusal to match any such unsolicited offer. In the case of a Credit Event, as defined in the PSA, we may elect to not purchase some or all of the securities in the Initial Portfolio.

The foregoing description of the PSA is qualified by reference to the copy of the PSA filed as an exhibit to the registration statement. While we intend to consummate the purchase of the entire Initial Portfolio shortly after the closing of this offering, we cannot assure you that we will make such acquisition in a timely manner, in whole or in part.

Regardless of the type of capital security, we intend to invest the majority of our portfolio in institutions that are currently paying dividends or interest on their securities, that our Advisor believes have the ability to pay dividends or interest on the securities and/or that are not currently a party to any regulatory enforcement actions that would limit or hinder their ability to pay dividends or interest. While we do not intend to invest a significant portion of our funds in institutions that do not meet the foregoing criteria, we may invest in institutions that our Advisor believes have the ability to emerge from such conditions, pay any accrued interest or cumulative unpaid dividends at emergence and begin the normalized payment of interest or dividends in arrears and/or as frequently stipulated by the issuance in question.

From time to time, we may also invest in Tier 2 qualifying debt securities (long term subordinated debt securities) and other debt securities or hybrid instruments issued by community banks or their holding companies. Additionally, we may invest in Tier 1 qualifying debt securities. These debt securities may have fixed or floating interest rates.

Regulatory capital regulations adopted in response to the Dodd-Frank Act and the Basel III Accord require banks to, among other things, maintain higher Tier 1 capital and leverage ratios. These regulations also generally require that, in order to qualify as Tier 1 capital, preferred stock must be non-cumulative in nature (only TARP Preferred and certain securities issued by small bank holding companies, defined as holding companies with less than $500 million in consolidated assets, may be cumulative and qualify as Tier 1 capital). We expect that the majority of the new issue preferred stock in which we invest will be non-cumulative. While these existing and any future regulatory capital requirements may cause community banks to raise additional capital, the requirement to comply with these regulations may make some community banks less likely to pay dividends on preferred stock and common stock.

In addition, future changes in regulatory capital regulations may negatively or positively affect our investments and may subject us to additional pre-payment and capital redeployment risk.

Most of our assets will be illiquid, and their fair value may not be readily determinable. Accordingly, there can be no assurance that we would be able to realize the value at which we carry such assets if we need to dispose of them. As a result, we can provide no assurance that any given asset could be sold at a price equal to the value at which we carry it. We believe that a majority of the investments we will make will not be rated by a NRSRO. If such investments were rated by a NRSRO, we believe they may be rated below investment grade.

Investment Selection

Our Advisor will use an investment selection process modeled after the selection process utilized by our Advisor and its affiliates for the various funds they manage. Initially, both of our Advisor's senior investment professionals, Messrs. Siegel and Shilowitz will be responsible for negotiating, structuring and managing of our investments, and will operate under the oversight of our Advisor's investment committee. Messrs. Siegel and Shilowitz are also both members of our initial board of directors, and may be subject to conflicts of interest. See "Certain Relationships and Related Party Transactions—Conflicts of Interest Within StoneCastle Partners."

Current Yield Plus Growth Potential

We intend to focus on securities issued by community banks that generate substantial current income in the form of dividends or interest. See "Risk Factors—Risks Related to Our Operations." In the case of investments with fixed dividends or interest, the continuity of these payments is paramount, and consequently we will seek issuers that have business models that we believe will be stable over long periods of time. We will also seek to generate capital gains by investing in banks using various equity strategies, including common equity, warrants, convertible securities and options. We will seek to invest in equity-related instruments in circumstances where we believe a company has the potential to generate above average growth or is undervalued. To a lesser extent, we may also generate revenue in the form of commitment, origination or structuring fees.

Target Portfolio Company Characteristics

We have identified several quantitative, qualitative and relative value criteria that we believe are important in identifying and investing in prospective community banks. While these criteria provide general guidelines for our investment decisions, each prospective community bank in which we choose to invest may not meet all of these criteria. Generally, we intend to utilize our access to information generated by our Advisor's investment professionals to identify prospective portfolio companies and to structure investments efficiently and effectively.

Qualified Management Team

We generally will require that the community banks we invest in have management teams that are experienced in running banking businesses and managing risk. We will seek management teams that have expertise in their market, thorough knowledge of the loans held by their institution and a track record of success. Further, we seek senior management teams with significant ties to their local communities. These management teams may have strong technical, financial, managerial and operational capabilities, established governance policies and incentive structures to encourage management to succeed while acting in the best long-term interests of their investors.

Undervalued Investments

We will focus on those investments that appear undervalued.

Sensitivity Analyses

We typically perform sensitivity analyses to determine the effects of changes in market conditions on any proposed investment. These sensitivity analyses may include, among other things, simulations of changes in interest rates, changes in unemployment rates, changes in home prices, changes in economic activity and other events that would affect the performance of our investment. In general, we will not commit to any proposed investment that will not provide at least a minimum return under any of these analyses and, in particular, the sensitivity analysis relating to changes in interest rates and unemployment rates.

Business Combinations

We will seek to invest in community banks whose business models and expected future cash flows make them attractive business combination transaction candidates, either as buyer or seller. These companies include candidates for strategic acquisition by other industry participants and companies that may conduct an initial public offering of common stock.

Investment Process and Due Diligence

In conducting due diligence, our Advisor typically uses and intends to continue to use available public information, including "call reports" and other quarterly filings required by bank regulators, due diligence questionnaires and discussions with the management teams at the respective institutions. In many cases, our Advisor will also compile private information obtained pursuant to confidentiality agreements about the institution, its portfolio of loans and securities, its customers and related deposits, compliance information, regulatory information and any such additional information that could be necessary to complete its due diligence on the company. Although our Advisor may use research provided by third parties when available, primary emphasis will be placed on proprietary analysis and valuation models conducted and maintained by our Advisor's investment professionals.

The due diligence process followed by our Advisor's investment professionals is highly detailed and follows a structure they have developed over the past decade. Our Advisor will seek to exercise discipline with respect to the pricing of its investments and institute appropriate structural protections in our investment agreements to the extent banking regulations permit. After our Advisor's investment professionals undertake initial due diligence of a prospective investment, our Advisor's investment committee will determine whether to approve the initiation of more extensive due diligence. At the conclusion of the diligence process, our Advisor's investment committee will be informed of critical findings and conclusions. The due diligence process typically includes many of the following:

- review of historical and prospective financial information;
- review of regulatory filings and history of relevant regulatory actions or other legal proceedings against the institution;
- review and analysis of financial models and projections;
- review of due diligence questionnaires that include detail on loans and other assets;
- interviews with management and key employees of the prospective bank;
- review of the prospective bank's geographic footprint and competitive and economic conditions within the operating area; and
- review of contingent liabilities.

Additional due diligence with respect to any investment may be conducted on our behalf by our legal counsel and accountants, as well as by other outside advisers and consultants, as appropriate.

Upon the conclusion of the due diligence process, our Advisor's investment professionals will present a detailed investment proposal to our Advisor's investment committee. All decisions to invest in a company must be approved by the unanimous decision of our Advisor's investment committee.

Investment Structure and Investments

Once we have determined that a prospective community bank is suitable for a newly originated direct investment, we will work with the management of that company to structure an investment that the parties believe is suitable from an economic and regulatory perspective.

We anticipate structuring our direct investments in a variety of forms to meet our investment criteria and to meet the capital needs of the community banks in which we invest. Banking is a highly regulated industry and investments in these institutions must be tailored to adhere to various regulatory standards, which change from time to time.

Typically, FDIC-insured banks are wholly-owned by a regulated holding company, and the primary asset of the holding company is the stock of the bank(s). We intend to invest in both community banks and their holding companies.

We anticipate structuring the majority of our direct investments as preferred stock, subordinated debt, and common equity that pay cash dividends and interest on a recurring or customized basis. In conjunction with our preferred stock (and to a lesser extent, our debt investments). In addition, we intend to obtain warrants or equity conversion options by which we may increase our investments in banks. We do not intend to become regulated as a bank holding company or savings and loan holding company and intend to structure our investments such that they represent less than 24.9% of any portfolio bank's equity capital and avoid causing us to be deemed a bank holding company. See "Risk Factors—Bank Regulatory Risk."

The types of securities in which we may invest include, but are not limited to, the following:

- *Preferred Stock*. We anticipate structuring these investments as perpetual preferred stock to allow our portfolio company issuers to treat our investment in them as Tier 1 capital under current regulatory capital standards. We believe that nearly all newly issued preferred stock will be non-cumulative in order for it to qualify as Tier 1 capital. Such preferred stock may also include rights to convert the preferred stock into common stock under specified circumstances and on specified terms. While we do not intend to invest a significant portion of the proceeds of this offering in the preferred stock of institutions that are not current in their dividends, we may invest in them to some extent if we believe their institutions have the ability to become current in their dividend payments in the future.
- *TARP Preferred*. We will also seek to invest in cumulative and non-cumulative, preferred stock issued under the TARP Capital Purchase Program. While a number of community banks that have issued TARP Preferred have deferred one or more schedule payments on a cumulative basis, we believe numerous institutions exhibit fundamentally strong characteristics and may be attractive investment candidates for us. While these attractive candidates will generally be those that are current on their dividend payments, we may in certain instances invest in TARP Preferred of community banks that are not current if we believe they will become current in the future and by contract have an obligation to pay all dividend payments that were not previously paid. While the majority of TARP Preferred is cumulative, a portion of TARP Preferred currently outstanding is non-cumulative in nature. Presently, we do not intend to invest in non-current, non-cumulative TARP Preferred.
- *Subordinated Debt.* We anticipate structuring these investments as subordinated unsecured debt. Subordinated loans are expected to have maturities of ten years or longer with no amortization until loan maturity to allow our portfolio company borrowers to treat the investment as Tier 2-qualifying capital. Under current market conditions, we expect that the interest rate on subordinated loans will range between 8-10%, excluding any equity warrants we may receive.
- *Common Stock.* We will also seek to make minority common equity investments in publicly-traded and select privately-held institutions. We will target internal rates of return between 15%-20%, including dividends. Under market conditions as of the date of this prospectus, we expect that the dividend rate on common stock will range between 2-4%.
- *Warrants and Options.* We anticipate receiving warrants or options to buy minority equity interests in connection with our direct subordinated debt and preferred equity investments. As a result, as a portfolio company appreciates in value, we may achieve additional investment return from these equity interests. We may structure such warrants to include provisions protecting our rights as a minority-interest holder. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

Monitoring of Investments

The investment professionals of our Advisor and its affiliates will maintain a continuous relationship with the management teams of the companies in which we invest and will monitor each individual portfolio company relative to performance benchmarks set by our investment professionals. This monitoring may be accomplished by review of quarterly regulatory filings, other financial data, local and national economic data, news reports, and regulatory actions and changes to bank regulations, tax laws and US GAAP that may impact the banks in which we invest. Our Advisor has adopted a grading scale developed by StoneCastle Partners that is designed to provide initial and on-going support. Our Advisor uses this scale to assess investment performance and highlight investments that may require additional attention.

Our Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. Our Advisor will review these investment ratings on at least a quarterly basis and may modify a rating at any time.

Valuation Process

We will value our assets in accordance with US GAAP and will rely on multiple valuation techniques, reviewed on a quarterly basis by our board of directors. As most of our investments are not expected to have market quotations, our board of directors will undertake a multi-step valuation process each quarter, as described below and as described in more detail in "Net Asset Value" below:

- *Investment Team Valuation.* Each investment will be valued by the investment professionals of our Advisor.
- *Third Party Valuation.* We expect that we will retain an independent valuation firm to provide a valuation report for each investment at least once per fiscal year.
- *Investment Committee.* The investment committee of our Advisor will review the valuation report provided by the investment team and the independent valuation firm.
- *Final Valuation Determination.* Our board of directors will discuss and review the valuations with our Advisor's investment committee and, where warranted, with the independent valuation firm. Our board of directors will then determine the fair value of each investment in our portfolio in good faith.

Competition

Our primary competitors in providing financing and capital to community banks include, but are not limited to, public and private funds, commercial banks, investment banks, correspondent banks, commercial financing companies, high net worth individuals, private equity funds and hedge funds. Some of our competitors are substantially larger and may have considerably greater financial, technical and marketing resources than we do. For example, we believe that some competitors have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assumptions, which could allow them to consider a wider variety of investments than us. Also, certain of our competitors may be better able to hedge against these risks due to having a more diversified portfolio or being registered as a commodity pool operator. We also believe that many of our competitors are established bank holding companies, which allows them to make investments that are in excess of 24.9% ownership interest, investments that are not feasible for us since we do not intend to become a bank holding company. Further, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as an investment company or to the source-of-income, asset diversification and distribution requirements we intend to satisfy to qualify as a RIC.

Brokerage Allocation and Other Practices

Because most of the assets that we hold will be illiquid, we will generally acquire and dispose of our investments in privately negotiated transactions, and we may use brokers in the course of our business. Subject

to policies established by our board of directors, we do not expect to execute transactions through any particular broker or dealer, but we will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, operational facilities of the firm, the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly on brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided. Based upon management's prior experience, we may receive up-front fee revenue from the community bank issuers in connection with newly originated securities. We anticipate such fees range from 0% to 3% of the amount we invest and may be paid in cash or in kind.

Staffing

We do not currently have or expect to have any employees. Employees of StoneCastle Partners and its affiliates will provide the services necessary for our business pursuant to the terms of the Staffing Agreement. Each of our executive officers described under "Management" is an employee or principal of our Advisor, StoneCastle Cash Management, LLC or StoneCastle Partners.

Properties

Our principal executive offices are located at 152 West 57th Street, 35th Floor, New York, New York 10019. Our telephone number is (212) 354-6500. Our Advisor will enter into a shared facilities and services agreement with StoneCastle Partners pursuant to which StoneCastle Partners will provide us and our Advisor with office space. See "Management—Management Agreement—Management Fee."

Legal Proceedings

We are not currently a party to any material legal proceedings. On February 7, 2013 the former general counsel and a co-founder of StoneCastle Partners commenced a lawsuit against StoneCastle Partners, Messrs. Siegel and Shilowitz and several other affiliates of StoneCastle Partners seeking $10 million in damages for alleged breaches of the StoneCastle Partners operating agreement and a separate agreement between the plaintiff and Mr. Shilowitz. The dispute arose in connection with the plaintiff's separation from StoneCastle Partners. StoneCastle Partners believes that the claims are without merit and intends to vigorously defend the action. Furthermore, we would not bear any expenses relating to this legal proceeding or any damages or settlement amounts relating to this legal proceeding, if any. Neither we nor our Advisor is a party to this litigation or will have any reimbursement obligation in respect thereof. Apart from the forgoing, neither we, our Advisor, nor StoneCastle Partners is currently subject to any material legal proceedings.

Portfolio Turnover

Our annual portfolio turnover rate may vary greatly from year to year. Although we cannot accurately predict our annual portfolio turnover rate, it is not expected to exceed 20% under normal circumstances. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for us. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that we bear.

Proxy Voting Policies

We, along with our Advisor, have adopted proxy voting policies and procedures (the "Proxy Policy") that we believe are reasonably designed to ensure that proxies are voted in our best interests and the best interests of our stockholders. Subject to its oversight, our board of directors has delegated responsibility for implementing the Proxy Policy to our Advisor.

In the event requests for proxies are received to vote equity securities on routine matters, such as ratification of auditors, the proxies usually will be voted in accordance with the recommendation of our management unless our Advisor determines it has a conflict or our Advisor determines there are other reasons not to vote in accordance with the recommendation of our management. On non-routine matters, such as elections of directors, amendments to governing instruments, proposals relating to compensation, corporate governance proposals and stockholder proposals, our Advisor will vote, or abstain from voting if deemed appropriate, on a case-by-case basis in a manner it believes to be in the best economic interest of our stockholders. In the event requests for proxies are received with respect to fixed income securities, our Advisor will vote on a case-by-case basis in a manner it believes to be in the best economic interest of our stockholders.

Our Chief Executive Officer will be responsible for monitoring our actions and ensuring that (i) proxies are received and forwarded to the appropriate decision makers, and (ii) proxies are voted in a timely manner upon receipt of voting instructions. We are not responsible for voting proxies we do not receive, but we will make reasonable efforts to obtain missing proxies. Our chief executive officer will implement and execute procedures designed to identify and monitor potential conflicts of interest that could affect the proxy voting process, including (i) significant client relationships, (ii) other potential material business relationships and (iii) material personal and family relationships. All decisions regarding proxy voting will be determined by our Advisor's investment committee and will be executed by our chief executive officer. Every effort will be made to consult with the portfolio manager and/or analyst covering the security. We may determine not to vote a particular proxy if the costs and burdens exceed the benefits of voting (e.g., when securities are subject to loan or to share blocking restrictions).

If a request for proxy presents a conflict of interest between our stockholders, on one hand, and our Advisor, the underwriters or any of our or their respective affiliated persons, on the other hand, our management may (i) disclose the potential conflict to our board of directors and obtain consent, or (ii) establish an ethical wall or other informational barrier between the persons involved in the conflict and the persons making the voting decisions.

PORTFOLIO MANAGEMENT

Our board of directors will provide the overall supervision and review of our affairs. Management of our portfolio will be the responsibility of our Advisor's investment committee. Our Advisor's investment committee is composed of four senior investment professionals. Our Advisor's investment team, led by Messrs. Siegel and Shilowitz will be responsible for negotiating, structuring and managing of our investments. Our Advisor's investment professionals have significant experience sourcing, analyzing, investing and managing investments in community banks. For the background of our investment professionals, see "Management."

We expect to create a portfolio of securities focused on the bank market, with an emphasis on community banks, through investment in numerous issuers differentiated by asset sizes, business models and geographies to create a more stable, long-term portfolio of assets. Our Advisor will monitor our portfolio companies and market concentrations and may adjust its underwriting criteria based on market conditions and portfolio concentrations. Our Advisor's monitoring operations will include sensitivity analyses to determine the effects of changes in market conditions on our asset portfolio. These analyses may include, among other things, simulations of changes in interest rates, changes in economic activity and other events that would affect the forecasted performance of our assets.

LEVERAGE

Use of Leverage

We will operate with leverage through recourse and non-recourse collateralized financings, private or public offerings of debt, warehouse facilities, secured and unsecured bank credit facilities, repurchase agreements and other borrowings. Although we have no present intention to do so, we may also operate with leverage by issuing preferred stock. Under normal circumstances, we will not employ leverage above one-third of our total assets at time of incurrence.

The borrowing of money and the issuance of preferred securities represent the leveraging of our common stock. We generally will not use leverage unless our board of directors believes that leverage will serve the best interests of our stockholders. The principal factor used in making this determination is whether the potential return is likely to exceed the cost of leverage. Therefore, in making the determination whether to use leverage, we must rely on estimates of leverage costs and expected returns. Actual costs of leverage vary over time depending on interest rates and other factors, and actual returns vary depending on many factors. We do not anticipate using leverage where the estimated costs of using such leverage and the on-going cost of servicing the payment obligations on such leverage exceed the estimated return on the proceeds of such leverage. Our board of directors will also consider other factors, including whether the current investment opportunities will help us achieve our investment objectives and strategies.

Leverage creates a greater risk of loss, as well as potential for more gain, for our common stock than if leverage is not used. Leverage capital would have complete priority upon distribution of assets on liquidation or otherwise over common stock. We expect to invest the net proceeds derived from any use or issuance of leverage capital according to the investment objectives and strategies described in this prospectus. As long as our leverage capital is invested in securities that provide a higher rate of return than the dividend rate or interest rate of the leverage capital after taking its related expenses into consideration, the leverage will cause our common stockholders to receive a higher rate of income than if we were not leveraged. Conversely, if the return derived from such securities is less than the cost of leverage (including increased expenses to us), our total return will be less than if leverage had not been used, and, therefore, the amount available for distribution to our common stockholders will be reduced. In the latter case, our Advisor in its best judgment nevertheless may determine to maintain our leveraged position if it expects that the long term benefits to our common stockholders of so doing will outweigh the current reduced return. There is no assurance that we will utilize leverage or, if leverage is utilized, that we will be successful in enhancing the level of our total return. The net asset value of our common stock (“NAV”) will be reduced by the fees and issuance costs of any leverage capital. We do not intend to use leverage until the proceeds of this offering are fully invested in accordance with our investment objectives.

There is no assurance that outstanding amounts we borrow may allow prepayment by us prior to final maturity without significant penalty, but we do not expect any sinking fund or mandatory retirement provisions. Outstanding amounts would be payable at maturity or such earlier times as we may agree. We may be required to prepay outstanding amounts or incur a penalty rate of interest in the event of the occurrence of certain events of default. We may be expected to indemnify our lenders, particularly any banks, against liabilities they may incur related to their loan to us. Utilizing leverage may also restrict our ability to pay dividends, which could lead to a loss of our RIC status. We may also be required to secure any amounts borrowed from a bank by pledging our investments as collateral.

Leverage creates risk for holders of our common stock, including the likelihood of greater volatility of our NAV and the value of our shares, and the risk of fluctuations in interest rates on leverage capital, which may affect the return to the holders of our common stock or cause fluctuations in the distributions paid on our common stock. The fee paid to our Advisor will be calculated on the basis of our Managed Assets, including proceeds from leverage capital. During periods in which we use leverage, the fee payable to our Advisor will be

higher than if we did not use leverage. Consequently, we and our Advisor may have differing interests in determining whether to leverage our assets. Our board of directors will monitor our use of leverage and this potential conflict.

Under the Investment Company Act, we are not permitted to issue preferred stock unless immediately after such issuance, the value of our total assets (including the proceeds of such issuance) less all liabilities and indebtedness not represented by senior securities is at least equal to 200% of the total of the aggregate amount of senior securities representing indebtedness plus the aggregate liquidation value of the outstanding preferred stock. Stated another way, we may not issue preferred stock that, together with outstanding preferred stock and debt securities, has a total aggregate liquidation value and outstanding principal amount of more than 50% of the amount of our total assets, including the proceeds of such issuance, less liabilities and indebtedness not represented by senior securities. In addition, we are not permitted to declare any cash dividend or other distribution on our common stock, or purchase any of our shares of common stock (through tender offers or otherwise), unless we would satisfy this 200% asset coverage after deducting the amount of such dividend, distribution or share purchase price, as the case may be. We may, as a result of market conditions or otherwise, be required to purchase or redeem preferred stock, or sell a portion of our investments when it may be disadvantageous to do so, in order to maintain the required asset coverage. Furthermore if we redeem any preferred stock, it would result in a long-term decrease in cash available to be distributed to holders of our common stock in the form of dividends. Common stockholders would bear the costs of issuing preferred stock, which may include offering expenses and the ongoing payment of dividends. Under the Investment Company Act, we may only issue one class of preferred stock.

Under the Investment Company Act, we are not permitted to issue debt securities or incur other indebtedness constituting senior securities unless immediately thereafter, the value of our total assets (including the proceeds of the indebtedness) less all liabilities and indebtedness not represented by senior securities is at least equal to 300% of the amount of the outstanding indebtedness. Stated another way, we may not issue debt securities in a principal amount of more than one third of the amount of our total assets, including the amount borrowed, less all liabilities and indebtedness not represented by senior securities. We also must maintain this 300% asset coverage for as long as the indebtedness is outstanding. The Investment Company Act provides that we may not declare any cash dividend or other distribution on common or preferred stock, or purchase any of our shares of stock (through tender offers or otherwise), unless we would satisfy this 300% asset coverage after deducting the amount of the dividend, other distribution or share purchase price, as the case may be. If the asset coverage for indebtedness declines to less than 300% as a result of market fluctuations or otherwise, we may be required to redeem debt securities, or sell a portion of our investments when it may be disadvantageous to do so. Under the Investment Company Act, we may only issue one class of senior securities representing indebtedness.

Effects of Leverage

The following table is designed to illustrate the effect of leverage on the return to a holder of our common stock in the amount of approximately 30% of our total assets, assuming a cost of leverage of 3% and hypothetical annual returns of our portfolio of minus 10% to plus 10%. As the table shows, leverage generally increases the return to holders of common stock when portfolio return is positive and greater than the cost of leverage and decreases the return when the portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical and actual returns may be greater or less than those appearing in the table. See “Risk Factors—Risks Related to Our Operations.”

	Assumed Portfolio Return (Net of Expenses)				
	(10%)	(5)%	0%	5%	10%
Corresponding Common Stock Return	(15.6)%	(8.4)%	(1.3)%	5.9%	13.0%

Derivative Transactions

Interest Rate Derivative Transactions. In an attempt to reduce the interest rate risk arising from our investments and use of leverage, we may use interest rate transactions such as swaps, caps, floors, forwards, swaptions and rate-linked notes. The use of interest rate transactions is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, we would agree to pay to the other party to the interest rate swap (known as the "counterparty") a fixed rate payment in exchange for the counterparty agreeing to pay to us a variable rate payment intended to approximate our variable rate payment obligation on any variable rate borrowings. The payment obligations would be based on the notional amount of the swap. An interest rate "swaption" is an option to enter into an interest rate swap. In an interest rate cap, we would pay a premium to the counterparty up to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate of interest, would receive from the counterparty payments equal to the difference based on the notional amount of such cap. In an interest rate floor, we would be entitled to receive, to the extent that a specified index falls below a predetermined interest rate, payments of interest on a notional principal amount from the party selling the interest rate floor. In a forward rate agreement, we would be entitled to receive (or be obligated to pay) the difference between the interest rate on the amount specified in the forward rate agreement and the interest rate on such amount on the date the agreement expires. A fixed-rate note is a type of debt instrument with a fixed rate of interest (known as the "coupon rate") that is payable at specified times before maturity. A floating-rate note will pay us a variable amount on the principal amount of the note but the note's value rises when interest rates rise (as opposed to bonds, which decrease in value when interest rates rise).

Depending on the state of interest rates in general, our use of interest rate transactions could affect our ability to make required interest payments on any outstanding fixed income securities or preferred stock. To the extent there is a decline in interest rates, the value of the interest rate transactions could decline. If the counterparty to an interest rate transaction defaults, we would not be able to use the anticipated net receipts under the interest rate transaction to offset our cost of financial leverage. See "Risk Factors—Risks Related to Our Operations—Derivatives transactions may limit our income or result in losses."

Our Advisor has claimed an exclusion from the definition of the term "commodity pool operator" under the CEA, pursuant to Regulation 4.5 under the CEA. So long as we maintain this exclusion, neither we nor our Advisor will be deemed a commodity pool operator under the CEA, and we anticipate that neither we nor our Advisor will be subject to regulation or registration as a commodity pool operator or commodity trading advisor under the CEA. Although we do not currently intend to, if we use commodity futures, commodity option contracts futures or swaps other than for bona fide hedging purposes, as defined under the CEA regulations, our aggregate initial margin and premiums on these positions (after taking into account unrealized profits and unrealized losses on any such positions and excluding the amount by which options that are "in-the-money" at the time of purchase) will not exceed 5% of our net asset value. Furthermore, the aggregate net notional value of commodity futures, commodity option contracts futures and swaps other than for bona fide hedging purposes will not exceed 100% of our net asset value (after taking into account unrealized profits and unrealized losses on any such positions). If, however, we exceed either of these thresholds, we and our Advisor will no longer qualify for this exclusion and will need to register as a commodity pool operator under the CEA.

Credit Derivative Transactions. In order to hedge against changes in the market price of bank securities in which we invest, we may utilize credit derivatives, such as a credit default swap, total return swap or credit-linked notes to "buy" credit protection, in which case we would attempt to mitigate the risk of default or credit quality deterioration in all or a portion of our portfolio of bank securities. A credit default swap is an agreement between two parties to exchange the credit risk of a particular issuer or reference entity. In a credit default transaction, we as buyer would pay periodic fees in return for payment by the seller which is contingent upon an adverse credit event occurring with respect to the underlying issuer or reference entity. The seller collects periodic fees from us and profits if the credit of the underlying issuer or reference entity remains stable or improves while the swap is outstanding, but the seller would be required to pay an agreed upon amount to us as buyer (which may be the entire notional amount of the swap) in the event of an adverse credit event in the

issuer or reference entity. A credit-linked note is structured as a security with an embedded credit-default swap. Total return swap agreements are contracts in which one party agrees to make periodic payments to another party based on the change in market value of the assets underlying the contract, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate or the total return from other underlying assets.

Equity Derivative Transactions. In order to hedge against changes in the market prices of bank securities in which we invest, we may engage in equity derivatives transactions, including the use of futures, options and warrants. Options, futures and warrants are contracts involving the right to receive or the obligation to deliver assets or money depending on the performance of one or more underlying assets, instruments or a market or economic index. An option gives its owner the right, but not the obligation, to buy ("call") or sell ("put") a specified amount of a security at a specified price within a specified time period. We may purchase or sell options on the publicly traded bank securities in which we may invest. When we purchase an over-the-counter option, it increases our credit risk exposure to the counterparty. Futures are standardized, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. No price is paid upon entering into a futures contract. Rather, upon purchasing or selling a futures contract, we would be required to deposit collateral ("margin") equal to a percentage (generally less than 10%) of the contract value. Each day thereafter until the futures position is closed, we will pay additional margin representing any loss experienced as a result of the futures position the prior day or be entitled to a payment representing any profit experienced as a result of the futures position the prior day. Warrants are securities that entitle the holder to buy the underlying stock of the issuing company at a fixed exercise price until the expiration date of the warrant.

The banks in which we invest may include, as part of the consideration of our investment in such banks' equity or debt securities, a grant of warrants, options or other equity conversion features by which we may increase our investment in such banks over time. While we may or may not exercise our rights under such instruments, we do not otherwise intend to trade in these warrants, options or other equity conversion features or otherwise use them to leverage our capital. In instances where our derivative transactions may be deemed to create leverage under the Investment Company Act, we will separately segregate with our custodian cash or high quality liquid investments having a value, at all times through exercise, at least equal to our potential payment obligations under such derivative transactions or otherwise ensure that the amount of such obligations together with our other leverage obligations, does not exceed 33 $^1/_3$% of our total assets. See "Risk Factors—Risks Related to Our Operations."

MANAGEMENT

Directors and Officers

Our business and affairs are managed under the direction of our board of directors. Accordingly, our board of directors provides broad supervision over our affairs, including supervision of the duties performed by our Advisor. Our Advisor is responsible for our day-to-day operations.

Director Compensation

No compensation has been paid to our independent directors to date. During the current fiscal year our independent directors will be paid the pro rata portion of their annual fees following the effectiveness of this registration statement. Thereafter, independent directors initially will receive an annual retainer of $45,000 and a meeting fee of $1,000 per board or committee meeting attended. The Chairman of our audit committee and the Chairman of our risk management committee are each to be paid an additional amount not expected to exceed $10,000 per year. Directors will not receive any pension or retirement plan benefits and are not part of any profit sharing plan. Interested directors will not receive any compensation from us.

Investment Committee

Management of our portfolio will be the responsibility of our Advisor's investment committee. Our Advisor's investment committee is currently comprised of Joshua Siegel, George Shilowitz, Erik Eisenstein and Robert McPherson. George Shilowitz is the chairperson of the investment committee. The investment committee's policy is that unanimous consent is required to approve the committee's decision to invest in a security and the consent of only two members is required to sell a security. Biographical information about each member of our Advisor's investment committee is set forth below. See the accompanying Statement of Additional Information for more information about our portfolio managers' compensation, other accounts managed by each manager, and each manager's ownership of the Company's securities.

The names, ages and addresses of the members of our Advisor's investment committee, together with their principal occupations and other affiliations during the past five years, are set forth below.

Members of our Investment Committee

Name	Age	Position(s) Held with Company	Principal Occupation(s) Last 5 Years	Other Directorships Last 5 Years
Joshua Siegel	42	Chairman of the Board & Chief Executive Officer	Managing Partner and CEO of StoneCastle Partners	StoneCastle Partners, LLC; StoneCastle Cash Management LLC; StoneCastle LLC
George Shilowitz	48	Director & President	Managing Partner and Senior Portfolio Manager of StoneCastle Partners	StoneCastle Partners, LLC
Erik Eisenstein	43	Senior Bank Analyst and a Director at StoneCastle Partners	Senior Bank Analyst and a Director at StoneCastle Partners; Adjunct Professor at Kingsborough Community College	None
Robert McPherson	59	Managing Director at StoneCastle Partners	Attorney at McPherson Law Firm; Managing Director at StoneCastle Partners	None

Biographical Information

The following sets forth certain biographical information for our investment committee members:

Joshua S. Siegel. Chief Executive Officer & Chairman of the Board. Mr. Siegel is the founder and Managing Principal of StoneCastle Partners LLC and serves as its Chief Executive Officer. With over 20 years of experience in financial services, 17 of which have been spent advising clients and investing in financial institutions or assets, he is widely regarded as a leading expert and investor in the banking industry and is often quoted in financial media, including The Wall Street Journal, The New York Times, American Banker, and CNNMoney. In addition, he speaks frequently at industry events, including those hosted by the American Bankers Association, Conference of State Bank Supervisors, FDIC, Federal Reserve Bank and SNL Financial. A creative instructor with a passion for teaching, Joshua has regularly been invited to educate government regulators about the specialized community banking sector. He also serves as Adjunct Professor at the Columbia Business School in New York City. Immediately prior to co-founding StoneCastle, Joshua was a co-founder and Vice President of the Global Portfolio Solutions Group at Citigroup, a group organized to finance portfolios of financial assets for corporations and to invest in the sector as a principal and market maker. He later assumed responsibility for developing new products, including pooled investment strategies for the community banking sector. Joshua originally joined Salomon Brothers in 1996 (which was merged into Travelers in 1998 and into Citigroup in 1999) in the tax and lease division, providing financing and advisory services to government-sponsored enterprises and Fortune 500 corporations. Prior to his tenure at Citigroup, Joshua worked at Sumitomo Bank where he served as a corporate lending officer, as a banker managing equipment lease and credit derivative transactions, and as a member of the New York Credit Committee and at Charterhouse, carrying out merchant banking and private equity transactions. Joshua has provided strategic advice to the Global Food Banking Network. He also provides annual economic support to Prep for Prep to make sure academic brilliance is recognized and nurtured without regard to a student’s economic, demographic or sociological impediments. He holds a B.S. in Management and Accounting from Tulane University.

George Shilowitz. President and Director. Mr. Shilowitz is a Managing Partner of StoneCastle Partners and serves as the Senior Portfolio Manager of StoneCastle Partners. Mr. Shilowitz has two decades of fixed income and principal investment experience. Mr. Shilowitz worked with StoneCastle since its founding in 2003 and became a partner in 2007. Prior to joining StoneCastle, Mr. Shilowitz was a senior executive at Shinsei Bank and participated in its highly successful turnaround, sponsored by J.C. Flowers & Co. and Ripplewood Partners. At Shinsei, Mr. Shilowitz managed various business units, including Merchant Banking and Principal Finance and was the President of its wholly-owned subsidiary, Shinsei Capital (USA) Limited. Prior to Shinsei, Mr. Shilowitz was a senior member of the Principal Transactions Group at Lehman Brothers in Asia from 1997-2000, focusing on proprietary investments and debt portfolio acquisitions from distressed financial institutions. From 1995-1997, he was a member of Salomon Brothers' asset finance group where he met and first collaborated with Mr. Siegel. Mr. Shilowitz began his career in 1991 at First Boston Corporation (now Credit Suisse) as a member of the fixed income mortgage arbitrage group and also held positions in the financial engineering group and in asset finance investment banking where he focused on banks and specialty finance companies. He holds a B.S. in Economics from Cornell University.

Erik Eisenstein. Mr. Eisenstein is the Senior Bank Analyst and a Director at StoneCastle Partners. Prior to joining StoneCastle in 2007, Mr. Eisenstein was an Equity Analyst for over six years at Standard & Poor's, Criterion Research Group LLC and Morgan Keegan, with a coverage universe of regional and community banks, thrifts and other diversified financial companies. During that time he appeared on various television and print media, including CNBC and The Wall Street Transcript. Prior, he spent three years as Underwriter and Underwriting Manager of management liability insurance products at American International Group and two years as a practicing attorney. Mr. Eisenstein hold a B.S. in Industrial and Labor Relations from Cornell University, a J.D. from Duke University and an M.B.A. from New York University.

Robert Wayne McPherson, Esq. Mr. McPherson is a business, banking and securities lawyer with thirty-one years of experience: twenty years in private practice; ten years as Corporate Counsel; and one year of government service. He has worked for the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, and has successfully completed the BAI Graduate School of Bank Financial Management at Vanderbilt University. In private practice, Mr. McPherson has handled business formation, planning, purchase and sale, business litigation, Chapter 11 bankruptcy, banking and lender liability litigation and regulation, securities and broker dealer litigation and regulation and private placements. He has also completed the sale of mortgages and other loans on secondary markets. Mr. McPherson has worked on bank mergers and acquisitions and many other facets of banking law. From August 2006 through March of 2010, in conjunction with StoneCastle Partners, Mr. McPherson worked with bank holding companies, community banks, broker-dealers, investment advisors and others to provide Tier 1 and Tier 2 capital to bank holding companies and banks. Mr. McPherson received his undergraduate degree from the University of Alabama, and received his law degree and M.B.A. from the University of Memphis.

Management Agreement

Management Services

StoneCastle Asset Management LLC will serve as our investment adviser, subject to the overall supervision and review of our board of directors. Pursuant to a management agreement, our Advisor will provide us with investment research, advice and supervision and will furnish us continuously with an investment program, consistent with our investment objective and policies. Our Advisor also will determine from time to time what securities we shall purchase, and what securities shall be held or sold, what portions of our assets shall be held uninvested as cash or in other qualified short-term investments or liquid assets, will maintain books and records with respect to all of our transactions and will report to our board of directors on our investments and performance. Our Advisor was formed in November 2012. Our Advisor's affiliate, StoneCastle Advisors, LLC, is a registered investment adviser formed in 2004 which manages the assets of six long-term investment vehicles—U.S. Capital Funding I, Ltd., U.S. Capital Funding II, Ltd., U.S. Capital Funding III, Ltd., U.S.

Capital Funding IV, Ltd., U.S. Capital Funding V, Ltd. and U.S. Capital Funding VI, Ltd. The U.S. Capital Funding companies are securitization vehicles created to invest primarily in trust preferred securities issued by public and private community banks in the United States. StoneCastle Advisors also manages the investments of several separate accounts. StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks. Our Advisor has no full time employees and relies on the officers, employees and resources of certain affiliated entities pursuant to the Staffing Agreement. All of the members of the investment committee of our Advisor are affiliates of, but not employees of, our Advisor, and each has other significant responsibilities with StoneCastle Partners and its subsidiaries.

Our Advisor's services to us under the management agreement will not be exclusive, and while it is not currently contemplated, our Advisor is free to furnish the same or similar services to other entities, including businesses which may directly or indirectly compete with us, so long as our Advisor's services to us are not impaired by the provision of such services to others. Our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies so that we will not be disadvantaged in relation to any other client of the Advisor.

Administration Services

Pursuant to the management agreement, our Advisor will also furnish us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). Our Advisor is authorized to cause us to enter into agreements with third parties to provide such services. To the extent we request, our Advisor will:

- oversee the performance and payment of the fees of our service providers and make such reports and recommendations to our board of directors concerning such matters as the parties deem desirable;
- respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements and stockholder communications, and the preparation of materials and reports for our board of directors;
- establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by our board of directors; and
- supervise any other aspect of our administration as may be agreed upon by us and our Advisor.

Management Fee

Pursuant to the management agreement, we will pay our Advisor a fee for the management and administration services described above. The management fee will be 0.4375% (1.75% annualized) of our Managed Assets, calculated and paid quarterly in arrears within fifteen days of the end of each calendar quarter, except that, (i) until we have invested at least 85% of the net proceeds we receive from the sale of our common stock, we will reduce the management fee so that the portion of the management fee payable with respect to our assets held in cash and cash equivalents will be equal to 0.0625% (0.25% annualized); and (ii) for the first twelve months following the closing of this offering we will reduce the management fee otherwise charged at 0.4375% per quarter to 0.375% per quarter (1.5% annualized). The term "Managed Assets" as used in the calculation of the management fee means our total assets (including cash and cash equivalents and any assets purchased with or attributable to any borrowed funds). The management fee for any partial quarter will be appropriately prorated. Our Advisor will not be paid an incentive fee and will not participate in our profits in its capacity as Advisor. However, Advisor and/or its affiliates and certain of their employees will participate in our profits through ownership of 1% of our common stock.

Payment of Our Expenses

StoneCastle Asset Management LLC serves as our investment adviser in accordance with the terms of the Management Agreement. Subject to the overall supervision of our board of directors, the investment adviser will manage our day-to-day operations and provide us with investment management services. Under the terms of the Management Agreement, StoneCastle Asset Management LLC does and will:

- determine the composition of our portfolio, the nature and timing of the changes therein and the manner of implementing such changes;
- identify, evaluate and negotiate the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- close, monitor and administer the investments we make, including the exercise of any voting or consent rights; and
- provide us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our assets.

We will bear all expenses not specifically assumed by our Advisor and incurred in our operations, and we will bear the expenses related to this offering. We will reimburse our Advisor to the extent our Advisor pays these expenses. The compensation and allocable routine overhead expenses of all investment professionals of our Advisor and its staff, when and to the extent engaged in providing us investment advisory services, will be provided and paid for by our Advisor and not us, although we will reimburse our Advisor an amount equal to our allocable portion of overhead and other expenses incurred by our Advisor in performing its obligations under the management agreement. The compensation and expenses borne by us may include, but are not limited to, the following:

- other than as provided under “Management Fee” above, expenses of maintaining and continuing our existence and related overhead, including, to the extent such services are provided by personnel of our Advisor or its affiliates, office space and facilities and personnel compensation, training and benefits;
- commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments including underwriting commissions and similar fees;
- auditing, accounting and legal expenses;
- taxes and interest;
- governmental fees;
- expenses of listing our shares with a stock exchange, and expenses of issue, sale, repurchase and redemption (if any) of our securities, including expenses of conducting tender offers for the purpose of repurchasing our securities;
- expenses of registering and qualifying us and our securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes;
- expenses of communicating with stockholders, including website expenses and the expenses of preparing, printing and mailing press releases, reports and other notices to stockholders and of meetings of stockholders and proxy solicitations therefor;
- expenses of reports to governmental officers and commissions, including, without limitation, our periodic report preparation and filing obligations with the SEC;
- insurance expenses;
- association membership dues;
- fees, expenses and disbursements of custodians and subcustodians for all services to us (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records and determination of net asset values);
- fees, expenses and disbursements of transfer agents, dividend and interest paying agents, stockholder servicing agents and registrars for all services to us;
- fees, expenses and disbursements of CAB Marketing, LLC and CAB, L.L.C. and similar service providers;
- compensation and expenses of our directors who are not members of our Advisor’s organization;

- pricing, valuation and other consulting or analytical services employed in considering and valuing our actual or prospective investments;
- all expenses incurred in leveraging of our assets through a line of credit or other indebtedness or issuing and maintaining preferred stock;
- all expenses incurred in connection with our organization and any offering of our common stock, including this offering; and
- such non-recurring items as may arise, including expenses incurred in litigation, proceedings and claims and our obligation to indemnify our directors, officers and stockholders with respect thereto.

We anticipate that expenses that are reimbursable to our Advisor will be submitted to the independent members of our board of directors for their approval prior to reimbursement thereof.

Allocation Policy

Our Advisor will allocate investment opportunities among client accounts on a fair and consistent basis, and will not favor any one client or account over any other. In certain cases, investment opportunities may be made by our Advisor other than on a pro rata basis. In determining to which accounts our Advisor will allocate investment opportunities, and in determining the shares to allocate to a particular account, our Advisor will not consider:

- the levels of fees earned from accounts or the fact that certain accounts may pay performance-based fees;
- different compensation payable to portfolio managers based on the performance of certain accounts;
- the ability of particular clients to send business to or otherwise benefit our Advisor in exchange for allocations;
- the identity of account holders (including the fact that certain accounts may be proprietary or maintained on behalf of investment vehicles that our Advisor sponsors);
- in the case of allocations of initial public offerings, market movement generally or the performance of the shares since the execution of the order in question;
- the prior performance of accounts; or
- whether an account is new to our Advisor.

CAB Marketing, LLC and CAB, L.L.C.

We have entered into exclusive investment referral and endorsement relationships with the CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the ABA. Pursuant to the agreements governing these relationships, CAB Marketing, LLC will assist us with the promotion and identification of potential investment opportunities. More specifically, CAB Marketing, LLC will:

- perform a broad-based review of the capital needs of the financial services industry;
- in coordination with us, develop a community bank marketing campaign with mailings, webinars, and other modes of outreach;
- facilitate prescreening of potential investment candidates through publicly available data and distribution of due diligence questionnaires and introductions to banks that we may select as potential funding targets; and
- provide opportunities to speak at, exhibit at and attend ABA-sponsored conferences and other ABA events.

In addition, CAB, L.L.C. has granted to us a license to use the name “Corporation for American Banking” in connection with the foregoing promotion and identification activities, and will:

- administer a members-only web page on the ABA’s website that references our program of investment in community banks;
- announce the availability of our investment platform to the ABA members;
- provide prompt review of our use of the CAB name; and
- communicate objective information about us and CAB’s endorsement to ABA’s members.

Most capital raising activities by community banks are conducted through privately-negotiated transactions that occur outside of traditional institutional investment channels, including the capital markets. We believe that StoneCastle Partners' and CAB, L.L.C.'s large network of relationships will help us to identify attractive investment opportunities and will provide us with a competitive advantage. As consideration for their exclusive services and endorsement, we will pay the ABA subsidiaries a series of payments aggregating $500,000 annually for three years. The ABA and its subsidiaries have not endorsed this offering, and you should not construe references to them in this prospectus as such an endorsement.

Duration and Termination

The management agreement with our Advisor will remain in effect for an initial period of two years from the date of effectiveness, unless earlier terminated, and will continue in effect from year to year thereafter, but only so long as each continuance is specifically approved by (i) our board of directors or the vote of a majority of our voting securities and (ii) the vote of a majority of our independent directors. Our board of directors and sole stockholder approved the management agreement with our Advisor prior to the date of this prospectus. The management agreement with our Advisor may be terminated at any time, without payment or penalty, by vote of our board of directors, by vote of a majority of our voting securities, or by our Advisor, in each case on 60 days' written notice. As required by the Investment Company Act, the management agreement with our Advisor will terminate automatically in the event of its assignment.

Liability of Advisor and Indemnification

The management agreement provides that our Advisor will not be liable to us in any way for any default, failure or defect in any of the securities comprising our portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth in the management agreement. The management agreement further states that we will indemnify the Advisor for any losses, damages, claims, costs, charges, expenses or liabilities except to the extent such amounts result from our Advisor's willful misconduct, bad faith or gross negligence or as otherwise prohibited by applicable law. As a result, our Advisor may not be liable to us for breaches of its duty of care, diligence or skill.

Board Approval of the Management Agreement

Our board of directors, including our independent directors, reviewed and approved the management agreement prior to the date of this prospectus. In considering the approval of the management agreement, our board of directors evaluated information provided by our Advisor and legal counsel and considered various factors, including the following:

- *Services.* Our board of directors reviewed the nature, extent and quality of the investment advisory and administrative services proposed to be provided to us by our Advisor and found them sufficient to encompass the range of services necessary for our operation.
- *Comparison of Management Fee to Other Firms.* Our board of directors reviewed and considered, to the extent publicly available, the management fee arrangements of companies with similar business models, including business development companies.
- *Experience of Management Team and Personnel.* Our board of directors considered the extensive experience of the members of our Advisor's investment committee with respect to the specific types of investments we propose to make, and their past experience with similar kinds of investments. Our board of directors discussed numerous aspects of the investment strategy with members of our Advisor's investment committee and also considered the potential flow of investment opportunities resulting from the numerous relationships of our Advisor's investment committee and investment professionals within the investment community.
- *Provisions of Management Agreement.* Our board of directors considered the extent to which the provisions of the management agreement (other than the fee structure which is discussed above) were

comparable to the management agreements and administration agreements of companies with similar business models and concluded that its terms were satisfactory and in line with market norms. In addition, our board of directors concluded that the services to be provided under the management agreement were reasonably necessary for our operations, and the payment terms were fair and reasonable in light of usual and customary charges.

- *Payment of Expenses.* Our board of directors considered the manner in which our Advisor would be reimbursed for its expenses at cost and the other expenses for which it would be reimbursed under the management agreement. The board of directors discussed how this structure was comparable to that of with companies with similar business models, including, existing business development companies.

Based on the information reviewed and the discussions among the members of our board of directors, our board of directors, including all of our independent directors, approved the management agreement and the administration agreement and concluded that the management fee rates were reasonable in relation to the services to be provided. The basis for the board's initial approval of our management agreement will be provided in our initial report to the common stockholders. The basis for subsequent continuations of our management agreement will be provided in annual or semi-annual reports to the common stockholders for the periods during which such continuations occur.

License Agreement

StoneCastle Partners has licensed the "StoneCastle" name to us and our Advisor on a non-exclusive, royalty-free basis. We will have the right to use the "StoneCastle" name so long as our Advisor or one of its approved affiliates remains our investment adviser. Other than with respect to this limited right, we will have no legal right to the "StoneCastle" name. This right will automatically terminate if the management agreement were to terminate for any reason, including upon its assignment.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transactions with StoneCastle Partners and our Management Team

Purchase of Common Stock

Our Advisor and/or its affiliates and certain of their employees have agreed to purchase 1% of the common stock sold in this offering at a price equal to the offering price less the underwriting commission. In addition, in connection with matters relating to the formation and initial capitalization of the Company, our Advisor purchased 4,000 shares of our common stock at $25 per share, and Joshua Siegel, a member of our board of directors, purchased 1 share of our common stock for $25.

Management Agreement

We have entered into the management agreement with our Advisor, an entity in which certain of our officers and directors have ownership and financial interests. Our Advisor's services to us under the management agreement will not be exclusive, and while it is not currently contemplated, our Advisor is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as our Advisor's services to us are not impaired by the provision of such services to others. It is thus possible that our Advisor might allocate investment opportunities to other entities, and thus might divert attractive investment opportunities away from us. However, our Advisor intends to allocate investment opportunities consistent with our investment objectives and strategies in a fair and equitable manner in accordance with its allocation policy. See "Management—Management Agreement."

Fees to be Earned by StoneCastle Partners and its Affiliates from Community Banks, Including Some or All of the Community Banks in which we Invest

Brokers affiliated with StoneCastle Partners may provide investment leads to us, and we may pay a portion of the fee income that we receive from community banks in connection with our investments in such banks to one or more affiliated brokers. Based upon management's prior experience, we may receive up-front fee revenue from the community bank issuers in connection with newly originated securities. We anticipate such fees range from 0% to 3% of the amount we invest and may be paid in cash or in kind. Furthermore, entities affiliated with StoneCastle Partners may receive fees from us or from issuers in which we invest in respect of structuring investments that we may make. In addition, our affiliate StoneCastle Cash Management, LLC provides various cash management products to its clients that involve depositary relationships with community banks and services to community banks with respect to their cash management products. StoneCastle Cash Management, LLC receives fees from these clients and/or community banks in connection with these cash management services, which may include community banks in which we invest. Other affiliates of StoneCastle that exist today, or that may exist in the future, may provide products or service to community banks.

Indemnification Agreements

To the fullest extent permitted by law, we will indemnify our directors and officers if they are made, or threatened to be made, a party to any action or proceeding (including an action by or in the right of an affiliate), whether civil or criminal, by reason of the fact that any of them is or was a director or officer of our company, or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against any judgments, fines, amounts paid in settlement and reasonable expenses which they incur. We will also advance the expenses of such persons in any such action or proceeding. We will maintain liability insurance covering our directors and officers.

Conflicts of Interest Within StoneCastle Partners

StoneCastle Partners currently does, and our Advisor and StoneCastle Partners in the future may, manage funds and accounts other than ours that have similar investment objectives. The investment policies, advisor compensation arrangements and other circumstances of ours may vary from those of these other funds and accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and those other accounts. In certain cases, investment opportunities may be made available to us by our Advisor other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more of those other funds or accounts desires to sell, or we may not have additional capital to invest at the same time as such other funds and accounts. Our Advisor intends to allocate investment opportunities to us and those other funds and accounts in a manner that they believe, in their good faith judgment and based upon their fiduciary duties, to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and other funds or accounts. To the extent that investment opportunities are suitable for us and for one of these other funds or accounts, our Advisor intends to allocate investment opportunities pro rata among us and them based on the amount of funds each then has available for such investment, taking into account these factors.

There may be situations in which one or more funds or accounts managed by our Advisor or its affiliates might invest in different securities issued by the same company. It is possible that if the target company's financial performance and condition deteriorates such that one or both investments are or could be impaired, our Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, our Advisor would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duties to enable it to act fairly to each of its clients in the circumstances. Any steps by our Advisor will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Furthermore, two of the members of our Advisor's investment committee are also members of our board of directors. Due to our board composition, it is more likely that our board of directors will approve investments made by the Advisor's investment committee and that our board of directors will value our investments consistent with the valuation recommendations of our Advisor's investment committee. The board will utilize the services of one or more regionally or nationally recognized independent valuation firms to help it determine the value of each investment for which a market price is not available. The board will also review valuations of such investments provided by the Advisor. The board will regularly review and evaluate our valuation methodology and any such valuation service it uses and the historical accuracy of such valuation methodologies. The board will also review valuations of such investments provided by the Advisor and will assign the valuation they determine to best represent the fair value of such investments.

Leverage creates risk for holders of our common stock, including the likelihood of greater volatility of our NAV and the value of our shares, and the risk of fluctuations in interest rates on leverage capital, which may affect the return to the holders of our common stock or cause fluctuations in the distributions paid on our common stock. The fee paid to our Advisor will be calculated on the basis of our Managed Assets, including proceeds from leverage capital. During periods in which we use leverage, the fee payable to our Advisor will be higher than if we did not use leverage. Consequently, we and our Advisor may have differing interests in determining whether to leverage our assets. Our board of directors will monitor our use of leverage and this potential conflict; however, certain members of our board of directors also serve as investment professionals for our Advisor, which may create inherent conflicts of interest.

Approval of Conflicts

Our board of directors, including a majority of our directors who are independent, is responsible for reviewing and approving the terms of all transactions between us and our Advisor or its affiliates or any member of our board of directors, including (when applicable) the economic, structural and other terms of our investments and investment transactions and the review of any investment decisions that may present potential conflicts of interest among our Advisor and its affiliates, on one hand, and us, on the other. Our board of directors, including a majority of our directors who are independent, is also responsible for reviewing our Advisor's performance and the fees and expenses that we pay to our Advisor. In addition, we anticipate that expenses that are reimbursable to our Advisor will be submitted to the independent members of our board of directors for their approval prior to reimbursement thereof.

In addition, our Advisor's compliance department and legal department will oversee its conflict-resolution system. The program places particular emphasis on the principle of fair and equitable allocation of appropriate opportunities and of common fees and expenses to our Advisor's clients over time. Our Advisor has agreed with us that it will allocate opportunities, fees and expenses among its clients pursuant to its written policies and procedures.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following information, together with the other information contained in this prospectus, before investing in our common stock. In connection with the forward-looking statements that appear in this prospectus, you should also carefully review the cautionary statement referred to above under "Cautionary Statement Concerning Forward-Looking Statements."

Risks Related to Our Operations

We have no operating history; our Advisor has no advisory experience, and there can be no assurance that we will achieve our business objectives.

We are a newly formed corporation organized under the laws of the State of Delaware. As a result, it is difficult to evaluate our business and future prospects. The results of our operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible short- and long-term funding alternatives, conditions in the financial markets, general economic conditions and the performance of our Advisor. Furthermore, while our Advisor will be staffed with investment professionals from its affiliates, our Advisor has no advisory experience and thus it is difficult to evaluate our Advisor's performance. Additionally, the past performance of our Advisor's affiliates with respect to other clients and accounts should not be construed as an indication of our future performance. There can be no guarantee that we will have similar opportunities to invest in securities that generate similar risk-adjusted returns as the other clients and accounts. Further, differences between the structure, term and investment objective and policies of our company and the other clients and accounts, including different performance-related fee arrangements, may affect their respective risk-adjusted returns. If we do not implement our investment strategy successfully, our business could be harmed or fail entirely, with the consequence that our net income and therefore the level of dividends payable on our common stock, could be adversely affected, and our common stock could be worth less than the initial investment.

Our performance is highly dependent on our Advisor.

We will depend on the diligence, expertise and business relationships of the senior management of our Advisor and its affiliates. Our Advisor's senior investment professionals and senior management, who act for our Advisor pursuant to a staffing agreement with StoneCastle Partners and several of its affiliates, will evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the continued service of this senior management team of our Advisor. All of these individuals will devote significant amounts of their time to non-Company related activities of our Advisor. To the extent these individuals are unable to, or do not, devote sufficient amounts of their time and energy to our affairs, our performance may be adversely affected. In addition, to the extent that our assets continue to grow, our Advisor may have to source additional personnel, and to the extent it is unable to source qualified individuals, our growth may be adversely affected.

Most of our assets will be illiquid, and their fair value may not be readily determinable.

Most of our assets will be illiquid, and their fair value may not be readily determinable. Accordingly, there can be no assurance that we would be able to realize the value at which we carry such assets if we need to dispose of them. As a result, we can provide no assurance that any given asset could be sold at a price equal to value at which we carry it.

Our Advisor may rely on assumptions that prove to be incorrect.

We will employ strategies which depend upon the reliability, accuracy and analyses of our Advisor's analytical models. To the extent such models (or the assumptions underlying them) do not prove to be correct,

we may not perform as anticipated, which could result in material losses. All models ultimately depend upon the judgment of the investment professionals and the assumptions embedded in the models. To the extent that, with respect to any investment, the judgment or assumptions are incorrect, we can suffer material losses. The models that our management team uses to assess and control our risk exposures reflect assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators, and in times of market stress or other unforeseen circumstances previously uncorrelated indicators may become correlated, or conversely previously correlated indicators may move in different directions. These types of market movements may at times limit the effectiveness of any hedging strategies that we may employ and cause us to incur material losses.

Our Advisor and its affiliates may serve as investment adviser to other funds, investment vehicles and investors, which may create conflicts of interest not in the best interest of us or our stockholders.

StoneCastle Partners and its affiliates were formed in 2003 to provide investment management services to institutional and high-net worth investors. StoneCastle Partners and its affiliates have been managing investments in portfolios of community bank related investments since that time, including management of the investments of (i) six securitizations including: U.S. Capital Funding I, Ltd., U.S. Capital Funding II, Ltd., U.S. Capital Funding III, Ltd., U.S. Capital Funding IV, Ltd., U.S. Capital Funding V, Ltd. and U.S. Capital Funding VI, Ltd., and (ii) two private funds including SCP Capital I, Ltd. and SCP Master Fund II, Ltd. Our Advisor was organized in November 2012 to provide investment advice to us and to continue the investment strategies of StoneCastle Partners and its affiliates. Our Advisor may advise clients in addition to us in the future. Our Advisor and its affiliates intend to allocate investment opportunities and collective expenses among their respective clients fairly and equitably and in accordance with their allocation policies.

We will operate with leverage, which may adversely affect our return on our assets and may reduce cash available for distribution.

We will operate with leverage through recourse and non-recourse collateralized financings, private or public offerings of debt, warehouse facilities, secured and unsecured bank credit facilities, repurchase agreements and other borrowings. Although we have no present intention to do so, we may also operate with leverage by issuing preferred stock. Leverage, also known as debt financing, may include contractual terms that are unfavorable to our stockholders, including limitations on our ability to declare and distribute dividends. Such terms will likely also contain restrictive covenants that impose asset coverage requirements, voting right requirements and restrictions on the composition of our assets, and limit the use of our investment techniques and strategies, any or all of which may have an adverse effect on us and our ability to pay dividends. If we are unable to repay or refinance maturing debt on the date it is due, we may be forced to seek other sources of capital to repay the maturing debt that may be expensive or dilutive to existing stockholders. To the extent that we are unable to find additional financing or extend or refinance our debt when it becomes due and we do not have sufficient cash to redeem such debt, we may be required to liquidate assets that are illiquid and difficult to sell for fair value and the sale of assets may occur at a time when it would not otherwise be desirable to do so. Failure to meet any contractual term set forth by our lenders, including maturity, may result in a default and may result in a forced sale of assets or reduced operational flexibility, and may result in significant loss or complete loss for our stockholders.

Leverage is a speculative technique that may adversely affect our earnings or book value. If the return on assets acquired with borrowed funds or other leveraged proceeds does not exceed the cost of the leverage and our cost of operations, the use of leverage could cause us to lose money.

Successful use of leverage depends on our Advisor’s ability to predict or hedge correctly cash flows generated by the assets we will acquire, which depends upon default rates, interest rates, refinancing and prepayment rates, timing of recoveries and various other factors. Our actual use of leverage may vary depending on our ability to obtain credit facilities and the lender’s and rating agencies’ estimate of the stability

of our cash flows. Our return on our assets and cash available for distribution to our stockholders may be reduced to the extent that changes in market conditions cause the cost of these financings to increase relative to the income that can be derived from our assets. Defaults and lower than expected recoveries, as well as delays in recoveries on defaults, could rapidly erode our equity. Debt service payments will reduce cash flow available for distributions to stockholders. In addition, lenders from whom we may borrow money or holders of our debt securities will have claims on our assets that are superior to the claims of our common stockholders, and we may grant a security interest in our assets when we undertake leverage. In the case of a liquidation event, those lenders or note holders would receive proceeds before our common stockholders.

We may incur leverage to the extent permitted by the Investment Company Act. As a result, we will limit (i) leverage from debt securities to one third of our total assets, including the proceeds of such borrowings, at the time such borrowings are calculated and (ii) the total aggregate liquidation value and outstanding principal amount of any preferred stock and debt securities to 50% or less of the amount of our total assets (including the proceeds of debt securities and preferred stock) less liabilities and indebtedness not represented by our debt securities and preferred stock, each in accordance with the requirements of the Investment Company Act.

Our investment portfolio is recorded at fair value, with our board of directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is uncertainty as to the value of our investments.

Under the Investment Company Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us in accordance with our written valuation policy, with our board of directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value. Typically, there will not be a public market for the securities of the privately-held companies in which we invest. As a result, we value these securities quarterly at fair value based on input from our Advisor, third party independent valuation firms and our audit committee, with the oversight, review and approval of our board of directors.

The determination of fair value and, consequently, the amount of unrealized gains and losses in our portfolio are to a certain degree subjective and dependent on a valuation process approved by our board of directors. Certain factors that we may consider in determining the fair value of our investments include estimates of the collectability of the principal and interest on our debt investments and expected realization on our equity investments, as well as external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. Our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling securities during a period in which the net asset value understates the value of our investments will receive a lower price for their securities than the value of our investments might warrant.

Our board will utilize the services of one or more regionally or nationally recognized independent valuation firms to help it determine the value of each investment for which a market price is not available. Our board will also review valuations of such investments provided by the Advisor. Furthermore, we will rely heavily on the investment committee of our Advisor in making determinations of the fair value of our investments. Two of the members of our board of directors also serve on our Advisor’s investment committee. This makes it more likely that the valuation of our investments, as determined by our Advisor’s investment committee, will be the valuation that is approved by our board of directors. Our board will regularly review and evaluate our valuation methodology and any such valuation service it uses and the historical accuracy of such valuation methodologies. Our board will also review valuations of such investments provided by the Advisor and will assign the valuation they determine to best represent the fair value of such investments.

Our investments will be subject to dividend and interest rate fluctuations, and we may incur interest rate risk.

Our investments are likely to include preferred stock with variable dividend rates and may include debt or hybrid instruments with floating interest rates. Variable rate and floating rate investments earn interest at rates that adjust from time to time (typically monthly) based upon an index. The amount of income we receive from our investments may fluctuate based upon changes in interest rates and, in a declining and/or low interest rate environment, these investments will produce less income, which will impact our operating performance. Fixed dividend rate and interest rate investments, however, do not have adjusting rates and the relative value of the fixed cash flows from these investments may decrease as prevailing interest rates rise or increase as prevailing interest rates fall, causing potentially significant changes in our net asset value. We may employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products. No strategy can completely insulate us from the risks associated with interest rate changes and there is a risk that our strategies may provide no protection at all and will potentially compound the impact of changes in interest rates. Hedging transactions involve certain additional risks such as counterparty risk, leverage risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions and the risk that unanticipated and significant changes in interest rates may cause a significant loss of basis in the instrument and a change in current period expense. We cannot assure you that we will be able to enter into hedging transactions or that such hedging transactions will adequately protect us against the foregoing risks.

We may compete with a number of other prospective investors for desirable investment opportunities.

There may be a number of investors in the community banking sector, including high net worth individuals, publicly traded investment companies, hedge funds and private equity funds. In addition, competition among institutional investors and investment managers for community bank related investments has significantly increased during the past few years. In addition to established competitors, new competitors may be established at any time. These competitive conditions may adversely impact our ability to meet our business objectives, which in turn could adversely impact our ability to meet debt service obligations or make dividend payments to our stockholders. Some of our competitors may have a lower cost for borrowing funds than us or greater access to funding sources not available to us.

We may initially generate low or negative rates of return on capital, and we may not be able to execute our business plans as quickly as expected, if at all.

We anticipate that it may take up to six months to utilize fully the net proceeds received from this offering; however, we may take longer to utilize such proceeds fully. This initial six-month period and any additional delay may result from a lack of attractive investment opportunities or from competition with other market participants in the community banking sector. Along with the TARP Preferred securities we intend to purchase under the purchase and sale agreement, we may initially invest in cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, high-quality, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid fixed income securities. Because these temporary investments may generate lower projected returns than our core business strategy, we may experience lower returns during this period, which may result in low distributions in this initial period, or possibly no distributions at all. See "Use of Proceeds."

We may not consummate our intended purchase of TARP Preferred securities.

While we have entered into a purchase and sale agreement to acquire a portfolio of cumulative TARP Preferred securities for a purchase price equal to the amount of accrued but unpaid dividends thereon of approximately $74.3 million, we may not consummate this purchase and sale for a variety of reasons. For example, the seller under the purchase and sale agreement is permitted to sell the securities to third parties

instead of to us if there is a credit event in the market or if we do not consummate the sale prior to September 20, 2013. The issuers of the TARP Preferred securities may also redeem them under certain circumstances. The purchase and sale agreement originally concerned our purchase of $78 million of TARP Preferred from six bank holding companies, however, one of the issuing bank holding companies subsequently redeemed its TARP Preferred, resulting in a balance of $74.3 million of TARP Preferred that we intend to purchase from five bank holding companies under the purchase and sale agreement.

In addition, except for the foregoing agreement, we have not entered into any other agreements for specific investments in which to invest the net proceeds of this offering. As a result, you will not be able to evaluate the economic merits of investments we make with the net proceeds of this offering prior to your purchase of common stock in this offering. We will have significant flexibility in deploying the net proceeds of this offering and may make investments with which you do not agree or do not believe are consistent with our business strategy.

Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that our Advisor and its affiliates will maintain their relationships with intermediaries, financial institutions, investment bankers, commercial bankers, financial advisers, attorneys, accountants, consultants and other individuals within their networks, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our Advisor fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom our Advisor and its affiliates have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

If we are unable to source investments effectively, we may be unable to achieve our investment objective.

Our ability to achieve our investment objective depends on our Advisor's ability to identify, evaluate and invest in suitable companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our Advisor's marketing capabilities, management of the investment process, ability to provide efficient services and access to financing sources on acceptable terms. To grow, our Advisor and its affiliates may need to continue to hire, train, supervise and manage new employees and to implement computer and other systems capable of effectively accommodating our growth. However, we cannot provide assurance that any such employees will contribute to the success of our business or that we will implement such systems effectively. Failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

Our quarterly results may fluctuate.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the return on our investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. Restrictions and provisions in any future credit facilities, debt securities or other leverage instruments may also limit our ability to make distributions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Derivatives transactions may limit our income or result in losses.

In order to limit (or "hedge") our exposure to interest rate and other financial market changes, we may engage in derivatives transactions. A derivative is a financial contract whose value depends on changes in the

value of one or more underlying assets or reference rates. We may utilize a variety of derivative instruments for hedging purposes including swaps, caps, floors, forwards, swaptions, options, futures, warrants and rate and credit linked notes and may therefore expose ourselves to risks associated with such transactions. We will use derivatives to hedge against interest rate changes affecting our outstanding indebtedness and assets, changes in the market prices of the publicly-traded banks in which we invest and downgrades and defaults affecting our assets generally.

The success of our hedging transactions will depend on our Advisor's ability to correctly predict movements of relevant market rates and the creditworthiness and values of the entities in which we invest. No assurance can be given that the Advisor's judgment in this respect will be correct, or that the Advisor will cause us to enter into hedging or other transactions at times or under circumstances when it may be advisable to do so. Therefore, while we may enter into such transactions to seek to reduce relevant market rate and risks, unanticipated changes in rates may result in reduced overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss.

Hedging does not eliminate the possibility of fluctuations or prevent losses. Nevertheless, such hedging can establish other positions designed to benefit from those same developments, thereby offsetting the declines. Such hedging transactions may also limit the opportunity for income or gain if rates change favorably. Moreover, it may not be possible to hedge against a rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

Although we do not currently intend to do so, we may hedge through option contracts, futures or swaps other than for bona fide hedging purposes, as defined under the CEA regulations of up to 5% of our NAV, and the aggregate net notional value of such contracts other than for bona fide hedging purposes may be up to 100% of our NAV (after taking into account unrealized profits and unrealized losses on any such positions).

Additional risks associated with derivatives include:

Interest Rate Risk. Please see "—Our investments may expose us to interest rate risk" for a discussion of interest rate risk that also applies to derivatives.

Credit Risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments.

Counterparty Risk. We are subject to the risk that a party with whom we enter into a derivative transaction (the "counterparty") will not perform its obligations under the related contracts. Although we intend to enter into transactions only with counterparties which our Adviser believes to be creditworthy, there can be no assurance that a counterparty will not default and that we will not sustain a loss on a transaction as a result.

Default Risk. We are subject to the risk that issuers of the instruments in which we invest may default on their obligations under those instruments, and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument in which we invest will not default, or that an event that has an immediate and significant adverse effect on the value of an instrument will not occur, and that we will not sustain a loss on a transaction as a result.

Liquidity Risk. Derivative instruments may not be liquid in all circumstances, so that in volatile markets we may not be able to close out a position without incurring a loss. Although both over-the-counter ("OTC") and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to various factors, including disorderly markets, the participation of speculators, government regulation and intervention, and technical and operational or system failures. The inability to close options and futures positions also could have an adverse impact on our ability to effectively hedge our portfolio.

Financing arrangements with lenders or preferred shareholders may limit our ability to make dividend payments to our stockholders.

We depend on the ability of our operations to generate positive cash-flow measured as the positive difference between the yield on our assets and the cost of our funds. Because we intend to use leverage to increase our return on equity, we may be subject to contractual operational limitations, including limitations on our ability to make dividends to our stockholders. If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient funds for distributions from our assets or we are not in compliance with the terms of our debt agreements or any new series of preferred stock, we may not be able to make expected dividend payments.

We may change our business strategy and operational policies without stockholder consent, which may result in a determination to pursue riskier business activities.

With majority consent of our board of directors, we may change our business strategy for how we invest in community banks at any time without the consent of our stockholders, which could result in our acquiring subsidiaries or assets that are different from, and possibly riskier than, the strategy described in this prospectus. For example, we could change our strategy to focus to a greater extent on investing in common stock rather than preferred stock, subordinated debt and convertible securities. However, we will endeavor to notify investors of any such material change in business strategy and operational policies no later than our subsequent semi-annual or annual report, as applicable, filed with the SEC. A change in our business strategy may increase our exposure to interest rate, mark to market risks or other risks. Our board of directors will determine our operational policies and may amend or revise our policies, including our policies with respect to our investments, operations, indebtedness, capitalization and distributions or approve transactions that deviate from these policies, without a vote of, or notice to, our stockholders. Operational policy changes could adversely affect the market price of our common stock and our ability to make distributions to our stockholders.

Laws and regulations may prohibit the banks in which we invest from paying interest and/or dividends to us.

Dividend payments by banks are subject to legal and regulatory limitations imposed by applicable state and federal bank regulatory agencies. For instance, banks will be prohibited from paying cash dividends to their stockholders or holding company parents to the extent that any such payment would reduce the bank's capital below required capital levels. To the extent these regulatory capital requirements are increased, banks may find it more difficult to declare and pay dividends on the preferred stock they have issued and, to the extent that such preferred stock is non-cumulative, may be more reluctant to declare such dividends. Regulatory approval may also be required for a bank to declare a dividend if the total of all dividends declared by it in any calendar year shall exceed the total of the bank's net profits for that year combined with its retained net profits of the preceding two years, less any required transfer to surplus or a fund for the retirement of any preferred stock. The ability of banks to pay dividends will also depend upon other factors, including their debt and equity structure, earnings and financial condition, need for capital, and other factors, including economic conditions, and tax considerations. To the extent we invest in the holding companies of banks, the only funds available for the payment of dividends on the capital stock of the holding company may be the cash and cash equivalents held by the holding company, dividends paid by the bank to the holding company and borrowings. The banks in which we invest may be constrained in their ability to pay dividends by these factors.

Legal and regulatory changes could occur that may adversely affect us.

The regulatory environment for businesses such as ours is evolving, and changes in the regulation or interpretations thereof may adversely affect our ability to invest in the manner consistent with our current strategy, our ability to obtain the leverage that we might otherwise obtain, to effect a public offering of the common stock or to pursue our business strategy. In addition, the securities markets are subject to comprehensive statutes and regulations. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulatory environment for financial institutions and for many of the industries that their clients are engaged is always evolving, and changes in these regulations may adversely affect the value of our investments. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory change on us could be substantial and adverse.

We may be required to register as a commodity pool operator.

We intend to claim an exclusion from the definition of the term "commodity pool operator" pursuant to Regulation 4.5 under the CEA with respect to the Company. While we currently expect that our activities will remain within the scope of the exclusion, if we change our hedging and risk management strategies, we may be required to register under the CEA as a commodity pool operator, and the Advisor may be required to register under the CEA as a commodity trading advisor, each of which would increase our regulatory and compliance costs and expenses.

Market fluctuations caused by* force majeure*, terrorism or certain other acts may adversely affect our performance.

In addition to historic market risks, our performance may be adversely affected by market fluctuations resulting from certain risks which are unprecedented in nature or magnitude and therefore not amenable to existing risk management techniques which are based on modeling past events and assigning probabilities to the recurrence of those events. Such events include, without limitation, catastrophic acts of terror, imposition or declaration of martial law, mass disruption of telecommunications facilities, pandemics resulting from bio-terror attacks or outbreaks of fatal disease, cyber-terror and terrorist attacks on financial markets, exchanges and payments systems and acts of providence.

Changes in interest rates may affect our net investment income, reinvestment risk and the probability of defaults of our investments.

We expect to create a portfolio of securities focused on the bank market, with an emphasis on community banks. We expect debt issued by community banks to have maturities in excess of ten years to enable our borrowers to obtain favorable regulatory capital treatment under current regulatory capital guidelines. We expect that a portion of our investments in preferred stock and unsecured debt will have fixed dividend or interest rates. In recent years, it has been the policy of the Board of Governors of the Federal Reserve System to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. The Board of Governors of the Federal Reserve System has indicated its intention to maintain low interest rates in the near future. Accordingly, the dividend and interest rates on our initial investments may be at historically low levels. Rising interest rates may devalue the fair market value of securities that we hold.

We will fund our initial investments from the net proceeds of this offering and cash flows from operations, including interest earned from the temporary investment of cash. In the future, we may also fund a portion of our investments through borrowings from banks. When interest rates rise, to the extent that (i) we borrow money at rates higher than the dividend and interest rates on our investments or (ii) our borrowings reprice more quickly than our floating rate investments, our profitability will be negatively affected.

We also are subject to reinvestment risk associated with changes in market rates. Changes in market rates may affect the average life of certain of our investments. Increases in market rates could make it more difficult for the community banks that issue the floating rate securities in which we invest to afford the interest or dividend payments on such securities and therefore could increase the probability of a default or reduce the ability of a bank to continue paying dividends on its preferred stock. Decreases in market rates could result in increased prepayments of the securities in which we invest, as borrowers refinance to reduce borrowing costs. Under these circumstances, we are subject to reinvestment risk to the extent that we are unable to reinvest the cash received from such prepayments, redemptions and repurchases at rates that are comparable to the interest and dividend rates on our existing investments.

We will invest primarily in unrated and illiquid securities.

In determining whether an unrated security is an appropriate investment for us, our Advisor will consider information from industry sources, as well as its own quantitative and qualitative analysis. However, our Advisor's determination is not the equivalent of a rating by a rating agency. We believe that a majority of the investments we will make will not be rated by a NRSRO. If such investments were rated by a NRSRO, we believe that they may be rated below investment-grade, in part because of the small average size of the issuances we will invest in, the corresponding reduced liquidity and a general lack of analyst and investment bank coverage. Unrated securities may be regarded as having predominately speculative characteristics with respect to the capacity to pay interest and dividends and to repay principal. Issuers of unrated securities may be highly leveraged and may not have more traditional methods of financing available to them.

The prices of these unrated securities are typically more sensitive to negative developments, such as a decline in the issuer's revenues or a general economic downturn, than are the prices of investment grade rated securities. The secondary market for unrated securities may not be as liquid as the secondary market for other rated securities, a factor which may have an adverse effect on the securities we hold compared to investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and ask price is generally much larger than for investment grade rated instruments. Under adverse market or economic conditions, the secondary market for unrated securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, we could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. The prices we realize upon the sale of such unrated securities, under these circumstances, may be less than the prices we use in calculating our net asset value.

Risks Related to Investing in Community Banking Sector

Our assets will be concentrated in the banking sector, potentially exposing us to greater risks than companies that invest in multiple sectors.

We are registered as a non-diversified, closed-end management investment company under the Investment Company Act. Accordingly, we are not currently restricted under the Investment Company Act as to the number or size of securities that we may hold, and we may invest more assets in fewer issuers compared to a diversified fund. Our assets will consist of securities of public and privately held banks. Because we are focused on the banking sector, our investments may present more risk than if we were broadly diversified among other sectors of the economy. A downturn in the banking sector may have a larger negative impact on our earnings and book value than might otherwise be the case if we were diversified in other sectors of the economy. At times, the performance of securities issued by banks may lag the performance of securities issued by companies in other sectors of the economy.

Financial institutions, including community banks, have assets and liabilities that are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial

communities, monetary and fiscal policies, changes in interest rates, inflation, market conditions, customer confidence in the safety and soundness of the banking system, the availability of short-term or long-term funding and the volatility of trading markets. Such factors may impact the value of financial instruments held by financial institutions or the value of the securities issued by financial institutions. In addition to risks that may impact the banking industry, an individual financial institution, such as a community bank, is directly affected by many factors, including its liquidity, asset quality, capital, earnings, management, and various other factors. Given our expected long-term investment strategy, some or all of these factors may change during the term of our investment, and we cannot predict or control the nature of these changes, some of which may have a materially adverse impact on one or all of our investments.

The following discusses some of the key risks that could affect the business and operations of the financial institutions in which we expect to invest. Other factors besides those discussed below or elsewhere in this prospectus could adversely affect one or all of our investments, and these risk factors should not be considered a complete list of potential risks that may affect our investments in banks and other financial institutions.

- *Liquidity Risk*. The management of a financial institution must ensure that sufficient funds are available at a reasonable cost to meet potential demands from both capital providers and borrowers. The liquidity of financial institutions could be impaired by an inability to access the capital markets or by unforeseen outflows of cash. This situation may arise due to circumstances that financial institutions may be unable to control, such as a general market disruption or an operational problem that affects third parties or the financial institution itself. Institutions that have high credit ratings typically have access to cheaper and more diversified sources of funding relative to institutions with lower or no credit ratings, and many of the institutions in which we will invest have low or no credit ratings which could adversely affect their liquidity and competitive position, increase their or our borrowing costs, and limit their or our access to the capital markets. To the extent that sufficient funds are not available to meet expected or unexpected demands, a financial institution may default or fail on their obligations which would have a negative impact on our book value.
- *Asset Quality and Credit Risk*. When financial institutions loan money, commit to loan money or enter into a letter of credit or other contract with a counterparty, they incur credit risk, or the risk of losses if their borrowers do not repay their loans or their counterparties fail to perform according to the terms of their contract. The companies in which we will invest offer a number of products which expose them to credit risk, including loans, leases and lending commitments, derivatives, trading account assets and assets held-for-sale. Financial institutions allow for and create loss reserves against credit risks based on an assessment of credit losses inherent in their credit exposure (including unfunded credit commitments). This process, which is critical to their financial results and condition, requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of their borrowers to repay their loans. As is the case with any such assessments, there is always the chance that the financial institutions in which we invest will fail to identify the proper factors or that they will fail to accurately estimate the impacts of factors that they identify. Failure to identify credit risk factors or the impact of credit factors may result in increased non-performing assets, which will result in increased loss reserve provisioning and reduction in earnings. Poor asset quality can also affect earnings through reduced interest income which can impair a bank’s ability to service debt obligations or to generate sufficient income for equity holders. Bank failure may result due to inadequate loss reserves, inadequate capital to sustain credit losses or reduced earnings due to non-performing assets. We will not have control over the asset quality of the financial institutions in which we will invest, and these institutions may experience substantial increases in the level of their non-performing assets which may have a material adverse impact on our investments.
- *Capital Risk*. A bank’s capital position is extremely important to its overall financial condition and serves as a cushion against losses. U.S. banking regulators have established specific capital requirements for regulated banks. Federal banking regulators recently proposed amended regulatory capital regulations in response to The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and Basel III protocols which would impose even more stringent capital requirements. In the event that a

regulated bank falls below certain capital adequacy standards, it may become subject to regulatory intervention including, but not limited to, being placed into a FDIC-administered receivership or conservatorship. The regulatory provisions under which the regulatory authorities act are intended to protect depositors. The deposit insurance fund and the banking system are not intended to protect stockholders or other investors in other securities issued by a bank or its holding company. The effect of inadequate capital can have a potentially adverse consequence on the institution's financial condition, its ability to operate as a going concern and its ability to operate as a regulated financial institution and may have a material adverse impact on our investments.

- *Earnings Risk*. Earnings are the primary means for financial institutions to generate capital to support asset growth, to provide for loan losses and to support their ability to pay dividends to stockholders. The quantity as well as the quality of earnings can be affected by excessive or inadequately managed credit risk that may result in losses and require additions to loss reserves, or by high levels of market risk that may unduly expose an institution's earnings to volatility in interest rates. The quality of earnings may also be diminished by undue reliance on extraordinary gains, nonrecurring events, or favorable tax effects. Future earnings may be adversely affected by an inability to forecast or control funding and operating expenses, net interest margin compression improperly executed or ill-advised business strategies, or poorly managed or uncontrolled exposure to other risks. Deficient earnings can result in inadequate capital resources to support asset growth or insufficient cash flow to meet the financial institution's near term obligations. Under certain circumstances, this may result in the financial institution being required to suspend operations or the imposition of a cease-and-desist order by regulators which could potentially impair our investments.
- *Management Risk*. The ability of management to identify, measure, monitor and control the risks of an institution's activities and to ensure a financial institution's safe, sound and efficient operation in compliance with applicable laws and regulations are critical. Depending on the nature and scope of an institution's activities, management practices may need to address some or all of the following risks: credit, market, operating, reputation, strategic, compliance, legal, liquidity and other risks. We will not have direct or indirect control over the management of the financial institutions in which we will invest and, given our long-term investment strategy, it is likely that the management teams and their policies may change. The inability of management to operate their financial institution in a safe, sound and efficient manner in compliance with applicable laws and regulations, or changes in management of financial institutions in which we invest, may have an adverse impact on our investment.
- *Litigation Risk*. Financial institutions face significant legal risks in their businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. Substantial legal liability or significant regulatory action against the companies in which we invest could have material adverse financial effects or cause significant reputational harm to these companies, which in turn could seriously harm their business prospects. Legal liability or regulatory action against the companies in which we invest could have material adverse financial effects on us and adversely affect our earnings and book value.
- *Market Risk.* The financial institutions in which we will invest are directly and indirectly affected by changes in market conditions. Market risk generally represents the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial instruments associated with the operations and activities including loans, deposits, securities, short-term borrowings, long-term debt, trading account assets and liabilities, and derivatives of the financial institutions in which we will invest. Market risk includes, but is not limited to, fluctuations in interest rates, equity and futures prices, changes in the implied volatility of interest rates, equity and futures prices and price deterioration or changes in value due to changes in market perception or actual credit quality of the issuer. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on the operations and overall financial condition of the financial institutions in which will invest as well as adverse effects on our results from operations and overall financial condition.
- *Monetary Policy Risk*. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial institutions. There can be no assurance that a particular financial

institution will not experience a material adverse effect on its net interest income in a changing interest rate environment. Factors such as the liquidity of the global financial markets, and the availability and cost of credit may significantly affect the activity levels of customers with respect to the size, number and timing of transactions. Fluctuation in interest rates, which affect the value of assets and the cost of funding liabilities, are not predictable or controllable, may vary and may impact economic activity in various regions.

- *Competition*. The financial services industry, including the banking sector, is extremely competitive, and it is expected that the competitive pressures will increase. Merger activity in the financial services industry has resulted in and is expected to continue to result in, larger institutions with greater financial and other resources that are capable of offering a wider array of financial products and services. The financial services industry has become considerably more concentrated as numerous financial institutions have been acquired by or merged into other institutions. The majority of financial institutions in which we will invest will be relatively small with significantly fewer resources and capabilities than larger institutions; this size differential puts them at a competitive disadvantage in terms of product offering and access to capital. Technological advances and the growth of e-commerce have made it possible for non-financial institutions and non-bank financial institutions to offer products and services that have traditionally been offered by banking and other financial institutions. It is expected that the cross-industry competition and inter-industry competition will continue to intensify and may be adverse to the financial institutions in which we invest.
- *Regulatory Risk.* Financial institutions, including community banks, are subject to various state and federal banking regulations that impact how they conduct business, including but not limited to how they obtain funding. Changes to these regulations could have an adverse effect on their operations and operating results and our investments. We expect to make long-term investments in financial institutions that are subject to various state and federal regulations and oversight. Congress, state legislatures and the various bank regulatory agencies frequently introduce proposals to change the laws and regulations governing the banking industry in response to the Dodd-Frank Act, Consumer Financial Protection Bureau (the “CFPB”) rulemaking or otherwise. The likelihood and timing of any proposals or legislation and the impact they might have on our investments in financial institutions affected by such changes cannot be determined and any such changes may be adverse to our investments.

We will invest in equity and debt securities issued by community banks, subjecting us to unique risks.

We expect to invest in securities issued by community banks that qualify as Tier 1 or Tier 2 capital for regulatory capital purposes. It is anticipated that these investments will consist primarily of preferred stock as well as subordinated debt, convertible securities and, to a lesser extent, common equity.

Equity, unlike debt securities, does not have a stated maturity and it is uncertain when, if ever, we will receive our invested amounts or expected returns on such investments. During our holding period, the only source of investment income on such common equity securities may be dividend income or valuation gains. New financial products continue to be developed, and we may invest in any products that may be developed to the extent that such investment is consistent with our business plan.

Certain of these securities, particularly debt securities and certain hybrid capital instruments, may be long-dated in nature and may contain provisions that enable the issuing institution to defer payment of interest or dividends without resulting in bankruptcy or default. Furthermore, even though an institution has the financial capacity to make such payments, regulatory approval may be withheld to make such payment, and in the absence of such approval, the issuing institution will not be able to make such interest or dividend payment to us. The longer-term nature of these instruments limits the liquidity of these instruments and may increase the risk of holding these investments.

Investments in holding companies generally subject investors to increased risks because holding companies generally hold all their assets in their subsidiaries and are dependent on distributions from their subsidiaries to service their interest obligations and for ultimate principal repayment. In the event of a default or a bankruptcy, holders of securities issued by holding companies may suffer from increased losses or lower recoveries and may be subordinated to securities issued directly by the holding company’s subsidiaries.

All of our investments are subject to liquidity risk, but we may face higher liquidity risk if we invest in debt obligations and other securities that are unrated and issued by banks that have no corporate rating.

All of our investments are subject to liquidity risk, however, we are likely to invest in debt obligations that are unrated and that are issued by banks that have no corporate rating by a nationally recognized statistical rating organization. In such cases, there may not be an active market for these securities and our investments will be subject to significant liquidity risk in the event we are required to sell such investments.

We expect to create a portfolio of securities, focused on the bank market, with a emphasis on community banks, which would make us more economically vulnerable in the event of a downturn in the banking industry.

Our portfolio will consist of preferred equity, subordinated debt and common equity investments in U.S. domiciled banks, primarily community banks. These investments are subject to the risk factors affecting the banking industry, and that could cause a general market decline in the value of bank stocks. Individual banks, as well as the banking industry in general, may be adversely affected by negative economic and market conditions throughout the United States or in the local economies in which community banks operate, including negative conditions caused by recent disruptions in the financial markets. In addition, changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, may have an adverse impact on banks' loan portfolios and allowances for loan losses. As a result, we may experience higher rates of default with respect to our bank investments in the event of a downturn in the banking industry. Also, losses could occur in individual investments held by us because of specific circumstances related to each bank. These factors could have a material adverse effect on our financial condition, results of operations or liquidity.

A large number of community banks may fail during times of significant economic stress.

According to data from the FDIC, since 1934, banks and thrifts have failed at an annual rate of 0.37%, with peak cycle one-year failure rates of 3.22% in 1989 (S&L crisis), 1.96% in 2010 (Great Recession) and 0.54% in 1938 (Great Depression). However, despite the low percentage of banks that have failed compared to the number of banks in the U.S. during the relevant time period, during periodic times of significant economic stress, bank earnings decline and a significant number of banks may fail. For instance, during the savings and loan crisis during the 1980s through 1992, there were a total of 2,870 failures of 14,364 federally insured depository institutions in existence on December 31, 1980. From January 1, 2008 through June 30, 2013, which includes the most recent financial crisis, there were 478 failures of FDIC-insured banks, most of which were community banks, compared to the approximately 8,534 FDIC-insured banks in existence on December 31, 2007, with the highest one-year failure rate of 3.22% in 1989 and 1.96% in the most recent financial crisis. The failure rate of community banks was even higher in certain regions in which real estate values declined disproportionately more than the national average, including Florida, Georgia, Illinois, Nevada and California.

According to the most recently released FDIC Quarterly Banking Profile, 612 of 7,019 FDIC-insured banks were included on the FDIC's "Problem List." While, historically, only a small fraction of banks on the "Problem List" fail and only 16 FDIC-insured banks failed during the first half of 2013 (representing an approximate annualized failure rate of only 0.45% which is similar to the rate of a default for a Baa2/Baa3 Corporate Credit), some level of additional bank failure is likely. We intend to invest the majority of our portfolio in institutions that are currently paying dividends or interest on their securities, that have the ability to pay dividends or interest on the securities they issue, and/or that are not a party to regulatory enforcement actions that would limit or hinder their payment of dividends or interest or otherwise demonstrate that they are in troubled condition. Such institutions are unlikely to be included in the FDIC's "Problem List" and are less likely to fail than many of their peers. Nevertheless, it is possible that some portion of the community banks in which we invest may fail, particularly if the U.S. economy stagnates or another financial crisis occurs. If we invest in banks that fail, we are likely to lose most or all of our investment in such institutions.

We expect to create a portfolio of securities, focused on the bank market, with an emphasis on community banks whose business is subject to greater lending risks than larger banks.

Community banks have different lending risks than larger banks. They provide services to their local communities. Their ability to diversify their economic risks is limited by their own local markets and economies. They lend primarily to small to medium-sized businesses, professionals and individuals which may expose them to greater lending risks than those of banks lending to larger, better-capitalized businesses with longer operating histories. They manage their credit exposure through careful monitoring of loan applicants and loan concentrations in particular industries, and through loan approval and review procedures. They have established evaluation processes designed to determine the adequacy of their allowances for loan losses. Although these evaluation processes use historical and other objective information, the classification of loans and the establishment of loan losses is an estimate based on experience, judgment and expectations regarding their borrowers, the economies in which they and their borrowers operate, as well as the judgment of their regulators. We cannot assure you that their loan loss reserves will be sufficient to absorb future loan losses or prevent a material adverse effect on their business, financial condition or results of operations.

Bank Regulatory Risk

The following summary does not purport to be a comprehensive description of all of the federal and state statutes and regulations which govern U.S. banking institutions that may be relevant to a decision to invest in the Company. The statutes or regulations discussed are only brief summaries of those provisions which are, in their entirety, complex and subject to interpretation. Further, the statutes or regulations governing the U.S. banking system and the interpretation thereof are subject to change. In addition, it does not purport to deal with all of the consequences applicable to investors in regulated financial institutions. Each prospective investor is strongly urged to consult its own legal advisers with respect to the consequences under applicable regulatory regimes governing banking institutions and investors therein of the purchase and ownership of common stock in the Company.

The banking institutions in which we will invest are subject to substantial regulations that could adversely affect their ability to operate and the value of our investments.

We expect to invest substantially all of our assets in community banks and their holding companies and therefore our portfolio investments will be subject to existing and potential new regulations that may be adverse to them. Banking institutions, including banks and savings and loan associations, holding companies thereof, and their subsidiaries and affiliates (collectively, “banking institutions”) are highly regulated entities that are subject to extensive regulatory and legal restrictions and limitations and to supervision, examination and enforcement by state and federal regulatory authorities. In addition, the banking crisis in the United States that began in 2007 has resulted in increased regulations, and we anticipate that further regulations will be implemented in the future. The laws and regulation affecting banks, and the interpretations thereof, are subject to material changes, and any such changes may adversely impact portfolio investments and could result in the Company facing material losses or having to divest some or all of its investments under adverse market conditions. As a result of the extensive federal and state restrictions and limitations, supervision and enforcement, banking institutions have less operational flexibility and are generally subject to greater regulatory risks than companies in other industries that are less regulated.

Numerous and Extensive Regulations. There are various federal statutes that regulate U.S. banking institutions, including, the Bank Holding Company Act of 1956, the Federal Deposit Insurance Act, the Federal Reserve Act, the National Bank Act, the Home Owners’ Loan Act of 1933 (the “HOLA”), the Securities Act, the Securities Exchange Act of 1934 (the “Exchange Act”), the Investment Advisers Act and the Investment Company Act. These federal statutes have been amended, often materially, over the years and may continue to be amended in the future, and the consequences of such future amendments may be materially adverse to the Company’s investments or the financial services industry in general. In addition to these various federal statutes, federal regulatory agencies, including among others the Federal Reserve Board, the Office of the Comptroller of the Currency (the “OCC”), the Federal Deposit Insurance Corporation (“FDIC”) and the CFPB, together in certain cases with state

banking regulatory agencies (individually, a "Regulatory Agency" or, collectively, the "Regulatory Agencies"), have adopted regulations and guidelines which are subject to interpretation, and which continue to be amended and revised and such amendments and revisions or a change in interpretation of existing regulations or guidelines may be materially adverse to the Company's portfolio companies or the financial services industry in general. Much of the regulatory framework that has been developed is intended to protect depositors, the FDIC and the banking system in general and, as such, stockholders in such regulated institutions may be disadvantaged, in some cases materially, by amendments and revisions to such statutes, regulations or guidelines, or interpretations thereof, or by the enforcement of such statutes and regulations by Regulatory Agencies.

Adverse consequences, including without limitation civil penalties, fines, suspension or termination of deposit insurance, may result in the event that any banking institution fails to comply with applicable rules or regulations. These rules and regulations are complex and are subject to interpretation and may be subject to change, which imposes compliance risk on the entities that are subject to these rules and may be adverse to the Company.

In addition, banking institutions are subject to various quantitative judgments by Regulatory Agencies, which may include subjective judgments regarding credit risk, interest rate and liquidity risk, operational risk and other factors, including subjective judgments on the "safety" or "soundness" of an institution.

The Dodd-Frank Act. The Dodd-Frank Act significantly changed the U.S. bank regulatory structure and will affect the lending, investment, trading and operating activities of community banks and their holding companies. These significant changes include, but are not limited to:

- elimination of the Office of Thrift Supervision and the transfer of supervisory and examination authority over federal savings and loan associations to the OCC, state savings and loan associations to the FDIC, and savings and loan holding companies to the Federal Reserve Board;
- application of consolidated regulatory capital requirements to savings and loan holding companies;
- a requirement that the minimum consolidated capital levels for all depository institution holding companies be no less stringent than those required for the insured depository subsidiaries and that components of Tier 1 capital be restricted to capital instruments that are currently considered to be Tier 1 capital for insured depository institutions, which would exclude instruments such as trust preferred securities and cumulative preferred stock, subject to certain grandfathering provisions and a five-year phase-in period that started July 21, 2010;
- extension of the "source of strength" doctrine, that requires holding companies to act as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress, to savings and loan holding companies;
- establishment of the CFPB with expansive powers to supervise and enforce consumer protection laws;
- a requirement that originators of certain securitized loans retain a portion of the credit risk;
- implementation of significant reforms related to mortgage originations;
- increased stockholder influence over boards of directors by requiring companies to give stockholders a non-binding vote on executive compensation and so-called "golden parachute" payments; and
- a requirement that the Federal Reserve Board promulgate rules prohibiting excessive compensation paid to company executives, regardless of whether the company is publicly traded or not.

Many of the provisions of the Dodd-Frank Act are subject to delayed effective dates and/or require the issuance of implementing regulations. Their impact on operations cannot yet fully be assessed. However, there is a significant possibility that the Dodd-Frank Act will, in the long run, increase regulatory burden, compliance costs and interest expense for community banks.

Capital Adequacy Requirements. Banking institutions are required to meet certain capital adequacy guidelines or rules that involve assessments of their assets and liabilities, including contingent and off-balance sheet items and other items which may be based on subjective inputs, as determined by the Regulatory Agencies. The Federal Reserve Board has established minimum capital adequacy requirements that are

calculated in relation to assets and various off-balance sheet exposures. The Dodd-Frank Act imposes more stringent capital requirements on bank holding companies and savings and loan holding companies by, among other things, applying consolidated capital requirements to savings and loan holding companies, imposing leverage ratios on bank holding companies and savings and loan holding companies and savings and loan holding companies and prohibiting new trust preferred issuances from counting as Tier 1 capital. In addition, in response to the Dodd-Frank Act requirements and the Basel III protocols, the Regulatory Agencies have proposed more stringent capital requirements that, if adopted in their current form, would apply to community banks. These restrictions may significantly limit the future capital strategies of community banks.

Non-compliance with capital adequacy requirements may result in limitations on operations or other orders, which may be materially adverse to the financial institutions in which we invest. If a depository institution fails to meet certain capital adequacy standards or requirements (such institution is referred to as an "undercapitalized institution" if it is not well capitalized or adequately capitalized), the appropriate Regulatory Agency may be required by law to take one or more actions with respect to such undercapitalized institution. These actions may include requiring the institution to issue new shares, merge with another depository institution, restrict the rates of interest such institution pays on deposits, restrict asset growth terminate certain activities or forcing it to divest of certain or all of its subsidiaries, dismiss certain directors or officers, place the depository institution into an FDIC-administered receivership or conservatorship or take any other action that, in the Regulatory Agency's judgment, will resolve the problems of the institution at the least possible loss to the FDIC.

We may become subject to adverse current or future banking regulations.

We will seek to structure our investments to avoid being regulated by various banking authorities. Therefore, we do not currently expect to be regulated by any state or federal banking regulatory bodies and will have significant flexibility with respect to the manner in which we operate. However, if we are deemed to have acquired control of one or more banking institutions, we would become a bank holding company subject to the Bank Holding Company Act and the regulations thereunder or a savings and loan holding company subject to the HOLA and the regulations thereunder. While the rules for bank holding companies and savings and loan holding companies vary, the Federal Reserve Board will generally find that we control a banking institution if we own 25% or more of any class of voting securities or 33% or more of the total equity (voting or non-voting) of a banking institution; or if we own 10% or more of the voting stock of the banking institution and we have representation on the board of directors of the banking institution or other indicia of control (such as control in any manner of the election of a majority of the institution's directors, or a determination by the regulator that we have the power to direct, or directly or indirectly to exercise a controlling influence over, the management or policies of the banking institution). There is a presumption of non-control if we own or control less than 5% of the outstanding shares of any class of voting securities. If we are deemed to have acquired control of one or more banking institutions:

- we would become subject to supervision and examination by the applicable Regulatory Agencies, including the Federal Reserve Board;
- the Federal Reserve Board would subject us to periodic reporting requirements applicable to bank holding companies or savings and loan holding companies; and
- we would become subject to restrictions on non-banking activities (i.e. any activity other than banking or managing or controlling banks or performing services for its subsidiaries) applicable to bank holding companies and savings and loan holding companies, including restrictions on acquiring direct or indirect ownership or control of more than 5% of any class of voting securities of any company engaged in non-bank activities. We would only be permitted to engage in, or acquire an interest in companies that engage in, activities that the Federal Reserve Board has determined to be incidental to the activity of banking or managing or controlling banks to a limited extent. These restricted activities include, among other activities, owning and operating a savings association, escrow company, trust company or insurance agency; acting as an investment or financial adviser, or providing securities brokerage services; and, in the case of a financial holding company or unitary savings and loan holding company, activities that are financial in nature, incidental to financial activities or complementary to a financial activity, such as lending activities, insurance and underwriting equity securities. In addition to restrictions on permissible

activities and investments, bank holding companies, financial holding companies, and their subsidiary banks are prohibited from entering into certain tying arrangements in connection with extension of credit, lease, sale of property or provision of any services should the Federal Reserve Board find the arrangement resulting in anti-competitive practices.

In addition, if we were deemed to be in control of a bank which is not "well capitalized" or not "well managed" as defined by the relevant Regulatory Agency, the Federal Reserve Board and certain other Regulatory Agencies would have the authority to impose various limitations or regulatory actions on us, including:

- limitations on our ability to pay dividends or distributions to our stockholders;
- forced divestiture of certain of our investments deemed by such Regulatory Agency as in danger of becoming insolvent and as posing significant risk to the undercapitalized institution;
- requiring us to provide financial support to the portfolio bank under the Federal Reserve Board's "source of strength" doctrine when we would otherwise be disinclined to do so or when we would consider itself unable to do so, which could force us to satisfy such obligation through divesture of other assets or through raising additional funds from existing stockholders or third-party investors; and
- the imposition by the FDIC of "cross-guarantee" liability upon any commonly controlled insured depository institutions for deposit insurance losses incurred by the FDIC. A depository institution's liability under the cross-guarantee provision is generally senior to (i) obligations to stockholders or (ii) any obligation or liability owed to any affiliate of such depository institution. Thus, portfolio companies that are insured depository institutions may be subject to such cross-guarantee liability with respect to other portfolio companies that are also insured depository institutions.

Ownership of our stock by certain types of regulated institutions may subject us to additional regulations.

If a bank holding company or savings and loan holding company stockholder is deemed to control us, we would be subject to the "umbrella" supervision of the Federal Reserve Board and potentially other regulatory agencies and such supervision may expose us to the regulatory burdens discussed above and to additional expenses or limitations in carrying out its investment objective, which may be materially adverse to the holders of our common stock. In the event that a bank holding company or savings and loan holding company stockholder is deemed to control us, it would have to obtain prior approval or non-objection of the Federal Reserve Board whenever the Company acquires, directly or indirectly, more than 5% of any class of voting securities of a U.S. bank or of a non-bank financial company (unless, in the case of a non-bank financial company, such bank holding company stockholders is a financial holding company). In the event that a bank holding company or savings and loan holding company stockholder controls us, we could not, without prior approval of the Federal Reserve Board, acquire more than 5% of any class of voting securities of any non-financial company, unless the bank holding company stockholder that controls us is a financial holding company; however, if each bank holding company stockholder that controls us is a financial holding company, we could make any investment in any non-financial company (but not in a bank or non-bank financial company) pursuant to the Bank Holding Company Act. If a bank holding company stockholder or savings and loan holding company controls us, then any direct or indirect investment by us in more than 5% of any class of voting securities of a foreign company (including a foreign bank) would have to comply with the provisions promulgated by the Federal Reserve Board.

Investments in banking institutions and transactions related to our portfolio investments may require approval from one or more regulatory authorities.

We would be required to seek prior approval from the Federal Reserve Board in order to acquire control of more than 5% of the outstanding shares of any class of voting securities or 25% or more of the total equity (voting and non-voting) or other controlling interests of a bank, bank holding company or financial holding company. In addition, bank holding companies (but, not financial holding companies) are required to obtain approval prior to purchasing 25% or more of the total equity of a non-bank financial company.

We would be required to seek prior approval from the Federal Reserve Board or the OCC if we proposed to acquire control of a savings and loan association or a savings and loan holding company.

If we were deemed to be a bank holding company or savings and loan holding company, bank holding companies or savings and loan holding companies that invest in us will be subject to certain restrictions and regulations.

If we were deemed to be a bank holding company or savings and loan holding company, a bank holding company or savings and loan holding company stockholder could acquire less than 5% of any class of our stock, and less than 25% of our total equity, without Federal Reserve Board approval, provided that such bank holding company or savings and loan holding company stockholder does not control us. If we made controlling investments, directly or indirectly in a U.S. bank, then any bank holding company or savings and loan holding company stockholder that acquires more than 5% of any class of voting interests or 25% of our total equity would be required to receive prior written approval of the Federal Reserve Board before acquiring such interests. Bank holding company or savings and loan holding company stockholders that are not financial holding companies may be required to obtain prior approval from the Federal Reserve Board prior to acquiring more than 5% of any class of voting interests or 25% of our total equity if we make non-controlling or controlling investments in non-bank financial companies.

Each prospective investor that is or may become a bank holding company or financial holding company or savings and loan holding company is strongly urged to consult its own legal advisers with respect to the consequences under applicable regulatory regimes regarding banking institutions and investors therein of the purchase and ownership of our shares.

Risks Related to Our Advisor and/or its Affiliates

Our performance is dependent on our Advisor, and we may not find a suitable replacement if the management agreement is terminated.

All of our executive officers are also executive officers of our Advisor or its affiliates. We have no separate facilities, employees or management and rely on our Advisor, which has significant discretion as to the implementation of our operating policies and strategies. We will depend on our Advisor and its affiliates for certain services including administrative and business advice. We are subject to the risk that our Advisor will terminate the management agreement and that no suitable replacement will be found. Investors who are not willing to rely on our Advisor or our management by StoneCastle Partners should not invest in our common stock. The employees, systems and facilities of our Advisor and StoneCastle Partners may be utilized by other funds and companies advised by them or their affiliates. Our Advisor may not have sufficient access to such employees, systems and facilities in order to comply with its obligations under the management agreement. We believe that our success depends to a significant extent upon the experience of StoneCastle Partners' executive officers, portfolio managers and employees, whose employment is not guaranteed.

The departure or death of any of the members of senior management of our Advisor or StoneCastle Partners may adversely affect our ability to achieve our business objective; our management agreement does not require the availability to us of any particular individuals.

We depend on the diligence, skill and network of business contacts of the employees of our Advisor and StoneCastle Partners, whose investment professionals will evaluate, negotiate, structure, close and monitor our assets. Our future success depends on the continued service of the management team of StoneCastle Partners, and that continued service is not guaranteed. The management agreement does not obligate that any particular individual's services be made available to us. The departure, death or disability of any of the members of the management of StoneCastle Partners could have a material adverse effect on our ability to achieve our business objective.

If our Advisor ceases to be our manager under our management agreement, financial institutions that provided our credit facilities may not provide future financing to us.

The financial institutions that will finance our investments pursuant to repurchase agreements and other credit facilities arranged by our Advisor may require that our Advisor serve as our manager as a condition to making continued advances to us under these credit facilities. Additionally, if our Advisor ceases to be our adviser, each of these financial institutions under these credit facilities may terminate their facility and their obligation to advance funds to us in order to finance our future investments. If our Advisor ceases to be our manager for any reason and we are not able to obtain financing under these credit facilities, our growth maybe limited and our earnings and book value may be adversely affected.

Our Advisor's liability is limited under our management agreement, and we have agreed to indemnify our Advisor against certain liabilities.

Pursuant to our management agreement with our Advisor, its affiliates and their officers, directors, managing members, members and employees will not be liable to us, our directors, or our stockholders for acts performed in accordance with and pursuant to our management agreement, except by reason of acts constituting willful misconduct, bad faith or gross negligence, or as otherwise required by applicable law.

Pursuant to our management agreement, we will indemnify our Advisor, its affiliates and their officers, directors, managing members, members, employees and certain other parties against all losses, expenses and costs or damages arising out of or in connection with actions of such indemnified party or failure to act on the part of such indemnified party all in connection with our investment activities or in respect of our management agreement or the services provided by our manager or StoneCastle Partners to us, in the absence of willful misfeasance, gross negligence or bad faith. See "Management—Management Agreement." In addition, under the license agreement, we have agreed to indemnify StoneCastle Partners for our unauthorized use of the "StoneCastle" name and marks.

There may be potential conflicts of interest between our management or Advisor, on one hand, and the interest of our common stockholders, on the other.

Our Advisor will be subject to certain conflicts of interest in our management. These conflicts will arise primarily from the involvement of our Advisor and its affiliates in other activities that may conflict with our activities. Our Advisor and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests or the interests of their clients may conflict with our interests and the interests of the holders of our common stock. Other present and future activities of our Advisor and its affiliates may give rise to additional conflicts of interest which may have a negative impact on us.

Our Advisor's compliance department and legal department will oversee its conflict-resolution system. The program places particular emphasis on the principle of fair and equitable allocation of appropriate opportunities and of common fees and expenses to our Advisor's clients over time. As a result of our Advisor's allocation policies, we may not be able to invest in all opportunities that are appropriate for us and this may have the effect of reducing our potential earnings. Although our Advisor has agreed with us that it will allocate opportunities, fees and expenses among its clients pursuant to its written policies and procedures, there is no assurance that these policies and procedures will work as intended or that we will be allocated our fair share of investment opportunities over time or appropriately allocated the fees and expenses of the Advisor.

We are limited in our ability to conduct transactions with affiliates.

The Investment Company Act imposes restrictions on transactions we can conduct with our affiliates. These restrictions prohibit us from buying or selling any security directly from or to any portfolio company of a registered investment company or private equity fund managed by StoneCastle Asset Management LLC,

StoneCastle Financial Corp. or any of their respective affiliates. These restrictions also prohibit certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to us.

Our Advisor's investment committee is not independent from its management.

Our Advisor's investment committee is comprised exclusively of our affiliated persons, and they are the same individuals who manage our assets. The individuals comprising our Advisor's investment committee may have inherent conflicts of interest with the holders of common stock, since they also advise other investment companies affiliated with us. We cannot guarantee that the investment opportunities provided to us will have better results than investment opportunities provided to our affiliates.

We may compete with our Advisor's current and future investment vehicles for access to capital and assets.

Our Advisor and its affiliates may sponsor or manage additional investment funds in the future. Although these funds have different business objectives and operate differently than we do, we may nonetheless compete with these funds for capital or assets or for access to the benefits that we expect our Advisor to provide to us.

There may be other conflicts of interest in our relationship with our Advisor and/or its affiliates that could negatively affect our earnings.

Our Advisor and/or its affiliates manage, sponsor and invest in other secured borrowings via special purpose vehicles, investment funds, hedge funds and separate accounts and may in the future sponsor additional investment funds and other investments in community banks, commercial loans, municipal debt and other targeted assets in the community banking sector, and some of the members of our board of directors and officers or members of our Advisor's investment committee may serve as officers and/or directors of these other entities. This may give rise to conflicts of interest, including that certain assets appropriate for us may also be appropriate for one or more of these entities, and our Advisor may decide to allocate a particular opportunity other than to us. Our Advisor will often make asset purchase and sale decisions for us and any subsidiaries at the same time as asset purchase and sale decisions are being made for other affiliated entities for which our Advisor or one of our Advisor's affiliates is the investment adviser, in which case our Advisor will face conflicts in the allocation of business opportunities. Our Advisor and/or its affiliates may also engage in additional management and investment opportunities in the future which may compete with us for business opportunities.

The restrictive covenants that would govern our potential secured borrowings may have greater limitations on the disposition and reinvestment of assets than do other accounts managed by our Advisor. This may result in dispositions and reinvestments not being able to be made on as advantageous a basis as our Advisor may be able to achieve for such other accounts and such other dispositions and reinvestments may adversely affect the price at which such assets can be sold or purchased on our behalf.

Our Advisor's management of our business is subject to the oversight of our board of directors, but our board of directors will not approve each business decision made by our Advisor.

Our Advisor will be authorized to follow a very broad business approach, including the selection of the amount and form of leverage we will employ. Our policies do not impose any limitations on the types of investments within the community banking sector and as a result, we cannot predict with any certainty the percentage of our assets that will be in each category. We may change our business strategy and policies for how we invest in community banks without a vote of stockholders. Our board of directors will periodically review our business approach and our assets. However, our board of directors will not review each proposed purchase. In addition, in conducting periodic reviews, our board of directors will rely primarily on information provided to it by our Advisor.

Our Advisor may be incentivized to incur additional leverage, up to the extent permitted by regulations.

Our Advisor's management fee is based on our gross assets at the end of each quarter, not net of any leverage that we incur. Our Advisor therefore may be incentivized to increase our leverage within regulatory limits in order to increase our asset value. Additional leverage may pose risks that could adversely affect our results of operations and our ability to declare and pay dividends. See "Leverage" and "Risk Factors—Risks Related to our Operations."

Risks Related to this Offering

The price for our common stock may be volatile.

The trading price of our common stock following this offering may fluctuate substantially. The price of our common stock that will prevail in the market after this offering may be higher or lower than the price you pay and the liquidity of our common stock may be limited, in each case depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include the following:

- changes in the value of our portfolio of investments;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of securities of similar investment companies;
- our dependence on the community banking sector and changes in conditions relating to that sector;
- our inability to deploy or invest our capital;
- fluctuations in interest rates;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies with respect to investment companies;
- our ability to borrow money or obtain additional capital;
- losing RIC status under the Code;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- general economic conditions and trends;
- departures of key personnel; or
- exchange-related technological disruptions.

The price for our common stock is subject to market risk.

Before this offering, there was no public trading market for our common stock. We cannot predict the prices at which our common stock will trade. Although we intend to apply to have our common stock listed on a stock exchange in connection with this offering, an active trading market for our shares may never develop or be sustained following this offering. The initial public offering ("IPO") price for our common stock will be determined through our negotiations with the underwriters and may not bear any relationship to the market price at which it will trade after this offering or to any other established criteria of our value. Shares of companies offered in an IPO often trade at a discount to the IPO price due to sales load (underwriting discount) and related offering expenses. In the absence of an active trading market for our common stock, investors may not be able to sell their common stock at or above the IPO price or at the time that they would like to sell.

In addition, shares of closed-end investment companies have in the past frequently traded at discounts to their NAV and our common stock may also be discounted in the market. This characteristic is a risk separate and distinct from the risk that our NAV could decrease as a result of our investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. We cannot assure you whether our common stock will trade above, at or below our NAV. Whether investors will realize gains or losses upon the sale of our common stock will depend entirely upon whether the market price of

our common stock at the time of sale is above or below the investor's purchase price for our common stock. Because the market price of our common stock is affected by factors such as NAV, distribution levels (which are dependent, in part, on expenses), supply of and demand for our common stock, stability of distributions, trading volume of our common stock, general market and economic conditions, and other factors beyond our control, we cannot predict whether our common stock will trade at, below or above NAV or at, below or above the offering price. In addition, if shares of our common stock trade below their NAV, we will generally not be able to issue additional shares of common stock at their market price without first obtaining the approval of our stockholders and our independent directors to such issuance.

Future offerings of debt securities or preferred stock, which would rank senior to our common stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market value of our common stock.

If you purchase our common stock in this offering, the price that you pay will be greater than the NAV per share of common stock immediately following this offering. This discrepancy is in large part due to the expenses we incurred in connection with the consummation of this offering. In the future, we may attempt to increase our capital resources by making offerings of debt or additional offerings of equity securities, including offerings of preferred stock, the terms of which may be determined in the discretion of our board of directors. Upon liquidation, holders of our debt securities and holders of our preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a dividend distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market value of our common stock and diluting their holdings of shares in us.

ERISA Plan Risks

We are subject to certain limitations imposed under ERISA.

The ERISA and Section 4975 of the Code prohibit certain transactions that involve (i) certain pension, profit-sharing, employee benefit or retirement plans, or individual retirement accounts (as well as certain entities that hold assets of such arrangements as described below) and (ii) any person who is a "party-in-interest" or "disqualified person" with respect to such a plan. Consequently, the fiduciary of a plan contemplating an investment in our common stock should consider whether we, any other person associated with the issuance of our common stock or any of their affiliates is or might become a "party-in-interest" or "disqualified person" with respect to the plan and, if so, whether an exemption from such prohibited transaction tiles is applicable. In addition, the U.S. Department of Labor has promulgated a regulation (as modified by Section 3(42) of ERISA, "the DOL Plan Asset Regulations") that provides that, subject to certain exceptions, the assets of an entity in which a plan holds an equity interest may be treated as assets of an investing plan, in which the event the underlying assets of such entity (and transactions involving such assets) would be subject to the prohibited transaction provisions. Because we are an investment company registered under the Investment Company Act, our assets will not be treated as assets of any investing ERISA plan.

Risks Related to Taxation

Despite our plans to elect to be a RIC, we may not be able to meet the requirements to make or maintain an election to be a RIC.

In order to qualify as a RIC, we must be registered as a management company under the Investment Company Act at all times during each taxable year and meet an income test, a diversification/asset test and certain distribution requirements. Failure to meet any of these requirements could result in the discontinuance of our treatment as a RIC, which would increase our tax expense and could adversely affect our NAV, results of operations and ability to distribute dividends.

We will be subject to corporate-level federal income tax on all of our income if we are unable to maintain RIC status under Subchapter M of the Code.

If we fail to qualify for or maintain RIC status for any reason, and we do not qualify for certain relief provisions under the Code, we would be subject to corporate-level federal income tax (and any applicable state and local taxes) and our stockholders would be subject to the federal income tax rules that apply to stockholders in a regular, or "C," corporation. The conversion from a RIC to a regular, or "C," corporation could have a materially adverse tax impact on us and our stockholders in the taxable year in which RIC status is lost and in future taxable years. Further, if we seek to re-establish RIC status after operating as a regular, or "C," corporation, because we will have operated as a regular corporation, we would have to distribute to our stockholders our pre-election earnings and would also be taxed on the gain in appreciated assets that we hold when we re-elect to be a RIC.

Whether an investment in a RIC is appropriate for a Non-U.S. Stockholder will depend upon the Non-U.S. Stockholder's particular circumstances and whether certain temporary tax provisions are extended.

Unless Congress extends the temporary rule of Code section 871(k) (scheduled to expire for taxable years of RICs beginning after December 31, 2013) that provides certain "look-through" treatment to Non-U.S. Stockholders (as defined in "U.S. Federal Income Tax Considerations"), permitting interest-related dividends and short-term capital gains not to be subject to U.S. withholding tax, an investment in a RIC by a Non-U.S. Stockholder may have adverse tax consequences to a Non-U.S. Stockholder relative to a direct investment in our assets. This is because the interest income and certain short-term capital gains that generally would not be subject to U.S. withholding tax if earned directly by a Non-U.S. Stockholder are transformed into dividends that are subject to U.S. withholding tax.

We strongly urge you to review carefully the discussion under "U.S. Federal Income Tax Considerations" and to seek advice based on your particular circumstances from an independent tax adviser.

NET ASSET VALUE

We will determine and publish the NAV of our common stock on at least a quarterly basis and at such other times as our board of directors may determine. Our NAV equals the value of our total assets (the value of the securities held plus cash or other assets, including interest accrued but not yet received) less: (i) all of our liabilities (including accrued expenses); (ii) accumulated and unpaid dividends on any outstanding preferred stock; (iii) the aggregate liquidation preference of any outstanding preferred stock; (iv) accrued and unpaid interest payments on any outstanding indebtedness; (v) the aggregate principal amount of any outstanding indebtedness; and (vi) any distributions payable on our common stock. The NAV per share of common stock equals our NAV divided by the number of outstanding shares of common stock.

We will determine fair value of our assets and liabilities in accordance with valuation procedures that our board of directors adopt. Our board will utilize the services of one or more regionally or nationally recognized independent valuation firms to help it determine the value of each investment for which a market price is not available. Our board will also review valuations of such investments provided by the Advisor. Securities for which market quotations are readily available shall be valued at "market value." If a market value cannot be obtained or if our Advisor determines that the value of a security as so obtained does not represent a fair value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), fair value for the security shall be determined pursuant to the methodologies established by our board of directors. Our board will regularly review and evaluate our valuation methodology and any such valuation service it uses and the historical accuracy of such valuation methodologies. Our board will also review valuations of such investments provided by the Advisor and will assign the valuation they determine to best represent the fair value of such investments.

- The fair value for publicly-traded equity securities and equity-related securities will be determined by using readily available market quotations from the principal market, if available. For equity and equity-related securities that are freely tradable and listed on a securities exchange or over the counter market, fair value will be determined using the last sale price on that exchange or over-the-counter market on the measurement date. If the security is listed on more than one exchange, we will use the price of the exchange that we consider to be the principal exchange on which the security is traded. If a security is traded on the measurement date, then the last reported sale price on the exchange or over-the-counter ("OTC") market on which the security is principally traded, up to the time of valuation, will be used. If there were no reported sales on the security's principal exchange or OTC market on the measurement date, then the average between the last bid price and last asked price, as reported by the pricing service, will be used. We will obtain direct written broker-dealer quotations if a security is not traded on an exchange or quotations are not available from an approved pricing service.
- An equity security of a publicly traded company acquired in a private placement transaction is subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible into publicly traded common stock or securities that may be sold pursuant to Rule 144, shall generally be valued based on the fair value of the freely tradable common stock counterpart, less an applicable discount. Generally, the discount will initially be equal to the discount at which we purchased the securities. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be determined for the discount.
- Our board of directors may use the services of one or more regionally or nationally recognized independent valuation firms to aid it in determining the fair value of these securities. The methods for valuing these securities may include: fundamental analysis (sales, income or earnings multiples, etc.), discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may

differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

- Fixed income securities (other than the short-term securities as described below) are valued by (i) using readily available market quotations based upon the last updated sale price or a market value from an approved pricing service generated by a pricing matrix based upon yield data for securities with similar characteristics; or (ii) by obtaining a direct written broker-dealer quotation from a dealer who has made a market in the security.
- A fixed income security acquired in a private placement transaction without registration is subject to restrictions on resale that can affect the security's liquidity and fair value. Among the various factors that can affect the value of a privately placed security are (i) whether the issuing company has freely trading fixed income securities of the same maturity and interest rate (either through an initial public offering or otherwise); (ii) whether the company has an effective registration statement in place for the securities; and (iii) whether a market is made in the securities. The securities normally will be valued at amortized cost unless the portfolio company's condition or other factors lead to a determination of fair value at a different amount.
- Short-term securities, including bonds, notes, debentures and other fixed income securities and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with remaining maturities of 60 days or less, for which reliable market quotations are readily available are valued on an amortized cost basis at current market quotations as provided by an independent pricing service or principal market maker.
- Other assets, including equity investments for which there is no market, will be valued at market value pursuant to written valuation procedures adopted by our board of directors, or if a market value cannot be obtained (including with respect to classes of investments noted above) or if our Advisor determines that the value of a security as so obtained does not represent a fair value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), fair value shall be determined pursuant to the methodologies established by our board of directors. In making these determinations, our board of directors intends to engage an independent valuation firm from time to time to assist in determining the fair value of our investments. The methods for valuing these investments may include fundamental analysis, discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. We intend for such a third-party valuation firm to provide valuation advice with respect to approximately 25% of our investment portfolio each quarter.

Valuations of public company securities determined pursuant to fair value methodologies will be presented to our board of directors or a designated committee thereof for approval at the next regularly scheduled board meeting. See "Risk Factors—Risks Related to Our Advisor and/or its Affiliates."

DIVIDEND REINVESTMENT PLAN

We intend to have a dividend reinvestment plan for our stockholders that will be effective after completion of this offering. Our plan will be an "opt out" dividend reinvestment plan. As a result, if a stockholder's shares are registered directly with us or with a brokerage firm that participates in our Automatic Dividend Reinvestment Plan ("Plan") through the facilities of the Depository Trust Company ("DTC"), and such stockholder's account will be coded for dividend reinvestment by such brokerage firm, all distributions will automatically be reinvested for stockholders by Computershare Trust Company, N.A., as Plan agent (the "Plan Agent"), in additional common stock (unless a stockholder is ineligible or elects otherwise). If a stockholder opts out of the Plan, such stockholder's account will not be coded dividend reinvestment by such brokerage firm and such stockholder will receive distributions in cash. If a stockholder's shares are registered with a brokerage firm that does not participate in the Plan through the facilities of DTC, a stockholder will need to ask its investment professional to determine what arrangements can be made to set up its account to participate in the Plan if desired, and, until such arrangements are made, a stockholder will receive distributions in cash.

In the case that newly issued shares of our common stock are used to implement the Plan, the number of shares of common stock to be delivered to a participating stockholder shall be determined by dividing the total dollar amount of the dividends payable to such stockholder by 97% of the average market prices per share of common stock at the close of regular trading on the NASDAQ Global Market (or such other exchange or quotation system on which the common stock is primarily traded) for the 5 trading days immediately prior to the valuation date fixed by our board of directors. In the case that shares repurchased on the open market are used to implement the Plan, the number of shares of common stock to be delivered to a participating stockholder shall be determined by dividing the total dollar amount of the dividends payable to such stockholder by the weighted average purchase price of such shares.

Stockholders who elect not to participate in the Plan will receive all distributions payable in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by Computershare Trust Company, N.A., as dividend paying agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by giving notice in writing to, or by calling, the Plan Agent. Stockholders may elect not to participate in the Plan by notifying the Plan Agent in writing so that it is received by the Plan Agent no later than 5 days prior to the applicable dividend record date. Any such election will remain in effect until the stockholder notifies the Plan Agent in writing of the withdrawal of such election, which withdrawal must be received by the Plan Agent no later than 5 days prior to the applicable dividend record date. A stockholder that holds its shares through a broker or other nominee must make any such election or termination through its broker or nominee.

Whenever we declare a distribution payable in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common stock.

We will use primarily newly-issued common stock to implement the Plan, whether our shares are trading at a premium or at a discount to net asset value. However, we reserve the right to instruct the Plan Agent to purchase shares in the open market in connection with its obligations under the Plan. The number of shares to be issued to a stockholder will be determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock at the close of regular trading on the NASDAQ Global Market on the distribution payment date. The market price per share on that date will be the closing price for such shares on the NASDAQ Global Market or, if no sale is reported for such day, at the average of their reported bid and asked prices. If distributions are reinvested in shares purchased on the open market, then the number of shares received by a stockholder will be determined by dividing the total dollar amount of the distribution payable to such stockholder by the weighted average price per share (net of brokerage commissions and other related costs) for all shares purchased by the Plan Agent on the open-market in connection with such distribution.

We cannot establish the number of shares of our common stock to be outstanding after giving effect to payment of the dividend or other distribution until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated. Stockholders who do not elect to receive dividends in shares of common stock will experience dilution over time. The level of discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

The Plan Agent will maintain all stockholders' accounts in the Plan and will furnish written confirmation of each acquisition made for the participant's account as soon as practicable, but in no event later than 60 days after the date thereof. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the Plan Agent's name or that of its nominee, and each stockholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

There will be no brokerage charges with respect to shares issued directly by us as a result of distributions payable in shares. If the participant elects to have the Plan Agent sell part or all of his or her common stock and remit the proceeds, such participant will be charged his or her pro rata share of brokerage commissions, fees and transaction costs incurred for the transaction, and the Plan Agent shall be entitled to deduct a $15 transaction fee. The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions. The Plan proceeds to non-U.S. persons may be subject to withholding tax. See "U.S. Federal Income Tax Considerations."

Experience under the Plan may indicate that changes are desirable. Accordingly, we reserve the right to amend or terminate the Plan if in the judgment of our board of directors such a change is warranted. We may terminate the Plan upon notice in writing mailed to each participant at least 60 days prior to the effective date of the termination. Upon any termination, the Plan Agent will cause a certificate or certificates to be issued for the full shares held by each participant under the Plan and cash adjustment for any fraction of a share of common stock at the then current market value of the common stock to be delivered to him, her or it. If preferred, a participant may request the sale of all of the common stock held by the Plan Agent in his or her Plan account in order to terminate participation in the Plan. If such participant elects in advance of such termination to have the Plan Agent sell part or all of his or her shares, the Plan Agent is authorized to deduct from the proceeds the brokerage commissions, fees and transaction costs incurred for the transaction. If a participant has terminated his or her participation in the Plan but continues to have common stock registered in his or her name, he or she may re-enroll in the Plan at any time by notifying the Plan Agent in writing at the address below. The terms and conditions of the Plan may be amended by us at any time, except when necessary or appropriate to comply with applicable law or the rules or policies of the SEC or any other regulatory authority, only by mailing to each participant appropriate written notice at least 30 days prior to the effective date thereof. The amendment shall be deemed to be accepted by each participant unless, prior to the effective date thereof, the Plan Agent receives notice of the termination of the participant's account under the Plan. Any such amendment may include an appointment by the Plan Agent of a successor Plan Agent, subject to the prior written approval of the successor Plan Agent by us.

All correspondence concerning the Plan should be directed to Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021.

DESCRIPTION OF COMMON STOCK

The following descriptions of our shares, certain provisions of Delaware law and certain provisions of our certificate of incorporation and our bylaws, which will be in effect upon consummation of this offering, are summaries and are qualified by reference to Delaware law and our certificate of incorporation and bylaws, copies of which are available from us upon request.

General

Our certificate of incorporation provides that our board of directors (without any further vote or action by our stockholders) may cause us to issue up to 40,000,000 shares of common stock, par value $0.001 per share, and up to 10,000,000 shares of undesignated preferred stock, par value $0.001 per share.

Upon consummation of this offering, there will be shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

The holders of common stock will be entitled to one vote per share held of record on all matters submitted to a vote of our stockholders. Generally, except with respect to extraordinary corporate transactions, certain amendments to our certificate of incorporation, liquidation and the election and removal of directors, all matters to be voted on by our stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes cast by all common stock present in person or represented by proxy. Extraordinary corporate transactions, liquidation and the removal of directors for cause must be approved by at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors. See "—Certificate of Incorporation and Bylaws—Amendment of Our Certificate of Incorporation and Bylaws" for a discussion of approval rights with regard to such amendments.

Dividend Rights

Holders of common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any preferred stock we may issue in the future.

Preemptive Rights

No holder of common stock will be entitled to preemptive, redemption or conversion rights, sinking fund or cumulative voting rights.

Liquidation Rights

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive an equal amount per share of all our remaining assets available for distribution.

Listing

We have applied to have our common stock traded on the NASDAQ Global Market under the ticker symbol "BANX."

Preferred Stock

Under our certificate of incorporation, our board of directors (without any further vote or action by our stockholders) is authorized to provide for the issuance from time to time of up to 10,000,000 shares of preferred stock consisting of one or more classes or series of preferred stock. Unless required by law or by any stock exchange, if applicable, any such authorized preferred stock will be available for issuance without further action by our common stockholders. Our board of directors is authorized to fix the number of shares, the relative powers, preferences and rights, and the qualifications, limitations or restrictions applicable to each class or series thereof by resolution authorizing the issuance of such class or series. As of the date of this offering, no preferred stock is outstanding and we have no current plans to issue any preferred stock.

We may issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of holders of common stock might believe to be in their best interests or in which holders of common stock might receive a premium for their common stock.

The Investment Company Act requires that the total aggregate liquidation value and outstanding principal amount of all our preferred stock and debt securities not exceed 50% of the amount of our total assets (including the proceeds of preferred stock and debt securities) less liabilities and indebtedness not represented by our preferred stock and debt securities.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Certificate of Incorporation and Bylaws

Organization and Duration

We were formed on February 7, 2013 as StoneCastle Financial Corp., and will remain in existence until dissolved in accordance with our certificate of incorporation.

Purpose

Under our certificate of incorporation, we are permitted to engage in any business activity that lawfully may be conducted by a corporation organized under Delaware law and, in connection therewith, to exercise all of the rights and powers conferred upon us pursuant to the agreement relating to such business activity.

Duties of Officers and Directors

Our certificate of incorporation provides that, except as may otherwise be provided by the certificate of incorporation or by our bylaws, our property, affairs and business shall be managed under the direction of our board of directors. Pursuant to our bylaws, our board of directors has the power to appoint our officers and such officers have the authority and exercise the powers and perform the duties specified in our bylaws or as may be specified by our board of directors.

Our certificate of incorporation provides that we indemnify our directors and officers for acts or omissions to the fullest extent permitted by law. Under the Delaware General Corporation Law (“DGCL”), a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation and, in a criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful.

Size and Election of Board of Directors

Our certificate of incorporation and bylaws provide that the number of directors may be established, increased or decreased by our board of directors but may not be fewer than one. Our certificate of incorporation will provide that our board is divided into three classes. Each class of directors will hold office for a three-year term. The initial members of the three classes have initial terms of one, two and three years, respectively. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualified. Except as may be provided by our board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is elected and qualifies.

Removal of Members of Our Board of Directors

The DGCL provides that directors may be removed, but only for cause, by an affirmative vote of at least a majority of the votes entitled to be cast by our stockholders generally in the election of our directors. Our certificate of incorporation states that directors may be removed at any time, but only for cause, by at least two-thirds of the votes entitled to be cast by our stockholders generally in the election of our directors.

Advance Notice of Director Nominations and New Business

Our certificate of incorporation provides that special meetings of stockholders may only be called by our board of directors, the chairman of our board or our chief executive officer.

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) by any stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws. Our bylaws provide that with respect to meetings of our stockholders, only the business specified in our notice of meeting may be brought before the meeting, and nominations of persons for election to our board of directors may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) *provided* that our board of directors has determined that directors shall be elected at the meeting, by any stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting our stockholder meetings.

Limitations on Liability and Indemnification of Our Directors and Officers

Our certificate of incorporation provides that our directors will not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the DGCL. Our bylaws provide that our directors, officers, employees and agents, as well as persons serving as a director, officer, partner, trustee, member, manager, employee or agent of another enterprise at our request, will be indemnified, and may have their expenses of defense advanced, in each case to the full extent permitted under the DGCL.

The DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if (i) such person acted in good faith, (ii) in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and (iii) with respect to any criminal action or proceeding, such person had no reasonable cause to believe the person's conduct was unlawful.

The DGCL further empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation, and except that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court deems proper.

To the extent a present or former director or officer is successful in the defense of any action, suit or proceeding noted above, or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such action, suit or proceeding. We are further authorized to pay expenses incurred by an officer or director in advance of the final disposition of a proceeding upon our receipt of an undertaking by or on behalf of the person to whom the advance will be made, to repay the advances if it is ultimately determined that he or she was not entitled to indemnification.

Amendment of Our Certificate of Incorporation and Bylaws

Amendments to our certificate of incorporation may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment, our board of directors is required to seek written approval of the holders of the number of shares required to approve the amendment or call a meeting of our stockholders to consider and vote upon the proposed amendment. Generally, an amendment must be approved by at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors and, in general, to the extent that such amendment would have a material adverse effect on the holders of any class or series of shares, by the holders of a majority of the holders of such class or series. Amendments pertaining to removal of directors, indemnification of directors or amendment of the certificate of incorporation or bylaws, however, require the approval of the holders of two-thirds of our voting stock then outstanding.

Our board of directors has the power to adopt, alter or repeal our bylaws. Our certificate of incorporation provides that our stockholders may adopt, alter or repeal our bylaws upon approval of at least two-thirds of the common stock then outstanding.

Merger, Sale or Other Disposition of Assets

Our board of directors is generally prohibited, without the prior approval of at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors, from causing us to, among other

things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, or approving on our behalf the sale, exchange or other disposition of all or substantially all of our assets, *provided* that our board of directors may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without the approval of any stockholder.

Termination and Dissolution

Our existence shall be perpetual unless we are dissolved as provided by the DGCL.

Books and Reports

We are required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes a basis that permits the preparation of financial statements in accordance with US GAAP. For financial reporting purposes and tax purposes, our fiscal year and our tax year are the calendar year, unless otherwise determined by our board of directors in accordance with the Code.

We are required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room in Washington, D.C. and on the SEC's website at www.sec.gov.

Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws

The following is a summary of certain provisions of our certificate of incorporation and bylaws that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the interests held by stockholders.

Authorized but Unissued Stock

Our certificate of incorporation provides for authorized but unissued shares that our board of directors may use without the approval of any holders of our shares. Future issuances of common and preferred stock may be utilized for a variety of purposes, including future public offerings to raise additional capital, acquisitions and employee benefit plans. Our ability to issue additional shares and other equity securities could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Business Combination Statute—Section 203

Some provisions of the DGCL law may delay or prevent a transaction that would cause a change in our control. Section 203 of the DGCL, which restricts certain business combinations with interested stockholders in certain situations, generally applies to a corporation unless otherwise set forth in the corporation's certificate of incorporation. We have not opted out of Section 203. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting stock.

Classified Board of Directors

Our board of directors is divided into three classes of directors serving staggered three-year terms, with the term of office of only one of the three classes expiring each year. A classified board of directors may render a change in control of us or removal of our incumbent management more difficult. This provision could delay for up to two years the replacement of a majority of our board of directors. We believe, however, that the longer time required to elect a majority of a classified board of directors helps to ensure the continuity and stability of our management and policies.

Number of Directors; Removal; Vacancies

Our certificate of incorporation provides that the number of directors will be set only by our board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. Under the DGCL, unless the certificate of incorporation provides otherwise (which our certificate of incorporation does not), directors on a classified board of directors such as our board of directors may be removed only for cause by a majority vote of our stockholders. Under our certificate of incorporation and bylaws, any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of the directors then in office. The limitations on the ability of our stockholders to remove directors and fill vacancies could make it more difficult for a third-party to acquire, or discourage a third-party from seeking to acquire, control of us.

Advance Notice Bylaw

Our bylaws provide that, in order for any matter to be considered properly brought before a meeting or for a stockholder to nominate a candidate for director, a stockholder must comply with requirements regarding advance notice to us, including the timing of such notice and the information that such notice must contain. Our certificate of incorporation provides that stockholders may not act by written consent without a meeting of stockholders. These provisions could delay until the next stockholders' meeting stockholder actions which are favored by the holders of a majority of our outstanding voting securities. These provisions may also discourage another person or entity from making a tender offer for our common stock, because such person or entity, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders meeting, and not by written consent. Furthermore, stockholders do not have the ability to call a special meeting.

Amendment of Our Certificate of Incorporation and Bylaws

The DGCL generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws requires a greater percentage. Under our certificate of incorporation, the affirmative vote of the holders of at least 66 2/3% of the shares of our capital stock entitled to vote will be required to amend or repeal any of the provisions of our bylaws or certain provisions of our certificate of incorporation. In addition, our certificate of incorporation permits our board of directors to amend or repeal our bylaws by a majority vote of the board.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material U.S. federal income tax considerations relating to the acquisition, holding and disposition of our common stock. For purposes of this section, under the heading "U.S. Federal Income Tax Considerations," references to "we," "us" or "our" mean only StoneCastle Financial Corp. and not any subsidiaries or other lower-tier entities that we may organize or invest in, except as otherwise indicated. This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department ("Treasury regulations"), current administrative interpretations and practices of the U.S. Internal Revenue Service (the "IRS") and judicial decisions, all as currently in effect and all of which may be subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. This summary does not purport to discuss all aspects of U.S. federal income taxation that may be important to stockholders subject to special tax rules, such as:

- former U.S. citizens or long-term residents subject to Code section 877 or section 877A;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. Stockholders (as defined below) whose functional currency is not the U.S. Dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment; and
- tax-exempt organizations.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of such partnership. A partner of a partnership holding our common stock should consult its tax adviser regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our common stock by the partnership.

This summary assumes that stockholders will hold our common stock as capital assets, which generally means as property held for investment. This discussion does not address U.S. estate and gift tax rules, U.S. state or local taxation, the alternative minimum tax, or foreign taxes.

For purposes of the following discussion, a "U.S. Stockholder" is a stockholder that is (i) a citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation) created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person. A "Non-U.S. Stockholder" is a person that is neither a U.S. Stockholder nor an entity treated as a partnership for U.S. federal income tax purposes.

THE U.S. FEDERAL INCOME TAX TREATMENT OF OUR STOCKHOLDERS DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON STOCK TO ANY PARTICULAR STOCKHOLDER WILL DEPEND

ON THE STOCKHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES, OF HOLDING AND DISPOSING OF OUR COMMON STOCK.

Qualification as a RIC

We intend to elect to be treated, and intend to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code, commencing with our taxable year ending on December 31, 2013. In order to qualify as a RIC, we must be registered as a management company under the Investment Company Act at all times during each taxable year and meet (i) an income test, (ii) a diversification/asset test and (iii) certain distribution requirements. Failure to meet any of these requirements would disqualify us from RIC tax treatment for the entire year. However, in certain situations we may be able to take corrective action which would allow us to remain qualified as a RIC.

The Income Test. At least 90% of our gross income in each taxable year must be derived from dividends; interest; payments with respect to securities loans; gains from the sale or other disposition of stock, securities or foreign currencies; other income (including gains from options, futures or forward contracts) derived with respect to our business of investing in such stock, securities or currencies; or net income from a "qualified publicly traded partnership."

The Diversification/Asset Test. At the end of each quarter of our taxable year, at least 50% of the value of our assets must be invested in cash and cash items (such as receivables); government securities; securities of other RICs; and securities of other issuers, provided that no investment in any such issuer exceeds 5% of the value of our assets or 10% of the issuer's outstanding voting securities. In addition, at the end of each quarter of our taxable year, generally no more than 25% of the value of our assets may be invested in (i) the securities (other than U.S. Government securities or the securities of other RICs) of any one issuer, (ii) the securities (other than the securities of other RICs) of any two or more issuers that we control (i.e., ownership of 20% or more of the total combined voting power of all classes of stock entitled to vote) and that are engaged in the same or related trades or businesses or (iii) the securities of one or more qualified publicly traded partnerships.

Distribution Requirements. Our deduction for dividends paid to our stockholders during the taxable year must equal or exceed 90% of the sum of (i) our investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income, other than any net capital gain (excess of net long-term capital gain over net short-term capital loss), reduced by deductible expenses) determined without regard to the deduction for dividends paid, and (ii) our net tax-exempt interest, if any (the excess of our gross tax-exempt interest over certain disallowed deductions).

Taxation of a RIC

RICs generally are not subject to US corporate income tax on the part of their net ordinary income and net realized capital gains that they distribute to their stockholders, provided that they comply with the requirements to be a RIC and meet applicable distribution requirements.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the RIC level. To avoid the tax, we must distribute during each calendar year an amount at least equal to the sum of (i) 98% of our ordinary income (not taking into account any capital gain or loss) for the calendar year, (ii) 98.2% of our capital gains in excess of our capital losses (adjusted for certain ordinary losses) for the one-year period ending on the last day of our taxable year (or October 31st, if applicable) and (iii) certain undistributed amounts from previous years on which we paid no U.S. federal income tax. While we intend to distribute any income and capital gain in the manner necessary to

minimize imposition of the 4% excise tax, there can be no assurance that sufficient amounts of our taxable income and capital gain will be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses). If our expenses in a given year exceed our investment company taxable income, we would experience a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years and such net operating losses do not pass through to its stockholders. In addition, expenses can be used only to offset investment company taxable income, not net capital gain (excess of net long-term capital gain over net short-term capital loss). A RIC may not use any net capital losses (that is, realized capital losses in excess of realized capital gains) to offset the RIC's investment company taxable income, but may carry forward such losses, and use them to offset capital gains, indefinitely. Due to these limits on the deductibility of expenses and net capital losses, we could for tax purposes have aggregate taxable income that we are required to distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years.

Similarly, we may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with payment-in-kind interest or, in certain cases, increasing interest rates or that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the distribution requirements, even though we will not have received any corresponding cash amount.

As a RIC, we will be subject to the alternative minimum tax, or "AMT." Any items that are treated differently for AMT purposes must be apportioned between us and our U.S. Stockholders, and this may affect the U.S. Stockholders' AMT liabilities. Although Treasury regulations explaining the precise method of apportionment have not yet been issued, such items will generally be apportioned in the same proportion that dividends paid to each U.S. Stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless a different method for a particular item is warranted under the circumstances.

Taxation of a U.S. Stockholder

Distributions. Distributions by a RIC generally are taxable to U.S. Stockholders as ordinary income or capital gains.

Distributions of our "investment company taxable income" (which is, generally, our ordinary income plus net short-term capital gains in excess of net long-term capital losses) will be taxable as ordinary income to U.S. Stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares of common stock. To the extent that we make distributions to non-corporate U.S. Stockholders (including individuals) that are attributable to dividends received by us from U.S. corporations and qualified foreign corporations, then an applicable portion of such distributions would be eligible for the maximum federal income tax rate of 20% applicable to qualified dividend income, provided certain holding period and other requirements are met. Similarly, to the extent that we make distributions to corporate U.S. Stockholders that are attributable to dividends received by us from U.S. corporations, then an applicable portion of such distributions would be eligible for the dividends received deduction, provided certain holding period and other requirements are met.

Distributions of our net capital gains (which is generally our net long-term capital gains in excess of net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a non-

corporate U.S. Stockholder (including individuals) as long-term capital gains which are generally subject to a maximum federal income tax rate of 20%, to the extent of our current or accumulated earnings and profits, regardless of the U.S. Stockholder's holding period for his, her or its stock and regardless of whether paid in cash or reinvested in additional stock. Distributions in excess of our earnings and profits first will reduce a U.S. Stockholder's adjusted tax basis in our stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. Stockholder. Such capital gain will be long-term capital gain and thus will be generally taxed at a maximum federal income tax rate of 20%, if the distributions are attributable to stock held for more than one year by a non-corporate U.S. Stockholder (including individuals).

If we designate any of our retained capital gains as a deemed distribution, we will pay tax on the retained amount, and each U.S. Stockholder will be required to include the U.S. Stockholder's share of the deemed distribution in income as if it had been actually distributed to the U.S. Stockholder. The U.S. Stockholder may be entitled to claim a credit equal to the U.S. Stockholder's allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. Stockholder's tax basis for his, her or its common stock. Since we expect to pay tax on any retained capital gains at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by non-corporate U.S. Stockholders (including individuals) on long-term capital gains, the amount of tax that non-corporate U.S. Stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. Stockholder's other federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for federal income tax. A stockholder that is not subject to U.S. federal income tax or otherwise required to file a federal income tax return would be required to file a federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year.

For purposes of determining (i) whether the distribution requirements are satisfied for any year and (ii) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. Stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. Stockholders on December 31 of the year in which the dividend was declared.

Sale of Stock. Upon the sale, exchange or other taxable disposition of our common stock, a U.S. Stockholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Stockholder's adjusted tax basis in our stock. Any such capital gain or loss will generally be a long-term capital gain or loss if the U.S. Stockholder has held the stock for more than one year at the time of disposition and such shares of common stock are held as capital assets. Otherwise, the gain would be classified as short-term capital gain. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less (determined by applying the holding period rules contained in Code Section 852(b)(4)(C)) will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such stock. In addition, all or a portion of any capital loss arising from the sale or disposition of shares of our common stock may be disallowed to the extent the U.S. Stockholder acquires other shares of our common stock (through reinvestment of dividends or otherwise) within 30 days before or after the sale or disposition. In such case, any disallowed loss is generally added to the U.S. Stockholder's adjusted tax basis of the acquired stock.

Long-term capital gains of non-corporate U.S. Stockholders (including individuals) are generally subject to U.S. federal income taxation at a maximum rate of 20%. The deductibility of capital losses is subject to limitations under the Code.

Dividend Reinvestment Plan. Under the dividend reinvestment plan, if a U.S. Stockholder's common stock is registered directly with us or with a brokerage firm that participates in our Plan, the U.S. Stockholder will have all cash distributions automatically reinvested in additional shares of common stock unless the U.S. Stockholder opts out of the dividend reinvestment plan. See "Dividend Reinvestment Plan." Any distributions reinvested under the Plan will nevertheless remain taxable to the U.S. Stockholder. The U.S. Stockholder will have an adjusted tax basis in the additional shares of our common stock purchased through the Plan equal to the amount of the reinvested distribution. The additional shares of common stock will have a new holding period commencing on the day following the day on which the stock is credited to the U.S. Stockholder's account.

Tax on Net Investment Income. Non-corporate U.S. Stockholders (including individuals) who exceed certain income thresholds are subject to a 3.8% tax on "net investment income," subject to certain limitations and exceptions. For this purpose, net investment income generally includes dividends and capital gains from the sale or other disposition of stock, such as our common stock, including qualified dividend income and long-term capital gains that are generally subject to the 20% maximum federal income tax rate otherwise applicable to such income. U.S. Stockholders should consult their tax advisers regarding the effect, if any, of this tax on their ownership and disposition of our stock.

Taxation of a Non-U.S. Stockholder

Distributions. Distributions by us will be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid to a Non-U.S. Stockholder generally will be subject to U.S. withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. If a Non-U.S. Stockholder is eligible for a reduced rate of withholding tax under an applicable tax treaty, the Non-U.S. Stockholder will be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under the treaty in order to obtain a reduced rate of withholding tax. However, if the distributions are effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if an income tax treaty applies, attributable to a permanent establishment in the United States of the Non-U.S. Stockholder), then the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons, plus, in certain cases where the Non-U.S. Stockholder is a corporation, a branch profits tax at a 30% rate (or lower rate provided in an applicable treaty). If the Non-U.S. Stockholder is subject to such U.S. income tax on distribution, then we are not required to withhold U.S. federal tax if the Non-U.S. Stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a Non-U.S. Stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.

Code section 871(k) (scheduled to expire for taxable years of RICs beginning after December 31, 2013) provides certain "look-through" treatment to Non-U.S. Stockholders, permitting interest-related dividends and short-term capital gains not to be subject to U.S. withholding tax. If this temporary "look-through" rule is extended, then dividends that are designated as interest income and net short-term capital gain will not be subject to U.S. withholding tax. If the temporary "look-through" rule is not extended, then all dividends (including interest income and the excess of net short-term capital gain over net long-term capital losses) will generally be subject to U.S. withholding tax as discussed in the preceding paragraph.

If the amount of a distribution exceeds our current and accumulated earnings and profits, such excess will be treated for U.S. federal income tax purposes as a tax-free return of capital to the extent of the Non-U.S. Stockholder's tax basis in our common stock. To the extent that any distribution received by a Non-U.S. Stockholder exceeds the Non-U.S. Stockholder's tax basis in our common stock and our current and accumulated earnings and profits, the excess will be treated as gain from the sale of the common stock and will be taxed as described in "Sales of Stock" below.

Sales of Stock. A Non-U.S. Stockholder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other non-redemption disposition of our common stock, unless (i) the gain is

effectively connected with a trade or business of the Non-U.S. Stockholder in the United States (or, if the Non-U.S. Stockholder is eligible for the benefits of a U.S. tax treaty, the gain is attributable to a permanent establishment in the United States of the Non-U.S. Stockholder); (ii) the Non-U.S. Stockholder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and who has a ‘‘tax home’’ in the United States; or (iii) we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the date of disposition of our common stock or, if shorter, within the period during which the Non-U.S. Stockholder has held our common stock. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We do not expect to be treated as a U.S. real property holding corporation.

Dividend Reinvestment Plan. Under the dividend reinvestment plan, if a Non-U.S. Stockholder’s common stock is registered directly with us or with a brokerage firm that participates in our Plan, the Non-U.S. Stockholder will have all cash distributions automatically reinvested in additional shares unless the Non-U.S. Stockholder opts out of the Plan. See “Dividend Reinvestment Plan.” If the distribution is a distribution of our investment company taxable income, is not designated by us as a short-term capital gain dividend or interest-related dividend (if applicable and to the extent that the temporary “look-through” rule described above is extended), and is not effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if required by an applicable income tax treaty, is not attributable to a U.S. permanent establishment of the Non-U.S. Stockholder), the amount distributed (to the extent of our current or accumulated earnings and profits) will be subject to withholding of federal income tax at a 30% rate (or lower rate provided by an applicable income tax treaty) and only the net after-tax amount will be reinvested in our shares. If the distribution is effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the Non-U.S. Stockholder), the full amount of the distribution generally will be reinvested in our common stock and will nevertheless be subject to federal income tax at the ordinary income rates applicable to U.S. persons. The Non-U.S. Stockholder will have an adjusted tax basis in the additional shares of our common stock purchased through the plan equal to the amount of the reinvested distribution. The additional shares of our common stock will have a new holding period commencing on the day following the day on which the shares of our common stock are credited to the Non-U.S. Stockholder’s account.

FATCA

Under Code sections 1471 through 1474 (the Foreign Account Tax Compliance Act, or “FATCA”), a person who makes a withholdable payment (as defined in Code Section 1473) to a foreign financial institution (“FFI”) or a non-financial foreign entity (“NFFE”) must withhold at a 30% rate unless the FFI or NFFE meets certain requirements or provides certain information to the U.S. person making the payment. Withholdable payments generally include fixed or determinable annual or periodical (“FDAP”) payments (such as our dividends) and gross proceeds from the sale or other disposition of any property of a type which can produce U.S.-source interest or dividends (such as our stock). FATCA withholding on U.S.-source FDAP payments (such as our dividends) is generally scheduled to commence July 1, 2014, and FATCA withholding on payments of gross proceeds (such as sales of our common stock) is generally scheduled to commence January 1, 2017. As a result of FATCA, we are likely to require certain information, representations or both from stockholders that are considered FFIs or NFFEs in order for them to avoid withholding under FATCA.

Because of the fact-specific impact of the applicable U.S. tax rules and their interaction with tax treaties, Non-U.S. Stockholders are urged to consult their own tax adviser regarding the U.S. federal income tax consequences of the holding, sale, exchange or other disposition of our common stock.

Backup Withholding

We are required in certain circumstances to backup withhold on certain payments paid to non-corporate stockholders of our common stock who do not furnish us with their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Failure to Qualify or Maintain Status as a RIC

If, in any taxable year, we fail to qualify as a RIC, we would be taxed in the same manner as a regular, or "C," corporation and our stockholders would be taxed as stockholders in such as regular, or "C," corporation.

The Company

If we were to fail to qualify as a RIC, we would be subject to U.S. federal income tax on our taxable income at the graduated rates applicable to corporations, currently at a maximum rate of 35%. We would generally recognize gain or loss on the sale, exchange or other taxable disposition of an equity security equal to the difference between the amount we realize on the sale, exchange or other taxable disposition and our adjusted tax basis in such equity security. To the extent that we had a net capital loss in any tax year, the net capital loss could be carried back three years and forward five years to reduce our capital gains, subject to certain limitations. Unlike capital gains realized by individuals which may be eligible for preferential tax rates, our net capital gain generally would be subject to U.S. federal income tax at the regular graduated corporate rates. Although we generally would be subject to tax on the dividends, interest, and other income we receive from our investments, we would be taxed on only a portion (generally 30%) of the dividends we receive that are eligible for the dividends received deduction of section 243 of the Code, subject to the restrictions of sections 246 and 246A of the Code. In particular, to the extent that any of our borrowings caused us to hold "debt financed portfolio stock" subject to the rules of section 246A of the Code, the dividends received deduction (generally 70%) would be reduced to reflect the proportion of debt financed portfolio stock.

If we elect to become a RIC after operating as a C corporation, either because we do not qualify as a RIC in our first taxable year or because we fail to maintain RIC status following an election, that election to become a RIC will have US federal income tax consequences to us and our stockholders. First, RICs are not permitted to have any earnings and profits that preceded their becoming a RIC. Accordingly, pursuant to section 852(a)(2) of the Code, we will be required to distribute all of our earnings and profits to our stockholders prior to becoming a RIC. This may result in larger distributions, and more taxable income to our stockholders, than we would otherwise have made. Second, we will generally be taxed on the appreciated assets we own prior to becoming a RIC. We must pay tax at U.S. corporate income tax rates on these deemed gains, and the resulting tax will reduce the amounts that will be available for distribution to our stockholders in the future.

U.S. Stockholders

Distributions. Distributions by us in respect of our common stock would be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). This would be the case regardless of whether a stockholder receives cash or additional shares of our common stock pursuant to the Plan. Any such dividend would be eligible for the dividends received deduction if received by an otherwise qualifying corporate U.S. Stockholder that meets the holding period and other requirements for the dividends received deduction. Dividends paid to certain non-corporate U.S. Stockholders (including individuals) would be eligible for U.S. federal income taxation at the rates generally applicable to long-term capital gains for individuals (generally at a maximum federal income tax rate of 20%), provided that the U.S. Stockholder receiving the dividend satisfies

applicable holding period and other requirements applicable to qualified dividend income. If we made a distribution that exceeds our current and accumulated earnings and profits, that excess would be treated first as a tax-free return of capital to the extent of the U.S. Stockholder's tax basis in our common stock, and thereafter as capital gain. Any such capital gain generally would be long-term capital gain if the U.S. Stockholder has held the applicable common stock for more than one year.

Sales of Stock. As discussed above, upon the sale, exchange or other taxable disposition of our common stock, a U.S. Stockholder generally would recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Stockholder's adjusted tax basis in our stock. Any such capital gain or loss generally would be a long-term capital gain or loss if the U.S. Stockholder has held the common stock for more than one year at the time of disposition. Long-term capital gains of certain non-corporate U.S. Stockholders (including individuals) are generally subject to U.S. federal income taxation at a maximum rate of 20%. The deductibility of capital losses is subject to limitations under the Code.

Tax on Net Investment Income. Non-corporate U.S. Stockholders (including individuals) who exceed certain income thresholds are subject to a 3.8% tax on "net investment income," subject to certain limitations and exceptions. For this purpose, net investment income generally includes dividends and capital gains from the sale or other disposition of stock, such as our common stock, including qualified dividend income and long-term capital gains that are generally subject to the 20% maximum federal income tax rate otherwise applicable to such income.

Non-U.S. Stockholders

Distributions. As discussed above under "U.S. Stockholders-Distributions," distributions by us would be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid to a Non-U.S. Stockholder generally would be subject to U.S. withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. If a Non-U.S. Stockholder is eligible for a reduced rate of withholding tax under an applicable tax treaty, the Non-U.S. Stockholder would be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under the treaty in order to obtain a reduced rate of withholding tax. However, if the distributions are effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if an income tax treaty applies, attributable to a permanent establishment in the United States of the Non-U.S. Stockholder), then the distributions would be subject to U.S. federal income tax at the rates applicable to U.S. persons, plus, in certain cases where the Non-U.S. Stockholder is a corporation, a branch profits tax at a 30% rate (or lower rate provided in an applicable treaty). If the non-U.S. Stockholder is subject to such U.S. income tax on distribution, then we are not required to withhold U.S. federal tax if the Non-U.S. Stockholder complies with applicable certification and disclosure requirements.

If the amount of a distribution exceeded our current and accumulated earnings and profits, such excess would be treated for U.S. federal income tax purposes as a tax-free return of capital to the extent of the Non-U.S. Stockholder's tax basis in our common stock. To the extent that any distribution received by a Non-U.S. Stockholder exceeded the Non-U.S. Stockholder's tax basis in our common stock and our current and accumulated earnings and profits, the excess would be treated as gain from the sale of the common stock and will be taxed as described in "Sales of Stock" below.

Sales of Stock. A Non-U.S. Stockholder generally would not be subject to U.S. federal income tax on gain realized on the sale, exchange or other non-redemption disposition of our common stock, unless (i) the gain is effectively connected with a trade or business of the Non-U.S. Stockholder in the United States (or, if the Non-U.S. Stockholder is eligible for the benefits of a U.S. tax treaty, the gain is attributable to a permanent establishment in the United States of the Non-U.S. Stockholder); (ii) the Non-U.S. Stockholder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and who has a ''tax

home'' in the United States; or (iii) we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the date of disposition of our common stock or, if shorter, within the period during which the Non-U.S. Stockholder has held our common stock. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We do not expect to be treated as a U.S. real property holding corporation.

FATCA

FATCA would apply in the same manner as discussed above.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in us by a pension, profit sharing or other employee benefit plan, or other plan, account or arrangement that is subject to Title I of ERISA or Section 4975 of the Code and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, an "ERISA Plan"). **THE FOLLOWING IS MERELY A SUMMARY, HOWEVER, AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE OR AS COMPLETE IN ALL RELEVANT RESPECTS. ALL INVESTORS ARE URGED TO CONSULT THEIR LEGAL ADVISERS BEFORE INVESTING ASSETS OF A PLAN IN U.S. AND TO MAKE THEIR OWN INDEPENDENT DECISIONS.**

A fiduciary of an ERISA Plan considering investing assets of an employee benefit plan or other retirement plan, account or arrangement in us should consult its legal adviser about ERISA, Section 4975 of the Code and any applicable similar laws before making such an investment. Specifically, before investing in us, each fiduciary should, after considering the plan's particular circumstances, determine whether the investment is appropriate under the fiduciary standards of ERISA or other applicable similar laws including standards with respect to prudence, diversification and delegation of control and the prohibited transaction provisions of ERISA, the Code and any applicable similar laws.

ERISA and the Code do not define "plan assets." However, regulations promulgated under ERISA by the United States Department of Labor at 29 C.F.R. & 2510.3-101, as modified by Section 3(42) of ERISA (the "DOL Plan Asset Regulations"), generally provide that when an ERISA plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest in the entity and an undivided interest in each of the underlying assets of the entity, unless it is established either that equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the DOL Plan Asset Regulations.

Since we are an investment company registered under the Investment Company Act, we qualify for the exception to the DOL Plan Asset Regulations, so that an ERISA Plan that acquires an equity interest in our common stock will not thereby have its assets deemed to include an undivided interest in our assets.

Subject to certain exceptions, ERISA prohibits, and the Code imposes an excise tax on, transactions between an ERISA Plan and a "party-in-interest," as defined in ERISA, or a "disqualified person," as defined in the Code. A non-exempt prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of the ERISA Plans, may therefore result in the imposition of an excise tax upon the "party in interest" or "disqualified person" with whom the ERISA Plan engaged in the transaction, and correction or unwinding of the transaction.

Consequently, the fiduciary of an ERISA Plan contemplating an investment in our common stock should consider whether we, any other person associated with the issuance of our common stock or any of their affiliates, is or might become a "party-in-interest" or "disqualified person" with respect to the ERISA Plan, and, if so, whether an exemption from such prohibited transaction rules is applicable.

Each purchaser and subsequent transferee of our common stock will be deemed to have represented, warranted and agreed that its purchase and holding of our common stock will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable similar law.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN OUR COMMON STOCK THAT IS, OR IS ACTING ON BEHALF OF A PLAN IS STRONGLY URGED TO CONSULT ITS OWN LEGAL AND TAX ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA, THE CODE AND ANY APPLICABLE SIMILAR LAWS AND ITS ABILITY TO MAKE THE REPRESENTATION DESCRIBED ABOVE.

CLOSED-END FUND STRUCTURE

We are registered as a non-diversified, closed-end management investment company under the Investment Company Act, commonly referred to as a "closed-end fund." Closed-end management investment companies differ from open-end management investment companies (commonly referred to as "mutual funds") in that closed-end funds generally list their shares for trading on a stock exchange and do not redeem their stock at the request of the stockholder. This means that if a stockholder wishes to sell shares of a closed-end management investment company, he or she must trade them on the market like any other stock at the prevailing market price at that time. In a mutual fund, if the stockholder wishes to sell shares of the company, the mutual fund will redeem, or buy back, the shares at net asset value. Mutual funds also generally offer new shares on a continuous basis to new investors, and closed-end management investment companies generally do not. The continuous inflows and outflows of assets in a mutual fund can make it difficult to manage the company's investments. By comparison, closed-end management investment companies are generally able to stay more fully invested in securities that are consistent with their investment objectives and also have greater flexibility to make certain types of investments and to use certain investment strategies, such as financial leverage and investments in illiquid securities.

When shares of closed-end management investment companies are traded, they frequently trade at a discount to their NAV. See "Risk Factors—Risks Related to this Offering." This characteristic of shares of closed-end management investment companies is a risk separate and distinct from the risk that the closed-end management investment company's net asset value may decrease as a result of investment activities. Our conversion to an open-end mutual fund would require an amendment to our Charter. Our shares of common stock are expected to be listed on the NASDAQ Global Market under the trading or "ticker" symbol "BANX."

UNDERWRITING

Keefe, Bruyette & Woods, Inc. is acting as the representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of the final prospectus, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of common stock set forth opposite the underwriter's name.

Underwriter	Number of Shares of Common Stock
Keefe, Bruyette & Woods, Inc.	

The underwriting agreement provides that the obligations of the underwriters to purchase the common stock included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares of common stock (other than those covered by the over-allotment option described below) shown in the table above if any of the shares of common stock are purchased.

The underwriters propose to offer some of the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus and some of the shares common stock to dealers at the public offering price less a concession not to exceed $ per share. The sales load we will pay of $ per share is equal to % of the initial public offering price. The underwriters may allow, and dealers may reallow, a concession not to exceed $ per share on sales to other dealers. If all of the shares of common stock are not sold at the initial public offering price, the representatives may change the public offering price and other selling terms. Investors must pay for any common stock purchased on or before , 2013. The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

As part of our payment of our offering expenses, we have agreed to pay expenses related to the filing fees incident to, and the reasonable fees and disbursements of counsel to the underwriters in connection with this offering, including the review by Financial Industry Regulatory Authority, Inc. ("FINRA") of the terms of the sale of the common stock and the transportation and other expenses incurred in connection with presentations to prospective purchasers of the common stock. The total amount of such expenses paid by us will not exceed % of the gross offering proceeds.

The sum total of all compensation to the underwriters in connection with this public offering of common stock, including sales load and all forms of additional compensation or structuring or sales incentive fee payments to the underwriters and other expenses, will not exceed % of the gross offering proceeds.

We have granted to the underwriters an option, exercisable for 45 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price less the sales load. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent such option is exercised, each underwriter must purchase a number of additional shares of common stock approximately proportionate to that underwriter's initial purchase commitment.

We have agreed that, for a period of 180 days from the date of this prospectus, we will not, without the prior written consent of Keefe, Bruyette & Woods, Inc., on behalf of the underwriters, dispose of or hedge any common stock or any securities convertible into or exchangeable for common stock. Keefe, Bruyette & Woods, Inc., in its sole discretion, may release any of the securities subject to these agreements at any time without notice.

We have also granted the representative of the underwriters in this offering a 24-month right of first refusal to act as our joint book-running, co-lead-managing underwriter for any future private placements or public equity offerings.

The underwriters have undertaken to sell common stock to a minimum of 400 beneficial owners in lots of 100 or more shares to meet the distribution requirements for trading. The common stock is expected to be listed on the NASDAQ Global Market under the symbol "BANX."

The following table shows the sales load that we will pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional common stock.

	Paid by Fund	
	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

We and our Advisor have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Certain underwriters may make a market in the common stock after trading in the common stock has commenced. No underwriter, however, is obligated to conduct market making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the underwriter. No assurance can be given as to the liquidity of, or the trading market for, the common stock as a result of any market-making activities undertaken by any underwriter. This prospectus is to be used by any underwriter in connection with the offering and, during the period in which a prospectus must be delivered, with offers and sales of the common stock in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with the offering, Keefe, Bruyette & Woods, Inc., on behalf of itself and the other underwriters, may purchase and sell common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares of common stock to be purchased by the underwriters in the offering, which creates a syndicate short position. "Covered" short sales are sales of common stock made in an amount up to the number of shares of common stock represented by the underwriters' over-allotment option. In determining the source of common stock to close out the covered syndicate short position, the underwriters will consider, among other things, the price of common stock available for purchase in the open market as compared to the price at which they may purchase common stock through the over-allotment option.

Transactions to close out the covered syndicate short position involve either purchases of common stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make "naked" short sales of common stock in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of common stock in the open market while the offering is in progress.

The underwriters may impose a penalty bid. Penalty bids allow the underwriting syndicate to reclaim selling concessions allowed to an underwriter or a dealer for distributing common stock in this offering if the syndicate repurchases common stock to cover syndicate short positions or to stabilize the purchase price of the common stock.

Any of these activities may have the effect of preventing or retarding a decline in the market price of common stock. They may also cause the price of common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. Other than the prospectus in electronic format, the information on any such underwriter's website is not part of this prospectus. The representative may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. The representative will allocate common stock to underwriters that may make Internet distributions on the same basis as other allocations. In addition, common stock may be sold by the underwriters to securities dealers who resell common stock to online brokerage account holders.

Prior to this offering, there has been no public or private market for our common stock or any other of our securities. Consequently, the offering price for the common stock was determined by negotiation among us, our Advisor and the representative. There can be no assurance, however, that the price at which the common stock trade after this offering will not be lower than the price at which they are sold by the underwriters or that an active trading market in the common stock will develop and continue after this offering.

We anticipate that, from time to time, certain underwriters may act as brokers or dealers in connection with the execution of our portfolio transactions after they have ceased to be underwriters and, subject to certain restrictions, may act as brokers while they are underwriters.

Certain underwriters may, from time to time, engage in transactions with or perform services for our Advisor and its affiliates in the ordinary course of business, including provision of leverage to the Company and investments by the Company or affiliates of our Advisor in Underwriters or affiliates of Underwriters.

Prior to the initial public offering of common stock, shares of our common stock were purchased in an amount satisfying the net worth requirements of Section 14(a) of the Investment Company Act.

The principal business address of Keefe, Bruyette & Woods, Inc. is 787 Seventh Ave., New York, New York 10019.

Abandoned Private Offering. This information is being provided pursuant to Rule 155(b) under the Securities Act. Between February 11, 2013 and May 31, 2013, we offered our stock in a proposed private placement (i) inside the United States to "accredited investors" (as defined in Rule 501(a) under the Securities Act) and (ii) outside the United States in "offshore transactions" (as defined in Rule 902(h) under the Securities Act), in each case to persons who were also "qualified purchasers" or "knowledgeable employees" (each as defined in the Investment Company Act). We terminated all offering activity with respect to that proposed private placement on May 31, 2013 in order to pursue this offering because we believed that we would attract more demand from investors as a listed and public-traded entity. At the time of termination, we had not established the size of the proposed private placement. We did not accept any offers to buy or indications of interest given in the abandoned private placement. This prospectus supersedes any offering materials used in the abandoned private offering.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have selected Rothstein Kass as our independent registered public accounting firm. Their principal business address is 4 Becker Farm Road, Roseland, New Jersey 07068.

ADMINISTRATOR, CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

The Bank of New York Mellon, 103 Bellevue Parkway, Wilmington, Delaware 19809 will serve as our administrator. We intend to pay the administrator a monthly fee computed at an annual rate of: 0.04% of our first $200 million of average daily Managed Assets, 0.03% of our next $300 million of average daily Managed Assets, 0.02% of our next $500 million of average daily Managed Assets, 0.015% of our next $4 billion of average daily Managed Assets and 0.01% of our average daily Managed Assets in excess of $5 billion.

The Bank of New York Mellon, c/o BNY Mellon Asset Servicing, AIM 111-0900, Atlantic Terminal Office Tower, 2 Hanson Place, Brooklyn, New York 11217, will serve as our custodian.

Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021, is the transfer agent and registrar for our common stock and serves as our dividend paying agent.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Nixon Peabody LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Dentons US LLP, New York, New York.

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Until , 2013 (25 days after the date of this prospectus) all dealers that buy, sell or trade the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to each dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to its unsold allotments or subscriptions.

StoneCastle Financial Corp.

Shares
Common Stock

PROSPECTUS
, 2013

KEEFE, BRUYETTE & WOODS
A Stifel Company

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Subject to Completion
Preliminary Statement of Additional Information
Dated , 2013

STONECASTLE FINANCIAL CORP.

STATEMENT OF ADDITIONAL INFORMATION

, 2013

In this Statement of Additional Information, unless the context suggests otherwise, references to "we," "us," "Company," "our company" or "our" refer to StoneCastle Financial Corp., a Delaware corporation and its subsidiaries. We are a non-diversified, closed-end management investment company. References to "Advisor" mean StoneCastle Asset Management LLC, a Delaware limited liability company; references to "StoneCastle Partners" mean StoneCastle Partners, LLC, the parent of StoneCastle Asset Management LLC, our Advisor; and references to "common stock " or "shares" mean the common stock of StoneCastle Financial Corp.

This Statement of Additional Information, relating to our common stock, does not constitute a prospectus, but should be read in conjunction with our prospectus relating thereto dated , 2013. This Statement of Additional Information does not include all information that a prospective investor should consider before purchasing common stock, and investors should obtain and read our prospectus prior to purchasing common stock. You may obtain a copy of the prospectus from us without charge by calling (212) 354-6500. You also may obtain a copy of our prospectus on the SEC's web site (http://www.sec.gov). Capitalized terms used but not defined in this Statement of Additional Information have the meanings ascribed to them in the prospectus. This Statement of Additional Information is dated , 2013.

No person has been authorized to give any information or to make any representations not contained in the prospectus or in this Statement of Additional Information in connection with the offering made by the prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by us. The prospectus and this Statement of Additional Information do not constitute an offering by us in any jurisdiction in which such offering may not lawfully be made. Capitalized terms not defined herein are used as defined in the prospectus.

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DISCUSSION OF MANAGEMENT'S OPERATING PLANS

Our management's plans for our operations are set forth in the prospectus under "Discussion of Management's Operating Plans."

INVESTMENT POLICIES AND TECHNIQUES

Our primary investment objective is to provide stockholders with current income, and to a lesser extent, capital appreciation, through preferred equity, subordinated debt and common equity investments in U.S. domiciled banks, primarily community banks. See “Community Banking Sector Focus.”

Community Banking Sector Focus

We intend to pursue our investment objective by investing principally in public and privately-held community banks located throughout the United States. For the purpose of our investment objective and this prospectus, we define “community bank” to mean banks, savings associations and their holding companies with less than $10 billion in consolidated assets that serve local markets. As of March 30, 2013, the community banking sector is a highly fragmented $2.9 trillion industry, comprised of over 6,900 banks located throughout the United States, including under-served rural, semi-rural, suburban and other niche markets. Community banks generally have simple, straight-forward business models and geographically concentrated credit exposure. Community banks typically do not have exposure to non-U.S. credit and are focused on lending to borrowers in their distinct communities. As a result, we believe that community banks frequently have a better understanding of the local businesses they finance than larger banking organizations. Many of these community banks are well established, having been in business on average for more than 75 years and have survived many economic cycles, including the most recent financial crisis. We expect to create a portfolio of securities focused on the bank market, with an emphasis community banks, through investments in numerous issuers differentiated by asset sizes, business models and geographies.

Targeted Investment Characteristics

Our business strategy will focus on minimizing risk by using a disciplined underwriting process in providing capital to community banks. We intend to focus on investing in community banks that exhibit the following characteristics:

- *Experienced Management.* We will seek to invest in community banks with management teams or sponsors that are experienced in running local banking businesses and managing risk. We will seek to invest in community banks that have a particular market focus, expertise in that market and a track record of success. Further, we will seek senior management teams with significant ties to their local communities.
- *Stability of Earnings*. We will seek to invest in community banks with the potential to generate stable cash flows over long periods of time, and therefore we will seek out institutions that have a defined lending strategy and predictable sources of interest revenues, stable sources of deposits and predictable expenses.
- *Stability of Market*. We will seek to invest in community banks whose core business is conducted in one or more geographic markets that have sustainable local economics. The market characteristics we seek include stable or growing employment bases and favorable long-term demographic trends, among other characteristics.
- *Growth Opportunities*. We will we seek to invest in healthy community banks headquartered in markets which provide significant organic growth opportunities or headquartered in highly fragmented markets where industry consolidation is likely providing the opportunity for community banks to grow through acquisitions of smaller competitors.
- *Strong Competitive Position*. We intend to focus on community banks that have developed strong market positions within their respective markets and that are well positioned to capitalize on growth opportunities. We will seek to invest in companies that demonstrate competitive advantages that should help to protect and potentially expand their market position and profitability. Typically, we would not expect to invest in *de novo* institutions or community banks having highly speculative business plans.
- *Visibility of Exit*. We will seek investment opportunities that are likely to result in an exit opportunity. Exits may come through the conversion of an investment into public shares, an initial public offering of shares by the bank, the sale of the bank or the repurchase of shares by the bank or another financial investor.

Potential Investments and Initial Portfolio

We intend to create a portfolio primarily comprised of securities issued by community banks by investing in public and privately held banks, initially in amounts generally ranging between approximately $5 million to $20 million each (unless our investment size is otherwise constrained or expanded by applicable law, rule or regulation). We have an existing pipeline of potential investments of up to $250 million in the aggregate that meet our criteria, primarily consisting of preferred stock, and to a lesser extent, subordinated debt, and common equity. We will invest in accordance with our Advisor's investment policy in primarily the following assets:

TARP Assets: We are seeking to acquire one or more portfolios of perpetual preferred stock issued by community banks under the U.S. Treasury's TARP Capital Purchase Plan. Under TARP, more than 450 community banks issued in excess of $10 billion of perpetual preferred stock in 2008 and 2009 ("TARP Preferred") and approximately $2.5 billion in TARP Preferred issued by approximately 170 institutions remains outstanding. The U.S. Treasury is in the process of selling its TARP Preferred holdings through an auction process in which we will seek to participate. We will also seek to purchase these securities through secondary market transactions. We believe that there are approximately 65 issuers in this program that meet our investment criteria, totaling approximately $1 billion of target assets.

Preferred and Common Equity Assets: We continue to receive capital requests from numerous community banks regarding potential investments initially in amounts ranging from $5 million to $20 million per investment. Preferred stock may have fixed or variable dividend rates, which may be subject to rate caps and collars. We expect to consummate these potential investments in the first six months following this offering. In connection with our investments, we may also receive options or warrants to purchase common or preferred equity.

Initial Portfolio: We have entered into a purchase and sale agreement (the "PSA") to acquire a portfolio of securities from an unaffiliated institutional asset manager, subject to the closing of this offering, consisting of cumulative TARP Preferred securities issued by five bank holding companies (the "Initial Portfolio").

Subject to adjustment as described in the PSA, the purchase price for the Initial Portfolio will be equal to the aggregate outstanding par amount (approximately $74.3 million) of the Initial Portfolio plus accrued but unpaid dividends. Our Advisor selected the Initial Portfolio because it believes that the purchase of these securities is consistent with our investment objectives and because it will expedite our ability to deploy the proceeds of this offering.

The seller of the Initial Portfolio may terminate the PSA if we have not closed on the purchase of the Initial Portfolio prior to September 20, 2013. We may extend the deadline for the closing beyond September 20, 2013 by mutual agreement with the seller. In addition, the seller may sell the Initial Portfolio to third parties at any time in the case of a credit event, as defined in the PSA, or if the seller receives an unsolicited offer to purchase the Initial Portfolio at a higher price than our purchase price, subject to our right of first refusal to match any such unsolicited offer.

The foregoing description of the PSA is qualified by reference to the copy of the PSA filed as an exhibit to the registration statement to which this prospectus relates. While we intend to consummate the purchase of the entire Initial Portfolio shortly after the closing of this offering, we cannot assure you that we will make such acquisition in a timely manner, in whole or in part.

Regardless of the type of capital security, we intend to invest the majority of our portfolio in institutions that are currently paying dividends or interest on their securities, that our Advisor believes have the ability to pay dividends or interest on the securities, and/or that are not currently a party to any regulatory enforcement actions that would limit or hinder their ability to pay dividends or interest. While we do not intend to invest a significant portion of our funds in institutions that do not meet the foregoing criteria, we may invest in institutions that our Advisor believes have the ability to emerge from such conditions, pay any accrued interest

or cumulative unpaid dividends at emergence and begin the normalized payment of interest or dividends in arrears and/or as frequently stipulated by the issuance in question.

From time to time, we may also invest in Tier 2 qualifying debt securities (long term subordinated debt securities) and other debt securities or hybrid instruments issued by community banks or their holding companies. Additionally, we may invest in Tier 1 qualifying debt securities. These debt securities may have fixed or floating interest rates.

Regulatory capital regulations adopted in response to the Dodd-Frank Act and the Basel III Accord require banks to, among other things, maintain higher Tier 1 capital and leverage ratios. These regulations also generally require that, in order to qualify as Tier 1 capital, preferred stock must be non-cumulative in nature (only TARP Preferred and certain securities issued by small bank holding companies, defined as holding companies with less than $500 million in consolidated assets, may be cumulative and qualify as Tier 1 capital). We expect that the majority of the new issue preferred stock in which we invest will be non-cumulative. While these existing and any future regulatory capital requirements may cause community banks to raise additional capital, the requirement to comply with these regulations may make some community banks less likely to pay dividends on preferred stock and common stock.

In addition, future changes in regulatory capital regulations may negatively or positively affect our investments and may subject us to additional pre-payment and capital redeployment risk.

Most of our assets will be illiquid, and their fair value may not be readily determinable. Accordingly, there can be no assurance that we would be able to realize the value at which we carry such assets if we need to dispose of them. As a result, we can provide no assurance that any given asset could be sold at a price equal to the value at which we carry it. We believe that a majority of the investments we will make will not be rated by a NRSRO. If such investments were rated by a NRSRO, we believe they may be rated below investment grade.

Investment Selection

Our Advisor will use an investment selection process modeled after the selection process utilized by our Advisor and its affiliates for the various funds they manage. Initially, both of our Advisor's senior investment professionals, Messrs. Siegel and Shilowitz will be responsible for negotiating, structuring and managing of our investments, and will operate under the oversight of our Advisor's investment committee. Messrs. Siegel and Sholowitz are also both members of our initial board of directors, and may be subject to conflicts of interest. See "Certain Relationships and Related Party Transactions—Conflicts of Interest Within StoneCastle Partners."

Current Yield Plus Growth Potential

We intend to focus on securities issued by community banks that generate substantial current income in the form of dividends or interest. In the case of investments with fixed dividends or interest, the continuity of these payments is paramount, and consequently we will seek issuers that have business models that we believe will be stable over long periods of time. We will also seek to generate capital gains by investing in banks using various equity strategies, including common equity, warrants, and options. We will seek to invest in equity-related instruments in circumstances where we believe a company has the potential to generate above average growth or is undervalued. To a lesser extent, we may also generate revenue in the form of commitment, origination or structuring fees.

Target Portfolio Company Characteristics

We have identified several quantitative, qualitative and relative value criteria that we believe are important in identifying and investing in prospective community banks. While these criteria provide general guidelines for our investment decisions, each prospective community bank in which we choose to invest may not meet all of

these criteria. Generally, we intend to utilize our access to information generated by our Advisor's investment professionals to identify prospective portfolio companies and to structure investments efficiently and effectively.

Qualified Management Team

We generally will require that the community banks we invest in have management teams that are experienced in running banking businesses and managing risk. We will seek management teams that have expertise in their market, thorough knowledge of the loans held by their institution and a track record of success. Further, we seek senior management teams with significant ties to their local communities. These management teams may have strong technical, financial, managerial and operational capabilities, established governance policies and incentive structures to encourage management to succeed while acting in the best long-term interests of their investors.

Undervalued Investments

We will focus on those investments that appear undervalued.

Sensitivity Analyses

We typically perform sensitivity analyses to determine the effects of changes in market conditions on any proposed investment. These sensitivity analyses may include, among other things, simulations of changes in interest rates, changes in unemployment rates, changes in home prices, changes in economic activity and other events that would affect the performance of our investment. In general, we will not commit to any proposed investment that will not provide at least a minimum return under any of these analyses and, in particular, the sensitivity analysis relating to changes in interest rates and unemployment rates.

Business Combinations

We will seek to invest in community banks whose business models and expected future cash flows make them attractive business combination transaction candidates, either as buyer or seller. These companies include candidates for strategic acquisition by other industry participants and companies that may conduct an initial public offering of common stock.

Investment Process and Due Diligence

In conducting due diligence, our Advisor typically uses and intends to continue to use available public information, including "call reports" and other quarterly filings required by bank regulators, due diligence questionnaires and discussions with the management teams at the respective institutions. In many cases, our Advisor will also compile private information obtained pursuant to confidentiality agreements about the institution, its portfolio of loans and securities, its customers and related deposits, compliance information, regulatory information and any such additional information that could be necessary to complete its due diligence on the company. Although our Advisor may use research provided by third parties when available, primary emphasis will be placed on proprietary analysis and valuation models conducted and maintained by our Advisor's in-house investment professionals.

The due diligence process followed by our Advisor's investment professionals is highly detailed and follows a structure they have developed over the past decade. Our Advisor will seek to exercise discipline with respect to the pricing of its investments and institute appropriate structural protections in our investment agreements to the extent banking regulations permit. After our Advisor's investment professionals undertake initial due diligence of a prospective investment, our Advisor's investment committee will determine whether to approve the initiation of more extensive due diligence. At the conclusion of the diligence process, our Advisor's

investment committee will be informed of critical findings and conclusions. The due diligence process typically includes many of the following:

- review of historical and prospective financial information;
- review of regulatory filings and history of relevant regulatory actions or other legal proceedings against the institution;
- review and analysis of financial models and projections;
- review of due diligence questionnaires that include detail on loans and other assets;
- interviews with management and key employees of the prospective bank;
- review of the prospective bank's geographic footprint and competitive and economic conditions within the operating area; and
- review of contingent liabilities.

Additional due diligence with respect to any investment may be conducted on our behalf by our legal counsel and accountants, as well as by other outside advisers and consultants, as appropriate.

Upon the conclusion of the due diligence process, our Advisor's investment professionals will present a detailed investment proposal to our Advisor's investment committee. All decisions to invest in a company must be approved by the unanimous decision of our Advisor's investment committee.

Investment Structure and Investments

Once we have determined that a prospective community bank is suitable for investment, we will work with the management of that company to structure an investment that the parties believe is suitable from an economic and regulatory perspective.

We anticipate structuring our direct investments in a variety of forms to meet our investment criteria and to meet the capital needs of the community banks in which we invest. Banking is a highly regulated industry and investments in these institutions must be tailored to adhere to various regulatory standards, which change from time to time.

Typically, FDIC-insured banks are wholly-owned by a regulated holding company, and the primary asset of the holding company is the stock of the bank(s). We intend to invest in both community banks and their holding companies.

We anticipate structuring the majority of our direct investments as perpetual preferred stock, subordinated debt, and, to a lesser extent, common equity that pay cash dividends and interest on a recurring or customized basis. In conjunction with our preferred stock (and to a lesser extent, our debt investments), we intend to obtain warrants or equity conversion options to enhance our returns. We do not intend to become regulated as a bank holding company or savings and loan holding company and intend to structure our investments such that they represent less than 24.9% of any portfolio bank's equity capital and avoid causing us to be deemed a bank holding company. See "Risk Factors—Bank Regulatory Risk."

The types of securities in which we may invest include, but are not limited to, the following:

- *Preferred Stock*. We anticipate structuring these investments as perpetual preferred stock to allow our portfolio company issuers to treat our investment in them as Tier 1 capital under current regulatory capital standards. We believe that nearly all newly issued preferred stock will be non-cumulative in order for it to qualify as Tier 1 capital. Such preferred stock may also include rights to convert the preferred stock into common stock under specified circumstances and on specified terms. While we do not intend to invest a significant portion of the proceeds of this offering in the preferred stock of institutions that are not current in their dividends, we may invest in them to some extent if we believe their institutions have the ability to become current in their dividend payments in the future.

- *TARP Preferred*. We will also seek to invest in cumulative and non-cumulative, preferred stock issued under the TARP Capital Purchase Program. While a number of community banks that have issued TARP Preferred have deferred one or more schedule payments on a cumulative basis, we believe numerous institutions exhibit fundamentally strong characteristics and may be attractive investment candidates for us. Presently, we do not intend to invest in non-current, non-cumulative TARP Preferred. While these attractive candidates will generally be those that are current on their dividend payments, we may in certain instances invest in TARP Preferred of community banks that are not current if we believe they will become current in the future and by contract have an obligation to pay all dividend payments that were not previously paid. While the majority of TARP Preferred is cumulative, a portion of TARP Preferred currently outstanding is non-cumulative in nature. Presently, we do not intend to invest in non-current, non-cumulative TARP Preferred.
- *Subordinated Debt.* We anticipate structuring these investments as subordinated unsecured debt. Subordinated loans are expected to have maturities of ten years or longer with no amortization until loan maturity to allow our portfolio company borrowers to treat the investment as Tier 2-qualifying capital. Under current market conditions, we expect that the interest rate on subordinated loans will range between 8-10%, excluding any equity warrants we may receive.
- *Common Stock.* We will also seek to make minority common equity investments in publicly-traded and select privately-held institutions. We will target internal rates of return between 15%-20%, including dividends. Under market conditions as of the date of this prospectus, we expect that the dividend rate on common stock will range between 2-4%.
- *Warrants and Options.* We anticipate receiving warrants or options to buy minority equity interests in connection with our direct subordinated debt and preferred equity investments. As a result, as a portfolio company appreciates in value, we may achieve additional investment return from these equity interests. We may structure such warrants to include provisions protecting our rights as a minority-interest holder. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

Monitoring of Investments

The investment professionals of our Advisor and its affiliates will maintain a continuous relationship with the management teams of the companies in which we invest and will monitor each individual portfolio company relative to performance benchmarks set by our investment professionals. This monitoring may be accomplished by review of quarterly regulatory filings, other financial data, local and national economic data, news reports, and regulatory actions and changes to bank regulations, tax laws and US GAAP that may impact the banks in which we invest. Our Advisor has adopted a grading scale developed by StoneCastle Partners that is designed to provide initial and on-going support. Our Advisor uses this scale to assess investment performance and highlight investments that may require additional attention.

Our Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. Our Advisor will review these investment ratings on at least a quarterly basis and may modify a rating at any time.

Valuation Process

We will value our assets in accordance with US GAAP and will rely on multiple valuation techniques, reviewed on a quarterly basis by our board of directors. As most of our investments are not expected to have market quotations, our board of directors will undertake a multi-step valuation process each quarter, as described below and as described in more detail in “Net Asset Value” below:

- *Investment Team Valuation.* Each investment will be valued by the investment professionals of our Advisor.
- *Third Party Valuation.* We expect that we will retain an independent valuation firm to provide a valuation report for each investment.

- *Investment Committee.* The investment committee of our Advisor will review the valuation report provide by the investment team and the independent valuation firm.
- *Final Valuation Determination.* Our board of directors will discuss and review the valuations with our Advisor's investment committee and, where warranted, with the independent valuation firm. Our board of directors will then determine the fair value of each investment in our portfolio in good faith.

Competition

Our primary competitors in providing financing and capital to community banks include, but are not limited to, public and private funds, commercial banks, investment banks, correspondent banks, commercial financing companies, high net worth individuals, private equity funds and hedge funds. Some of our competitors are substantially larger and may have considerably greater financial, technical and marketing resources than we do. For example, we believe that some competitors have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assumptions, which could allow them to consider a wider variety of investments than us. Also, certain of our competitors may be better able to hedge against these risks due to having a more diversified portfolio or being registered as a commodity pool operator. We also believe that many of our competitors are established bank holding companies, which allows them to make investments that are in excess of 24.9% ownership interest, investments that are not feasible for us since we do not intend to become a bank holding company. Further, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as an investment company or to the source-of-income, asset diversification and distribution requirements we intend to satisfy to qualify as a RIC.

Brokerage Allocation and Other Practices

Because most of the assets that we hold will be illiquid, we will generally acquire and dispose of our investments in privately negotiated transactions, and we may use brokers in the course of our business. Subject to policies established by our board of directors, we do not expect to execute transactions through any particular broker or dealer, but we will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, operational facilities of the firm, the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly on brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

MANAGEMENT

Board of Directors

Our business and affairs are managed under the direction of our board of directors. Accordingly, our board of directors provides broad supervision over our affairs, including supervision of the duties performed by our Advisor. Our Advisor is responsible for our day-to-day operations. The names, ages and addresses of our directors and officers and specified employees of our Advisor, together with their principal occupations and other affiliations during the past five years, are set forth below. Each director and officer will hold office for the term to which he is elected and until his successor is duly elected and qualifies, or until he resigns or is removed in the manner provided by law. Unless otherwise indicated, the address of each director is c/o StoneCastle Partners, 152 West 57th Street, 35th Floor, New York, New York 10019. Our board of directors will initially consist of three directors who are not "interested persons" (as defined in the Investment Company Act of 1940 (the "Investment Company Act")) of our Advisor or its affiliates and two directors who are "interested persons." Our directors who are not interested persons are also independent pursuant to the NASDAQ stock exchange listing standards, and we refer to them as "independent directors." We refer to the directors who are "interested persons" (as defined in the Investment Company Act) are referred to as "interested directors." Under our certificate of incorporation, the board is divided into three classes. Each class of directors will hold office for a three-year term. However, the initial members of the three classes have initial terms of one, two and three years, respectively. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualified.

Independent Directors

Name	Age	Position(s) Held with Company	Term End	Principal Occupation(s) Last 5 Years	Other Directorships Last 5 Years
Alan Ginsberg	51	Director, Member of Audit Committee and Risk Management Committee	2016	Managing Director, Bank America Securities until 5/08; Partner, CChange Investments 5/08 to 8/09; Senior Advisor, StoneCastle Partners 5/10 to 5/13	Chairman, External Advisory Board of Peabody Museum at Yale University
Emil Henry	52	Director, Member of Audit Committee and Risk Management Committee	2015	CEO and Founder of Tiger Infrastructure Partners	None
Clara Miller	64	Director, Member of Audit Committee and Risk Management Committee	2014	Non-Profit Finance Fund 10/84-3/11; The F.B. Heron Foundation 3/11-present	GuideStar, The Robert Sterling Clark Foundation, and Family Independence Initiative

Interested Directors

Name	Age	Position(s) Held with Company	Term End	Principal Occupation(s) Last 5 Years	Other Directorships Last 5 Years
Joshua Siegel	42	Chairman of the Board & Chief Executive Officer	2015	Managing Partner and CEO of StoneCastle Partners, LLC	StoneCastle Partners, LLC; StoneCastle Cash Management LLC; StoneCastle LLC
George Shilowitz	48	Director & President	2014	Managing Partner and Senior Portfolio Manager of StoneCastle Partners, LLC	StoneCastle Partners, LLC

Responsibilities of the Board of Directors

Our board of directors is responsible under applicable state law for overseeing generally our management and operations. Our board of directors oversees our operations by, among other things, meeting at its regularly scheduled meetings and as otherwise needed with our management and evaluating the performance of our service providers including our Advisor, our custodian and our transfer agent. As part of this process, our directors consult with our independent auditors and may consult with their own separate independent counsel.

Our directors review our financial statements, performance, net asset value and market price and the relationship between them, as well as the quality of the services being provided to us. As part of this process, our directors review our fees and expenses in light of the nature, quality and scope of the services being received while also seeking to ensure that we continue to have access to high quality services in the future.

Our board of directors has four regularly scheduled meetings each year, and additional meetings may be scheduled as needed. In addition, our board has a standing Audit Committee and Risk Management Committee that meet periodically and whose responsibilities are described below.

Each director expects to attend at least 75% of the aggregate number of meetings of the board and the committees for which he or she was eligible. We do not have a formal policy regarding attendance by directors at annual meetings of stockholders.

Each of the Audit Committee and Risk Management Committee is composed of all directors who have been determined not to be “interested persons” of us, our Advisor or their affiliates within the meaning of the Investment Company Act, and who are “independent” as defined in the NASDAQ stock exchange listing standards, and is chaired by an independent director. The Board in its discretion from time to time may establish ad hoc committees.

The appointment of Mr. Siegel as Chairman reflects the board’s belief that his experience, familiarity with the our day-to-day operations and access to individuals with responsibility for our management and operations provides the board with insight into our business and activities and, with his access to appropriate administrative support, facilitates the efficient development of meeting agendas that address our business, legal and other needs and the orderly conduct of board meetings. Alan Ginsberg serves as lead independent director. The Chairman develops agendas for board meetings in consultation with the lead independent director and presides at all meetings of the Board. The lead independent director, among other things, chairs executive sessions of the independent directors, serves as a spokesperson for the independent directors and serves as a liaison between the independent directors and our management between board meetings. The independent directors regularly meet outside the presence of management and may be advised by independent legal counsel. The board also has determined that its leadership structure, as described above, is appropriate in light of our

size and complexity, the number of independent directors and the board's general oversight responsibility. The board also believes that its leadership structure not only facilitates the orderly and efficient flow of information to the independent directors from management, including our Advisor, but also enhances the independent and orderly exercise of its responsibilities.

Biographical Information

The following sets forth certain biographical information for our independent directors (the "Independent Directors"):

Alan Ginsberg. Mr. Ginsberg has more than 25 years of experience in providing financial advisory services to financial institutions. Mr. Ginsberg began his investment banking career at Salomon Brothers Inc. in 1983, followed by being a key member of a group that moved to UBS Financial Services Inc. in 1995 and to Donaldson, Lufkin & Jenrette in 1998. He remained at DLJ through the merger with Credit Suisse First Boston until 2004, when he was recruited to Head HSBC Bank USA's Financial Institutions Group Americas, remaining there until mid-2006. Following HSBC, Mr. Ginsberg was a senior member of the Banc of America Securities Financial Institutions Group. Mr. Ginsberg has advised on more than 65 strategic transactions and advisory assignments during his tenure as an investment banker. Mr. Ginsberg received his B.A. in Economics from Yale University. He currently serves as Chairman of Yale's Peabody Museum Advisory Board, and he served as a Senior Advisor to StoneCastle Partners from 2010 until May 2013.

Emil W. Henry, Jr. Mr. Henry is the former Assistant Secretary of the U.S. Treasury for Financial Institutions, is the CEO and Founder of Tiger Infrastructure Partners, a private equity firm focused on global infrastructure investment opportunities. Prior to founding Tiger Infrastructure Partners, he was Global Head of the Lehman Brothers Private Equity Infrastructure businesses, where he oversaw global infrastructure investments. In 2005, Mr. Henry was appointed Assistant Secretary of the Treasury for Financial Institutions by the President of the United States. Until his departure in 2007, he was a key advisor to two Treasury Secretaries on economic, legislative and regulatory matters affecting U.S. financial institutions and markets. Before joining the Treasury, Mr. Henry was a partner of Gleacher Partners LLC, an investment banking and investment management firm, where he served as Chairman of Asset Management, and Managing Director, and where he oversaw the firm's investment activities. Before attending business school, Mr. Henry was a member of the principal investing arm of Morgan Stanley, where he was involved in the execution of leveraged buyouts on the firm's behalf. He holds an M.B.A. from Harvard Business School and a B.A. in Economics from Yale University.

Clara Miller. Clara Miller is President of The F. B. Heron Foundation, which helps people and communities help themselves out of poverty. Prior to assuming the Foundation's presidency, Ms. Miller was President and CEO of Nonprofit Finance Fund which she founded and ran from 1984 through 2010. Ms. Miller was named to The NonProfit Times "Power and Influence Top 50" for the five years from 2006 through 2010. She was awarded a Bellagio Residency in 2010 by The Rockefeller Foundation. In addition to serving on The F. B. Heron Foundation's board, Ms. Miller is on the boards of GuideStar, The Robert Sterling Clark Foundation, and Family Independence Initiative. She is also a member of Social Investment Committee of the Kresge Foundation. In 2010, Ms. Miller became a member of the first Nonprofit Advisory Committee of the Financial Accounting Standards Board. In 1996, Ms. Miller was appointed by President Clinton to the U.S. Treasury's first Community Development Advisory Board for the then-newly-created Community Development Financial Institutions Fund. She later served as its Chair. She chaired the Opportunity Finance Network board for six years and was a member of the Community Advisory Committee of the Federal Reserve Bank of New York for eight years. Other prior board affiliations include Grantmakers for Effective Organizations, Enterprise Community Loan Fund, Community Wealth Ventures and Working Today. Ms. Miller speaks and writes extensively about nonprofit capitalization and finance and has been published in The Financial Times, Stanford Social Innovation Review, The Nonprofit Quarterly and the Chronicle of Philanthropy.

The following sets forth certain biographical information for our Interested Directors:

Joshua S. Siegel. Chief Executive Officer & Chairman of the Board. Mr. Siegel is the founder and Managing Principal of StoneCastle Partners LLC and serves as its Chief Executive Officer. With over 20 years of experience in financial services, 17 of which have been spent advising clients and investing in financial institutions or assets, he is widely regarded as a leading expert and investor in the banking industry and is often quoted in financial media, including The Wall Street Journal, The New York Times, American Banker, and CNNMoney. In addition, he speaks frequently at industry events, including those hosted by the American Bankers Association, Conference of State Bank Supervisors, FDIC, Federal Reserve Bank and SNL Financial. A creative instructor with a passion for teaching, Joshua has regularly been invited to educate government regulators about the specialized community banking sector. He also serves as Adjunct Professor at the Columbia Business School in New York City. Immediately prior to co-founding StoneCastle, Joshua was a co-founder and Vice President of the Global Portfolio Solutions Group at Citigroup, a group organized to finance portfolios of financial assets for corporations and to invest in the sector as a principal and market maker. He later assumed responsibility for developing new products, including pooled investment strategies for the community banking sector. Joshua originally joined Salomon Brothers in 1996 (which was merged into Travelers in 1998 and into Citigroup in 1999) in the tax and lease division, providing financing and advisory services to government-sponsored enterprises and Fortune 500 corporations. Prior to his tenure at Citigroup, Joshua worked at Sumitomo Bank where he served as a corporate lending officer, as a banker managing equipment lease and credit derivative transactions, and as a member of the New York Credit Committee and at Charterhouse, carrying out merchant banking and private equity transactions. Joshua has provided strategic advice to the Global Food Banking Network. He also provides annual economic support to Prep for Prep to make sure academic brilliance is recognized and nurtured without regard to a student’s economic, demographic or sociological impediments. He holds a B.S. in Management and Accounting from Tulane University.

George Shilowitz. President and Director. Mr. Shilowitz is a Managing Partner of StoneCastle Partners and serves as the Senior Portfolio Manager of StoneCastle Partners. Mr. Shilowitz has two decades of fixed income and principal investment experience. Mr. Shilowitz worked with StoneCastle since its founding in 2003 and became a partner in 2007. Prior to joining StoneCastle, Mr. Shilowitz was a senior executive at Shinsei Bank and participated in its highly successful turnaround, sponsored by J.C. Flowers & Co. and Ripplewood Partners. At Shinsei, Mr. Shilowitz managed various business units, including Merchant Banking and Principal Finance and was the President of its wholly-owned subsidiary, Shinsei Capital (USA) Limited. Prior to Shinsei, Mr. Shilowitz was a senior member of the Principal Transactions Group at Lehman Brothers in Asia from 1997-2000, focusing on proprietary investments and debt portfolio acquisitions from distressed financial institutions. From 1995-1997, he was a member of Salomon Brothers’ asset finance group where he met and first collaborated with Mr. Siegel. Mr. Shilowitz began his career in 1991 at First Boston Corporation (now Credit Suisse) as a member of the fixed income mortgage arbitrage group and also held positions in the financial engineering group and in asset finance investment banking where he focused on banks and specialty finance companies. He holds a B.S. in Economics from Cornell University.

Audit Committee

The audit committee of our board of directors is responsible for selecting, engaging and discharging our independent accountants, reviewing the plans, scope and results of the audit engagement with our independent accountants, approving professional services provided by our independent accountants (including compensation therefor), reviewing the independence of our independent accountants, overseeing our accounting and reporting processes, overseeing the quality and integrity of our financial statements and the independent audit thereof and reviewing the adequacy of our internal controls over financial reporting. The members of the audit committee are Messrs. Ginsberg and Henry and Ms. Miller, all of whom are independent directors and none of whom are interested persons in the Company. Mr. Ginsberg serves as the chairman of the audit committee. The board has determined that Mr. Ginsberg is an “audit committee financial expert” as defined under SEC rules.

Risk Management Committee

The risk management committee of our board of directors is responsible for overseeing our risk management policies and procedures for our investments and for reviewing all new products proposed for investment by the Company. The risk management committee is comprised of Messrs. Henry and Ginsberg and Ms. Miller. Mr. Henry serves as the chairman of the risk management committee.

Risk Oversight

The board's role in our risk oversight reflects its responsibility under applicable state law to oversee generally, rather than to manage, our operations. In line with this oversight responsibility, the risk management committee of our board of directors receives reports and makes inquiry as needed regarding the nature and extent of significant risks we face (including investment, compliance and valuation risks) that potentially could have a materially adverse impact on our business operations, investment performance or reputation. In addition, the risk management committee reports to the board at its regular meetings, and the board may also make inquiries at its regular meetings to assess and address the risks we face on an ongoing basis. The risk management committee and the board rely upon our management (including our portfolio managers) and Chief Compliance Officer, who reports directly to the board and the risk management committee, and our Advisor to assist them in identifying and understanding the nature and extent of such risks and determining whether, and to what extent, such risks may be eliminated or mitigated. In addition to reports and other information received from our management and our Advisor regarding our investment program and activities, the board and the risk management committee as part of their risk oversight efforts meet regularly and as needed with the our Chief Compliance Officer to discuss, among other things, risk issues and issues regarding our policies, procedures and controls. Our board and the risk management committee may be assisted in performing aspects of its role in risk oversight by the audit committee and such other standing or special committees as may be established from time to time by the board. For example, the audit committee regularly meets with our independent public accounting firm to review, among other things, reports on our internal controls for financial reporting.

Our board and the risk management committee believe that not all risks that may affect us can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve our goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. As a result of the foregoing and other factors, the board's and the risk management committee's risk management oversight is subject to substantial limitations.

Security Ownership of Management

The following table shows the dollar range of equity securities owned by our directors in us and in other investment companies overseen by the directors within the family of investment companies managed by our Advisors and its affiliates as of , 2013. Investment companies are considered to be in the same family if they share the same investment adviser or principal underwriter and hold themselves out to investors as related companies for purposes of investment and investor services.

Name of Director	Dollar Range of Equity Securities in the Company	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by the Director in the Family of Investment Companies
Independent Directors		
Alan Ginsberg		
Emil Henry		
Clara Miller		
Interested Directors		
Joshua Siegel		
George Shilowitz		

None of the independent directors nor their family members owned beneficially or of record securities issued by our Advisor, or any person directly or indirectly controlling, controlled by, or under common control with Advisor as of , 2013.

Compensation Table

The table below sets forth the estimated compensation to be paid to our directors for the period beginning on the commencement of operations and ending on December 31, 2013.

Name and Position with the Company	Aggregate Compensation from the Company[1]
Independent Directors[1]	
Alan Ginsberg	$ 67,000
Emil Henry	$ 67,000
Clara Miller[2]	$ 57,000
Interested Directors[3]	
Joshua Siegel	—
George Shilowitz	—

(1) No compensation has been paid to our independent directors to date. Independent directors initially will receive an annual retainer of $45,000 and a meeting fee of $1,000 per board or committee meeting attended. In the event that our initial fiscal year is less than 365 days, we will pro-rate each independent director's annual retainer based upon the number of days in the period since the closing date of this offering. The Chairman of our audit committee and the Chairman of our risk management committee are each to be paid an additional amount not expected to exceed $10,000 per year. Directors will not receive any pension or retirement plan benefits and are not part of any profit sharing plan.
(2) Ms. Miller intends to donate all after-tax income received in conjunction with her directorship with us to one or more 501(c)(3) eligible charitable organizations.
(3) Interested directors will not receive any compensation from us.

Officers

Our executive officers are chosen each year at a regular meeting of the board to hold office until their respective successors are duly elected and qualified, or until he resigns or is removed in the manner provided by law. Unless otherwise indicated, the address of each officer is 152 West 57th Street, 35th Floor, New York, New York 10019. In addition to Joshua Siegel, our chairman of the board & chief executive officer, and George Shilowitz, our president, our executive officers currently are:

Officers

Name	Age	Position(s) Held with Company	Term Served	Principal Occupation(s) Last 5 Years
Erik Minor	45	Chief Financial Officer	Since Inception	Managing Director of StoneCastle Partners
Rachel Schatten	43	General Counsel, Chief Compliance Officer and Secretary	Since July 2013	General Counsel and Chief Compliance Officer of Hardt Group, General Counsel and Chief Compliance Officer of StoneCastle Partners

The following sets forth certain biographical information for our executive officers who are not directors:

Erik Minor. Chief Financial Officer and Chief Compliance Officer. Mr. Minor is a Managing Director at StoneCastle Partners and is the co-founder and Chief Operating Officer at StoneCastle Cash Management. Mr. Minor is responsible for the operating infrastructure, information technology and finance departments. He has over 20 years of experience in the banking and brokerage industry. Previously, Mr. Minor was involved in launching a Credit Strategies Fund and served as Head of Risk Controlling Production for the Americas at Deutsche Bank. Prior to these positions, Mr. Minor spent ten years in controller-related roles at Lehman Brothers and Morgan Stanley. Mr. Minor has been involved in various philanthropic activities including serving

as Trustee of Christian Bible Ministries. He received a BS in Accounting from Seton Hall University, as well as an MBA in Finance and Information Systems from New York University.

Rachel Schatten. General Counsel, Chief Compliance Officer and Secretary. Ms. Schatten had over 12 years of investment adviser experience prior to joining StoneCastle Partners as General Counsel and Chief Compliance Officer in 2013. From 2004 to 2013, she served as the U.S. General Counsel and Chief Compliance Officer of Hardt Group Investments AG, an international fund of funds, and the General Securities Principal of its affiliated broker-dealer. Prior to her tenure at the Hardt Group, Ms. Schatten was an Associate in the investment management group of Schulte Roth & Zabel LLP, where she counseled investment advisers on developing and structuring new hedge funds, including domestic and offshore entities, master feeder funds, and funds of funds. She holds Series 7, 63 and 24 licenses and is admitted to practice law in New York. She graduated Cum Laude from Albany Law School of Union University, where she was an associate editor of the Albany Law Review and a member of the Justinian Society.

Management Agreement

Management Services

StoneCastle Asset Management LLC will serve as our investment adviser, subject to the overall supervision and review of our board of directors. Pursuant to a management agreement, our Advisor will provide us with investment research, advice and supervision and will furnish us continuously with an investment program, consistent with our investment objective and policies. Our Advisor also will determine from time to time what securities we shall purchase, and what securities shall be held or sold, what portions of our assets shall be held uninvested as cash or in other qualified short-term investments or liquid assets, will maintain books and records with respect to all of our transactions and will report to our board of directors on our investments and performance. Our Advisor was formed in November 2012. Our Advisor's affiliate, StoneCastle Advisors, LLC, is a registered investment adviser formed in 2004 which manages the assets of six long-term investment vehicles—U.S. Capital Funding I, Ltd., U.S. Capital Funding II, Ltd., U.S. Capital Funding III, Ltd., U.S. Capital Funding IV, Ltd., U.S. Capital Funding V, Ltd. and U.S. Capital Funding VI, Ltd. The U.S. Capital Funding companies are securitization vehicles created to invest primarily in trust preferred securities issued by public and private community banks in the United States. StoneCastle Advisors also manages the investments of several separate accounts. StoneCastle Partners and its subsidiaries currently manage approximately $5 billion of assets focused on community banks, including approximately $1.8 billion of capital invested in more than 200 banking institutions and over $3 billion of institutional cash in over 450 banks. Our Advisor has no full time employees and relies on the officers, employees and resources of certain affiliated entities pursuant to the Staffing Agreement. All of the members of the investment committee of our Advisor are affiliates of, but not employees of, our Advisor, and each has other significant responsibilities with StoneCastle Partners and its subsidiaries.

Our Advisor's services to us under the management agreement will not be exclusive, and while it is not currently contemplated, our Advisor is free to furnish the same or similar services to other entities, including businesses which may directly or indirectly compete with us, so long as our Advisor's services to us are not impaired by the provision of such services to others. Our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies so that we will not be disadvantaged in relation to any other client of the Advisor.

Administration Services

Pursuant to the management agreement, our Advisor will also furnish us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). Our Advisor is authorized

to cause us to enter into agreements with third parties to provide such services. To the extent we request, our Advisor will:

- oversee the performance and payment of the fees of our service providers and make such reports and recommendations to our board of directors concerning such matters as the parties deem desirable;
- respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements and stockholder communications, and the preparation of materials and reports for our board of directors;
- establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by our board of directors; and
- supervise any other aspect of our administration as may be agreed upon by us and our Advisor.

Management Fee

Pursuant to the management agreement, we will pay our Advisor a fee for the management and administration services described above. The management fee will be 0.4375% (1.75% annualized) of our Managed Assets, calculated and paid quarterly in arrears within fifteen days of the end of each calendar quarter, except that, (i) until we have invested at least 85% of the net proceeds we receive from the sale of our common stock, we will reduce the management fee so that the portion of the management fee payable with respect to our assets held in cash and cash equivalents will be equal to 0.0625% (0.25% annualized); and (ii) for the first twelve months following the closing of this offering, we will reduce the management fee otherwise charged at 0.4375% per quarter to 0.375% per quarter (1.5% annualized). The term “Managed Assets” as used in the calculation of the management fee means our total assets (including cash and cash equivalents and any assets purchased with or attributable to any borrowed funds). The management fee for any partial quarter will be appropriately prorated. Our Advisor will not be paid an incentive fee and will not participate in our profits in its capacity as Advisor. However, Advisor and/or its affiliates and certain of their employees will participate in our profits through ownership of 1% of our common stock.

Payment of Our Expenses

StoneCastle Asset Management LLC serves as our investment adviser in accordance with the terms of the Management Agreement. Subject to the overall supervision of our board of directors, the investment adviser will manage our day-to-day operations and provide us with investment management services. Under the terms of the Management Agreement, StoneCastle Asset Management LLC does and will:

- determine the composition of our portfolio, the nature and timing of the changes therein and the manner of implementing such changes;
- identify, evaluate and negotiate the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- close, monitor and administer the investments we make, including the exercise of any voting or consent rights; and
- provide us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our assets.

We will bear all expenses not specifically assumed by our Advisor and incurred in our operations, and we will bear the expenses related to this offering. We will reimburse our Advisor to the extent our Advisor pays these expenses. The compensation and allocable routine overhead expenses of all investment professionals of our Advisor and its staff, when and to the extent engaged in providing us investment advisory services, will be provided and paid for by our Advisor and not us, although we will reimburse our Advisor an amount equal to our allocable portion of overhead

and other expenses incurred by our Advisor in performing its obligations under the management agreement. The compensation and expenses borne by us may include, but are not limited to, the following:

- other than as provided under "Management Fee" above, expenses of maintaining and continuing our existence and related overhead, including, to the extent such services are provided by personnel of our Advisor or its affiliates, office space and facilities and personnel compensation, training and benefits;
- commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments including underwriting commissions and similar fees;
- auditing, accounting and legal expenses;
- taxes and interest;
- governmental fees;
- expenses of listing our shares with a stock exchange, and expenses of issue, sale, repurchase and redemption (if any) of our securities, including expenses of conducting tender offers for the purpose of repurchasing our securities;
- expenses of registering and qualifying us and our securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes;
- expenses of communicating with stockholders, including website expenses and the expenses of preparing, printing and mailing press releases, reports and other notices to stockholders and of meetings of stockholders and proxy solicitations therefor;
- expenses of reports to governmental officers and commissions, including, without limitation, our periodic report preparation and filing obligations with the SEC;
- insurance expenses;
- association membership dues;
- fees, expenses and disbursements of custodians and subcustodians for all services to us (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records and determination of net asset values);
- fees, expenses and disbursements of transfer agents, dividend and interest paying agents, stockholder servicing agents and registrars for all services to us;
- fees, expenses and disbursements of CAB Marketing, LLC and CAB, L.L.C. and similar service providers;
- compensation and expenses of our directors who are not members of our Advisor's organization;
- pricing, valuation and other consulting or analytical services employed in considering and valuing our actual or prospective investments;
- all expenses incurred in leveraging of our assets through a line of credit or other indebtedness or issuing and maintaining preferred stock;
- all expenses incurred in connection with our organization and any offering of our common stock, including this offering; and
- such non-recurring items as may arise, including expenses incurred in litigation, proceedings and claims and our obligation to indemnify our directors, officers and stockholders with respect thereto.

We anticipate that expenses that are reimbursable to our Advisor will be submitted to the independent members of our board of directors for their approval prior to reimbursement thereof.

Allocation Policy

Our Advisor will allocate investment opportunities among client accounts on a fair and consistent basis, and will not favor any one client or account over any other. In certain cases, investment opportunities may be made by our Advisor other than on a pro rata basis. In determining to which accounts our Advisor will allocate investment opportunities, and in determining the shares to allocate to a particular account, our Advisor will not consider:

- the levels of fees earned from accounts or the fact that certain accounts may pay performance-based fees;
- different compensation payable to portfolio managers based on the performance of certain accounts;
- the ability of particular clients to send business to or otherwise benefit our Advisor in exchange for allocations;
- the identity of account holders (including the fact that certain accounts may be proprietary or maintained on behalf of investment vehicles that our Advisor sponsors);

- in the case of allocations of initial public offerings, market movement generally or the performance of the shares since the execution of the order in question;
- the prior performance of accounts; or
- whether an account is new to our Advisor.

CAB Marketing, LLC and CAB, L.L.C.

We have entered into exclusive investment referral and endorsement relationships with the CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the ABA. Pursuant to the agreements governing these relationships, CAB Marketing, LLC will assist us with the promotion and identification of potential investment opportunities. More specifically, CAB Marketing, LLC will:

- perform a broad-based review of the capital needs of the financial services industry;
- in coordination with us, develop a community bank marketing campaign with mailings, webinars, and other modes of outreach;
- facilitate prescreening of potential investment candidates through publicly available data and distribution of due diligence questionnaires and introductions to banks that we may select as potential funding targets; and
- provide opportunities to speak at, exhibit at and attend ABA-sponsored conferences and other ABA events.

In addition, CAB, L.L.C. has granted to us a license to use the name “Corporation for American Banking” in connection with the foregoing promotion and identification activities, and will:

- administer a members-only web page on the ABA’s website that references our program of investment in community banks;
- announce the availability of our investment platform to the ABA members;
- provide prompt review of our use of the CAB name; and
- communicate objective information about us and CAB’s endorsement to ABA’s members.

Most capital raising activities by community banks are conducted through privately-negotiated transactions that occur outside of traditional institutional investment channels, including the capital markets. We believe that StoneCastle Partners’ and CAB, L.L.C.’s large network of relationships will help us to identify attractive investment opportunities and will provide us with a competitive advantage. As consideration for their exclusive services and endorsement, we will pay the ABA subsidiaries a series of payments aggregating $500,000 annually for three years. The ABA and its subsidiaries have not endorsed this offering, and you should not construe references to them in this prospectus as such an endorsement.

Duration and Termination

The management agreement with our Advisor will remain in effect for an initial period of two years from the date of effectiveness, unless earlier terminated, and will continue in effect from year to year thereafter, but only so long as each continuance is specifically approved by (i) our board of directors or the vote of a majority of our voting securities and (ii) the vote of a majority of our independent directors. Our board of directors and sole stockholder approved the management agreement with our Advisor prior to the date of this prospectus. The management agreement with our Advisor may be terminated at any time, without payment or penalty, by vote of our board of directors, by vote of a majority of our voting securities, or by our Advisor, in each case on 60 days’ written notice. As required by the Investment Company Act, the management agreement with our Advisor will terminate automatically in the event of its assignment.

Liability of Advisor and Indemnification

The management agreement provides that our Advisor will not be liable to us in any way for any default, failure or defect in any of the securities comprising our portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth in the management agreement. The management agreement further states that we will indemnify the Advisor for any losses, damages, claims, costs, charges, expenses or liabilities except to

the extent such amounts result from our Advisor's willful misconduct, bad faith or gross negligence or as otherwise prohibited by applicable law. As a result, our Advisor may not be liable to us for breaches of its duty of care, diligence or skill.

Board Approval of the Management Agreement

Our board of directors, including our independent directors, reviewed and approved the management agreement prior to the date of this prospectus. In considering the approval of the management agreement, our board of directors evaluated information provided by our Advisor and legal counsel and considered various factors, including the following:

- *Services.* Our board of directors reviewed the nature, extent and quality of the investment advisory and administrative services proposed to be provided to us by our Advisor and found them sufficient to encompass the range of services necessary for our operation.
- *Comparison of Management Fee to Other Firms.* Our board of directors reviewed and considered, to the extent publicly available, the management fee arrangements of companies with similar business models, including business development companies.
- *Experience of Management Team and Personnel.* Our board of directors considered the extensive experience of the members of our Advisor's investment committee with respect to the specific types of investments we propose to make, and their past experience with similar kinds of investments. Our board of directors discussed numerous aspects of the investment strategy with members of our Advisor's investment committee and also considered the potential flow of investment opportunities resulting from the numerous relationships of our Advisor's investment committee and investment professionals within the investment community.
- *Provisions of Management Agreement.* Our board of directors considered the extent to which the provisions of the management agreement (other than the fee structure which is discussed above) were comparable to the management agreements and administration agreements of companies with similar business models and concluded that its terms were satisfactory and in line with market norms. In addition, our board of directors concluded that the services to be provided under the management agreement were reasonably necessary for our operations, and the payment terms were fair and reasonable in light of usual and customary charges.
- *Payment of Expenses.* Our board of directors considered the manner in which our Advisor would be reimbursed for its expenses at cost and the other expenses for which it would be reimbursed under the management agreement. The board of directors discussed how this structure was comparable to that of with companies with similar business models, including, existing business development companies.

Based on the information reviewed and the discussions among the members of our board of directors, our board of directors, including all of our independent directors, approved the management agreement and the administration agreement and concluded that the management fee rates were reasonable in relation to the services to be provided. The basis for the board's initial approval of our management agreement will be provided in our initial report to the common stockholders. The basis for subsequent continuations of our management agreement will be provided in annual or semi-annual reports to the common stockholders for the periods during which such continuations occur.

License Agreement

StoneCastle Partners has licensed the "StoneCastle" name to us and our Advisor on a non-exclusive, royalty-free basis. We will have the right to use the "StoneCastle" name so long as our Advisor or one of its approved affiliates remains our investment adviser. Other than with respect to this limited right, we will have no legal right to the "StoneCastle" name. This right will automatically terminate if the management agreement were to terminate for any reason, including upon its assignment.

Codes of Ethics

Pursuant to Rule 17j-1 under the Investment Company Act, we and our Advisor have each adopted codes of ethics that permit their respective personnel to invest in securities for their own accounts, including securities that may be purchased or held by us. All personnel must place the interests of clients first and avoid activities, interests and relationships that might interfere with the duty to make decisions in the best interests of the clients. All personal securities transactions by employees must adhere to the requirements of the codes and must be conducted in such a manner as to avoid any actual or potential conflict of interest, the appearance of such a conflict, or the abuse of an employee's position of trust and responsibility.

Copies of our codes of ethics and our Advisor's code of ethics are on file with the SEC. You can review and copy these codes of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information relating to the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such materials are also available on EDGAR on the SEC's website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov, or make a request in writing to the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102.

PORTFOLIO MANAGERS

Day-to-day management of our portfolio will be the responsibility of our Advisor's investment committee, with assistance from our Advisor's portfolio managers who may also be members of our Advisor's investment committee. Ricardo Viloria is presently our Advisor's sole portfolio manager who is not also a member of our Advisor's investment committee. Our Advisor's investment committee is currently comprised of Joshua Siegel, George Shilowitz, Erik Eisenstein and Robert McPherson. George Shilowitz is the chairperson of the investment committee. The investment committee's policy is that unanimous consent is required to approve the committee's decision to invest in a security and the consent of only two members is required to sell a security.

Unless otherwise indicated, the information below is provided as of the date of this Statement of Additional Information. The table below identifies the number of accounts (other than for us) for which our portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles and other accounts. Where the named individual has been assigned primary responsibility, or is a member of a committee that has been assigned primary responsibly, for oversight of another pooled investment vehicle or other account, that vehicle/account has been allocated to that individual for disclosures purposes. For each category, the number of accounts and total assets in the accounts where fees are based on performance is also indicated as of March 31, 2013.

Portfolio Manager	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Erik Eisenstein	0	6 / $1.7 billion	0 / $0
Joshua Siegel	0	6 / $1.7 billion	1 / $27.7 Million
George Shilowitz	0	6 / $1.7 billion	1 / $27.7 Million
Ricardo Viloria	0	6 / $1.7 billion	1 / $27.7 Million
Robert McPherson	0	0 / $0	0 / $0

Biographical information about each member of our Advisor's investment committee and our Advisor's portfolio managers, in each case who do not serve on our board of directors, is set forth below.

Erik Eisenstein. Mr. Eisenstein is the Senior Bank Analyst and a Director at StoneCastle Partners. Prior to joining StoneCastle in 2007, Mr. Eisenstein was an Equity Analyst for over six years at Standard & Poor's, Criterion Research Group LLC and Morgan Keegan, with a coverage universe of regional and community banks, thrifts and other diversified financial companies. During that time he appeared on various television and print media, including CNBC and The Wall Street Transcript. Prior, he spent three years as Underwriter and Underwriting Manager of management liability insurance products at American International Group and two years as a practicing attorney. Mr. Eisenstein hold a B.S. in Industrial and Labor Relations from Cornell University, a J.D. from Duke University and an M.B.A. from New York University.

Ricardo Viloria. Mr. Viloria is a Co-Portfolio Manager and a Director at StoneCastle Partners. Prior to joining StoneCastle in 2006, Mr. Viloria was a Ratings Analyst at Moody's. For three years at Moody's, Mr. Viloria specialized in financial institution-related transactions and rated a broad range of transactions secured by various assets classes that included leveraged loans, bonds and asset-backed securities. Prior to Moody's, Mr. Viloria was at Fox-Pitt, Kelton, a subsidiary of Swiss Reinsurance at the time, in the Corporate Finance Group where he focused on capital raising and mergers and acquisitions for community banks, insurance and finance companies. Mr. Viloria holds a B.S. in Operations Research from Columbia University and an M.B.A from New York University.

Robert Wayne McPherson, Esq. Mr. McPherson is a business, banking and securities lawyer with thirty-one years experience: twenty years in private practice; ten years as Corporate Counsel; and one year of government service. He has worked for the Office of the Comptroller of the Currency and the Federal Deposit

Insurance Corporation, and has successfully completed the BAI Graduate School of Bank Financial Management at Vanderbilt University. In private practice, Mr. McPherson has handled business formation, planning, purchase and sale, business litigation, Chapter 11 bankruptcy, banking and lender liability litigation and regulation, securities and broker dealer litigation and regulation, and private placements. He has also completed the sale of mortgages and other loans on secondary markets. Mr. McPherson has worked on bank mergers and acquisitions and many other facets of banking law. From August 2006 through March of 2010, in conjunction with StoneCastle Partners, Mr. McPherson worked with bank holding companies, community banks, broker-dealers, investment advisors and others to provide Tier 1 and Tier 2 capital to bank holding companies and banks. Mr. McPherson received his undergraduate degree from the University of Alabama, and received his law degree and M.B.A. from the University of Memphis.

Portfolio Manager Compensation

With respect to the compensation of the portfolio managers, our Advisor's compensation system assigns each employee a total compensation "target" and a respective cap, which are derived from annual market surveys that benchmark each role with their job function and peer universe. This method is designed to reward employees with total compensation reflective of the external market value of their skills, experience, and ability to produce desired results.

Standard compensation includes competitive base salaries, employee benefits, and a retirement plan. In addition, employees are eligible for bonuses. These are structured to closely align the interests of employees with those of StoneCastle Asset Management, and are determined by the professional's job function and performance as measured by a formal review process. All bonuses are completely discretionary. One of the principal factors considered is a portfolio manager's investment performance versus appropriate peer groups and benchmarks. Because portfolio managers may be responsible for multiple accounts (including ours) with similar investment strategies, they are compensated on the performance of the aggregate group of similar accounts, rather than a specific account. A smaller portion of a bonus payment is derived from factors that include client service, business development, length of service to our Advisor, management or supervisory responsibilities, contributions to developing business strategy and overall contributions to our Advisor's business.

Finally, in order to attract and retain top talent, all professionals are eligible for additional incentives in recognition of outstanding performance. These are determined based upon the factors described above and may include stock options in our manager and long-term incentives that vest over a set period of time past the award date.

Conflicts of Interest within StoneCastle Partners

StoneCastle Partners currently does, and our Advisor and StoneCastle Partners in the future may, manage funds and accounts other than ours that have similar investment objectives. The investment policies, advisor compensation arrangements and other circumstances of ours may vary from those of these other funds and accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and those other accounts. In certain cases, investment opportunities may be made by our Advisor other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more of those other funds or accounts desires to sell, or we may not have additional capital to invest at the same time as such other funds and accounts. Our Advisor intends to allocate investment opportunities to us and those other funds and accounts in a manner that they believe, in their good faith judgment and based upon their fiduciary duties, to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and other funds or accounts. To the extent that investment opportunities are suitable for us and for one of these other funds or accounts, our Advisor intends to allocate investment opportunities pro rata among us and them based on the amount of funds each then has available for such investment, taking into account these factors.

There may be situations in which one or more funds or accounts managed by our Advisor or its affiliates might invest in different securities issued by the same company. It is possible that if the target company's financial performance and condition deteriorates such that one or both investments are or could be impaired, our Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, our Advisor would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duties to enable it to act fairly to each of its clients in the circumstances. Any steps by our Advisor will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Furthermore, two of the members of our Advisor's investment committee are also members of our board of directors. Due to our board composition, it is more likely that our board of directors will approve investments made by the Advisor's investment committee and that our board of directors will value our investments consistent with the valuation recommendations of our Advisor's investment committee.

Leverage creates risk for holders of our common stock, including the likelihood of greater volatility of our NAV and the value of our shares, and the risk of fluctuations in interest rates on leverage capital, which may affect the return to the holders of our common stock or cause fluctuations in the distributions paid on our common stock. The fee paid to our Advisor will be calculated on the basis of our Managed Assets, including proceeds from leverage capital. During periods in which we use leverage, the fee payable to our Advisor will be higher than if we did not use leverage. Consequently, we and our Advisor may have differing interests in determining whether to leverage our assets. Our board of directors will monitor our use of leverage and this potential conflict; however, certain members of our board of directors also serve as investment professionals for our Advisor, which may create inherent conflicts of interest.

Approval of Conflicts

Our board of directors, including a majority of those who are independent, is responsible for reviewing and approving the terms of all transactions between us and our Advisor or its affiliates or any member of our board of directors, including (when applicable) the economic, structural and other terms of our investments and investment transactions and the review of any investment decisions that may present potential conflicts of interest among our Advisor and its affiliates, on one hand, and us, on the other. Our board of directors, including a majority of those who are independent, is also responsible for reviewing our Advisor's performance and the fees and expenses that we pay to our Advisor. In addition, we anticipate that expenses that are reimbursable to our Advisor will be submitted to the independent members of our board of directors for their approval prior to reimbursement thereof.

In addition, our Advisor's compliance department and legal department will oversee its conflict-resolution system. The program places particular emphasis on the principle of fair and equitable allocation of appropriate opportunities and of common fees and expenses to our Advisor's clients over time. Our Advisor has agreed with us that it will allocate opportunities, fees and expenses among its clients pursuant to its written policies and procedures.

Portfolio Manager Securities Ownership

Because we have yet to commence operations, the portfolio managers did not own any of our securities as of , 2013 nor as of the date of this Statement of Additional Information.

PORTFOLIO TRANSACTIONS AND BROKERAGE

Our Advisor is responsible for decisions to buy and sell securities for us, the selection of brokers and dealers to effect the transactions and the negotiation of prices and any brokerage commissions. When we purchase securities listed on a stock exchange, those transactions will be effected through brokers who charge a commission for their services. We also may invest in securities that are traded principally in the over-the-counter market. In the over-the-counter market, securities generally are traded on a "net" basis with dealers acting as principal for their own accounts without a stated commission, although the price of such securities usually includes a mark-up to the dealer. Securities purchased in underwritten offerings generally include, in the price, a fixed amount of compensation for the manager, underwriter and dealer. We will also purchase securities including fixed income securities directly from an issuer, in which case no commissions or discounts will be paid.

Payments of commissions to brokers who are our affiliates (or "affiliated persons" of such persons, as defined under the Investment Company Act) will be made in accordance with Rule 17e-1 under the Investment Company Act. Commissions paid on such transactions would be commensurate with the rate of commissions paid on similar transactions to brokers that are not so affiliated.

Our Advisor may, consistent with our interests, select brokers on the basis of the research, statistical and pricing services they provide to us and our Advisor's other clients. Such research, statistical and pricing services must provide lawful and appropriate assistance to our Advisor's investment decision-making process in order for such research, statistical and pricing services to be considered by our Advisor in selecting a broker. These research services may include information on securities markets, the economy, individual companies, pricing information, research products and services and such other services as may be permitted from time to time by Section 28(e) of the Exchange Act. Information and research received from such brokers will be in addition to, and not in lieu of, the services required to be performed by our Advisor under its contract. A commission paid to such brokers may be higher than that which another qualified broker would have charged for effecting the same transaction, provided that our Advisor determines in good faith that such commission is reasonable in terms either of the transaction or the overall responsibility of our Advisor to us and its other clients and that the total commissions paid by us will be reasonable in relation to the benefits to us over the long-term. The advisory fees that we pay to our Advisor will not be reduced as a consequence of our Advisor's receipt of brokerage and research services. To the extent that portfolio transactions are used to obtain such services, the brokerage commissions paid by us will exceed those that might otherwise be paid by an amount which cannot be presently determined. Such services generally may be useful and of value to our Advisor in serving one or more of its other clients and, conversely, such services obtained by the placement of brokerage business of other clients generally would be useful to our Advisor in carrying out its obligations to us. While such services are not expected to reduce the expenses of our Advisor, our Advisor would, through use of the services, avoid the additional expenses that would be incurred if it should attempt to develop comparable information through their own staff.

One or more of the other investment companies or accounts that our Advisor manages may own from time to time some of the same investments as us. Investment decisions for us are made independently from those of other investment companies or accounts; however, from time to time, the same investment decision may be made for more than one company or account. When two or more companies or accounts seek to purchase or sell the same securities, the securities actually purchased or sold will be allocated among the companies and accounts on a good faith equitable basis by our Advisor in its discretion in accordance with the accounts' various investment objectives. In some cases, this system may adversely affect the price or size of the position obtainable for us. In other cases, however, our ability to participate in volume transactions may produce better execution for us. It is the opinion of our board of directors that this advantage, when combined with the other benefits available due to our Advisor's organization, outweigh any disadvantages that may be said to exist from exposure to simultaneous transactions.

It is not our policy to engage in transactions with the objective of seeking profits from short-term trading. It is expected that our annual portfolio turnover rate will be less than 20%. Because it is difficult to predict accurately portfolio turnover rates, actual turnover may be significantly higher or lower. Higher portfolio turnover results in increased costs, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of securities and on the reinvestment in other securities.

DESCRIPTION OF COMMON STOCK

The following descriptions of our shares, certain provisions of Delaware law and certain provisions of our certificate of incorporation and our bylaws, which will be in effect upon consummation of this offering, are summaries and are qualified by reference to Delaware law and our certificate of incorporation and bylaws, copies of which are available from us upon request.

General

Our certificate of incorporation provides that our board of directors (without any further vote or action by our stockholders) may cause us to issue up to 40,000,000 shares of common stock, par value $0.001 per share, and up to 10,000,000 shares of undesignated preferred stock, par value $0.001 per share.

Upon consummation of this offering, there will be shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

The holders of common stock will be entitled to one vote per share held of record on all matters submitted to a vote of our stockholders. Generally, except with respect to extraordinary corporate transactions, certain amendments to our certificate of incorporation, liquidation and the election and removal of directors, all matters to be voted on by our stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes cast by all common stock present in person or represented by proxy. Extraordinary corporate transactions, liquidation and the removal of directors for cause must be approved by at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors. See "—Certificate of Incorporation and Bylaws—Amendment of Our Certificate of Incorporation and Bylaws" for a discussion of approval rights with regard to such amendments.

Dividend Rights

Holders of common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any preferred stock we may issue in the future.

Preemptive Rights

No holder of common stock will be entitled to preemptive, redemption or conversion rights, sinking fund or cumulative voting rights.

Liquidation Rights

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive an equal amount per share of all our remaining assets available for distribution.

Listing

We have applied to have our common stock traded on the NASDAQ Global Market under the ticker symbol "BANX."

Preferred Stock

Under our certificate of incorporation, our board of directors (without any further vote or action by our stockholders) is authorized to provide for the issuance from time to time of up to 10,000,000 shares of preferred stock consisting of one or more classes or series of preferred stock. Unless required by law or by any stock exchange, if applicable, any such authorized preferred stock will be available for issuance without further action by our common stockholders. Our board of directors is authorized to fix the number of shares, the relative powers, preferences and rights, and the qualifications, limitations or restrictions applicable to each class or series thereof by resolution authorizing the issuance of such class or series. As of the date of this offering, no preferred stock is outstanding and we have no current plans to issue any preferred stock.

We may issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of holders of common stock might believe to be in their best interests or in which holders of common stock might receive a premium for their common stock.

The Investment Company Act requires that the total aggregate liquidation value and outstanding principal amount of all our preferred stock and debt securities not exceed 50% of the amount of our total assets (including the proceeds of preferred stock and debt securities) less liabilities and indebtedness not represented by our preferred stock and debt securities.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Certificate of Incorporation and Bylaws

Organization and Duration

We were formed on February 7, 2013 as StoneCastle Financial Corp., and will remain in existence until dissolved in accordance with our certificate of incorporation.

Purpose

Under our certificate of incorporation, we are permitted to engage in any business activity that lawfully may be conducted by a corporation organized under Delaware law and, in connection therewith, to exercise all of the rights and powers conferred upon us pursuant to the agreement relating to such business activity.

Duties of Officers and Directors

Our certificate of incorporation provides that, except as may otherwise be provided by the certificate of incorporation or by our bylaws, our property, affairs and business shall be managed under the direction of our board of directors. Pursuant to our bylaws, our board of directors has the power to appoint our officers and such officers have the authority and exercise the powers and perform the duties specified in our bylaws or as may be specified by our board of directors.

Our certificate of incorporation provides that we indemnify our directors and officers for acts or omissions to the fullest extent permitted by law. Under the Delaware General Corporation Law (“DGCL”), a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation and, in a criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful.

Size and Election of Board of Directors

Our certificate of incorporation and bylaws provide that the number of directors may be established, increased or decreased by our board of directors but may not be fewer than one. Our certificate of incorporation will provide that our board is divided into three classes. Each class of directors will hold office for a three-year term. The initial members of the three classes have initial terms of one, two and three years, respectively. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualified. Except as may be provided by our board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is elected and qualifies.

Removal of Members of Our Board of Directors

The DGCL provides that directors may be removed, but only for cause, by an affirmative vote of at least a majority of the votes entitled to be cast by our stockholders generally in the election of our directors. Our certificate of incorporation states that directors may be removed at any time, but only for cause, by at least two-thirds of the votes entitled to be cast by our stockholders generally in the election of our directors.

Advance Notice of Director Nominations and New Business

Our certificate of incorporation provides that special meetings of stockholders may only be called by our board of directors, the chairman of our board or our chief executive officer.

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) by any stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws. Our bylaws provide that with respect to meetings of our stockholders, only the business specified in our notice of meeting may be brought before the meeting, and nominations of persons for election to our board of directors may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) *provided* that our board of directors has determined that directors shall be elected at the meeting, by any stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting our stockholder meetings.

Limitations on Liability and Indemnification of Our Directors and Officers

Our certificate of incorporation provides that our directors will not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the DGCL. Our bylaws provide that our directors, officers, employees and agents, as well as persons serving as a director, officer, partner, trustee, member, manager, employee or agent of another enterprise at our request, will be indemnified, and may have their expenses of defense advanced, in each case to the full extent permitted under the DGCL.

The DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if (i) such person acted in good faith, (ii) in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and (iii) with respect to any criminal action or proceeding, such person had no reasonable cause to believe the person's conduct was unlawful.

The DGCL further empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation, and except that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court deems proper.

To the extent a present or former director or officer is successful in the defense of any action, suit or proceeding noted above, or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such action, suit or proceeding. We are further authorized to pay expenses incurred by an officer or director in advance of the final disposition of a proceeding upon our receipt of an undertaking by or on behalf of the person to whom the advance will be made, to repay the advances if it is ultimately determined that he or she was not entitled to indemnification.

Amendment of Our Certificate of Incorporation and Bylaws

Amendments to our certificate of incorporation may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment, our board of directors is required to seek written approval of the holders of the number of shares required to approve the amendment or call a meeting of our stockholders to consider and vote upon the proposed amendment. Generally, an amendment must be approved by at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors and, in general, to the extent that such amendment would have a material adverse effect on the holders of any class or series of shares, by the holders of a majority of the holders of such class or series. Amendments pertaining to removal of directors, indemnification of directors or amendment of the certificate of incorporation or bylaws, however, require the approval of the holders of two-thirds of our voting stock then outstanding.

Our board of directors has the power to adopt, alter or repeal our bylaws. Our certificate of incorporation provides that our Stockholders may adopt, alter or repeal our bylaws upon approval of at least two-thirds of the common stock then outstanding.

Merger, Sale or Other Disposition of Assets

Our board of directors is generally prohibited, without the prior approval of at least a majority of the votes entitled to be cast by our stockholders generally in the election of directors, from causing us to, among other

things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, or approving on our behalf the sale, exchange or other disposition of all or substantially all of our assets, *provided* that our board of directors may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without the approval of any stockholder.

Termination and Dissolution

Our existence commenced when our certificate of incorporation was filed with the Secretary of State of the State of Delaware on February 7, 2013 and our existence shall be perpetual unless we are dissolved as provided by the DGCL.

Books and Reports

We are required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes a basis that permits the preparation of financial statements in accordance with US GAAP. For financial reporting purposes and tax purposes, our fiscal year and our tax year are the calendar year, unless otherwise determined by our board of directors in accordance with the Code.

We are required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room in Washington, D.C. and on the SEC's website at www.sec.gov.

Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws

The following is a summary of certain provisions of our certificate of incorporation and bylaws that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the interests held by stockholders.

Authorized but Unissued Stock

Our certificate of incorporation provides for authorized but unissued shares that our board of directors may use without the approval of any holders of our shares. Future issuances of common or preferred stock may be utilized for a variety of purposes, including future public offerings to raise additional capital, acquisitions and employee benefit plans. Our ability to issue additional shares and other equity securities could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Business Combination Statute—Section 203

Some provisions of the DGCL law may delay or prevent a transaction that would cause a change in our control. Section 203 of the DGCL, which restricts certain business combinations with interested stockholders in certain situations, generally applies to a corporation unless otherwise set forth in the corporation's certificate of incorporation. We have not opted out of Section 203. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting stock.

Classified Board of Directors

Our board of directors is divided into three classes of directors serving staggered three-year terms, with the term of office of only one of the three classes expiring each year. A classified board of directors may render a change in control of us or removal of our incumbent management more difficult. This provision could delay for up to two years the replacement of a majority of our board of directors. We believe, however, that the longer time required to elect a majority of a classified board of directors helps to ensure the continuity and stability of our management and policies.

Number of Directors; Removal; Vacancies

Our certificate of incorporation provides that the number of directors will be set only by our board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. Under the DGCL, unless the certificate of incorporation provides otherwise (which our certificate of incorporation does not), directors on a classified board of directors such as our board of directors may be removed only for cause by a majority vote of our stockholders. Under our certificate of incorporation and bylaws, any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of the directors then in office. The limitations on the ability of our stockholders to remove directors and fill vacancies could make it more difficult for a third-party to acquire, or discourage a third-party from seeking to acquire, control of us.

Advance Notice Bylaw

Our bylaws provide that, in order for any matter to be considered properly brought before a meeting or for a stockholder to nominate a candidate for director, a stockholder must comply with requirements regarding advance notice to us, including the timing of such notice and the information that such notice must contain. Our certificate of incorporation provides that stockholders may not act by written consent without a meeting of stockholders. These provisions could delay until the next stockholders' meeting stockholder actions which are favored by the holders of a majority of our outstanding voting securities. These provisions may also discourage another person or entity from making a tender offer for our common stock, because such person or entity, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders meeting, and not by written consent. Furthermore, stockholders do not have the ability to call a special meeting.

Amendment of Our Certificate of Incorporation and Bylaws

The DGCL generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws requires a greater percentage. Under our certificate of incorporation, the affirmative vote of the holders of at least 66 2/3% of the shares of our capital stock entitled to vote will be required to amend or repeal any of the provisions of our bylaws or certain provisions of our certificate of incorporation. In addition, our certificate of incorporation permits our board of directors to amend or repeal our bylaws by a majority vote of the board.

NET ASSET VALUE

We will determine and publish the NAV of our common stock on at least a quarterly basis and at such other times as our board of directors may determine. Our NAV equals the value of our total assets (the value of the securities held plus cash or other assets, including interest accrued but not yet received) less: (i) all of our liabilities (including accrued expenses); (ii) accumulated and unpaid dividends on any outstanding preferred stock; (iii) the aggregate liquidation preference of any outstanding preferred stock; (iv) accrued and unpaid interest payments on any outstanding indebtedness; (v) the aggregate principal amount of any outstanding indebtedness; and (vi) any distributions payable on our common stock. The NAV per share of common stock equals our NAV divided by the number of outstanding shares of common stock.

We will determine fair value of our assets and liabilities in accordance with valuation procedures that our board of directors adopt. The board will utilize the services of one or more regionally or nationally recognized independent valuation firms to help it determine the value of each investment for which a market price is not available. The board will also review valuations of such investments provided by the Advisor. Securities for which market quotations are readily available shall be valued at "market value." If a market value cannot be obtained or if our Advisor determines that the value of a security as so obtained does not represent a fair value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), fair value for the security shall be determined pursuant to the methodologies established by our board of directors. The board will regularly review and evaluate our valuation methodology and any such valuation service it uses and the historical accuracy of such valuation methodologies. The board will also review valuations of such investments provided by the Advisor and will assign the valuation they determine to best represent the fair value of such investments.

- The fair value for publicly-traded equity securities and equity-related securities will be determined by using readily available market quotations from the principal market, if available. For equity and equity-related securities that are freely tradable and listed on a securities exchange or over the counter market, fair value will be determined using the last sale price on that exchange or over-the-counter market on the measurement date. If the security is listed on more than one exchange, we will use the price of the exchange that we consider to be the principal exchange on which the security is traded. If a security is traded on the measurement date, then the last reported sale price on the exchange or over-the-counter ("OTC") market on which the security is principally traded, up to the time of valuation, will be used. If there were no reported sales on the security's principal exchange or OTC market on the measurement date, then the average between the last bid price and last asked price, as reported by the pricing service, will be used. We will obtain direct written broker-dealer quotations if a security is not traded on an exchange or quotations are not available from an approved pricing service.
- An equity security of a publicly traded company acquired in a private placement transaction is subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible into publicly traded common stock or securities that may be sold pursuant to Rule 144, shall generally be valued based on the fair value of the freely tradable common stock counterpart, less an applicable discount. Generally, the discount will initially be equal to the discount at which we purchased the securities. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be determined for the discount.
- Our board of directors may use the services of a nationally recognized independent valuation firm to aid it in determining the fair value of these securities. The methods for valuing these securities may include: fundamental analysis (sales, income, or earnings multiples, etc.), discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may differ materially from the values that

would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

- Fixed income securities (other than the short-term securities as described below) are valued by (i) using readily available market quotations based upon the last updated sale price or a market value from an approved pricing service generated by a pricing matrix based upon yield data for securities with similar characteristics; or (ii) by obtaining a direct written broker-dealer quotation from a dealer who has made a market in the security.
- A fixed income security acquired in a private placement transaction without registration is subject to restrictions on resale that can affect the security's liquidity and fair value. Among the various factors that can affect the value of a privately placed security are (i) whether the issuing company has freely trading fixed income securities of the same maturity and interest rate (either through an initial public offering or otherwise); (ii) whether the company has an effective registration statement in place for the securities; and (iii) whether a market is made in the securities. The securities normally will be valued at amortized cost unless the portfolio company's condition or other factors lead to a determination of fair value at a different amount.
- Short-term securities, including bonds, notes, debentures and other fixed income securities and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with remaining maturities of 60 days or less, for which reliable market quotations are readily available are valued on an amortized cost basis at current market quotations as provided by an independent pricing service or principal market maker.
- Other assets, including equity investments for which there is no market, will be valued at market value pursuant to written valuation procedures adopted by our board of directors, or if a market value cannot be obtained (including with respect to classes of investments noted above) or if our Advisor determines that the value of a security as so obtained does not represent a fair value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), fair value shall be determined pursuant to the methodologies established by our board of directors. In making these determinations, our board of directors intends to engage an independent valuation firm from time to time to assist in determining the fair value of our investments. The methods for valuing these investments may include fundamental analysis, discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. We intend for such a third-party valuation firm to provide valuation advice with respect to approximately 25% of our investment portfolio each quarter.

Valuations of public company securities determined pursuant to fair value methodologies will be presented to our board of directors or a designated committee thereof for approval at the next regularly scheduled board meeting. See "Risk Factors—Risks Related to Our Advisor and/or its Affiliates."

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material U.S. federal income tax considerations relating to the acquisition, holding and disposition of our common stock. For purposes of this section, under the heading "U.S. Federal Income Tax Considerations," references to "we," "us" or "our" mean only StoneCastle Financial Corp. and not any subsidiaries or other lower-tier entities that we may organize or invest in, except as otherwise indicated. This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department ("Treasury regulations"), current administrative interpretations and practices of the U.S. Internal Revenue Service (the "IRS") and judicial decisions, all as currently in effect and all of which may be subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. This summary does not purport to discuss all aspects of U.S. federal income taxation that may be important to stockholders subject to special tax rules, such as:

- former U.S. citizens or long-term residents subject to Code section 877 or section 877A;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. Stockholders (as defined below) whose functional currency is not the U.S. Dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment; and
- tax-exempt organizations.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of such partnership. A partner of a partnership holding our common stock should consult its tax adviser regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our common stock by the partnership.

This summary assumes that stockholders will hold our common stock as capital assets, which generally means as property held for investment. This discussion does not address U.S. estate and gift tax rules, U.S. state or local taxation, the alternative minimum tax, or foreign taxes.

For purposes of the following discussion, a "U.S. Stockholder" is a stockholder that is (i) a citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation) created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person. A "Non-U.S. Stockholder" is a person that is neither a U.S. Stockholder nor an entity treated as a partnership for U.S. federal income tax purposes.

THE U.S. FEDERAL INCOME TAX TREATMENT OF OUR STOCKHOLDERS DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON STOCK TO ANY PARTICULAR STOCKHOLDER WILL DEPEND

ON THE STOCKHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES, OF HOLDING AND DISPOSING OF OUR COMMON STOCK.

Qualification as a RIC

We intend to elect to be treated, and intend to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code, commencing with our taxable year ending on December 31, 2013. In order to qualify as a RIC, we must be registered as a management company under the Investment Company Act at all times during each taxable year and meet (i) an income test, (ii) a diversification/asset test and (iii) certain distribution requirements. Failure to meet any of these requirements would disqualify us from RIC tax treatment for the entire year. However, in certain situations we may be able to take corrective action which would allow us to remain qualified as a RIC.

The Income Test. At least 90% of our gross income in each taxable year must be derived from dividends; interest; payments with respect to securities loans; gains from the sale or other disposition of stock, securities or foreign currencies; other income (including gains from options, futures or forward contracts) derived with respect to our business of investing in such stock, securities or currencies; or net income from a "qualified publicly traded partnership."

The Diversification/Asset Test. At the end of each quarter of our taxable year, at least 50% of the value of our assets must be invested in cash and cash items (such as receivables); government securities; securities of other RICs; and securities of other issuers, provided that no investment in any such issuer exceeds 5% of the value of our assets or 10% of the issuer's outstanding voting securities. In addition, at the end of each quarter of our taxable year, generally no more than 25% of the value of our assets may be invested in (i) the securities (other than U.S. Government securities or the securities of other RICs) of any one issuer, (ii) the securities (other than the securities of other RICs) of any two or more issuers that we control (i.e., ownership of 20% or more of the total combined voting power of all classes of stock entitled to vote) and that are engaged in the same or related trades or businesses or (iii) the securities of one or more qualified publicly traded partnerships.

Distribution Requirements. Our deduction for dividends paid to our stockholders during the taxable year must equal or exceed 90% of the sum of (i) our investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income, other than any net capital gain (excess of net long-term capital gain over net short-term capital loss), reduced by deductible expenses) determined without regard to the deduction for dividends paid, and (ii) our net tax-exempt interest, if any (the excess of our gross tax-exempt interest over certain disallowed deductions).

Taxation of a RIC

RICs generally are not subject to US corporate income tax on the part of their net ordinary income and net realized capital gains that they distribute to their stockholders, provided that they comply with the requirements to be a RIC and meet applicable distribution requirements.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the RIC level. To avoid the tax, we must distribute during each calendar year an amount at least equal to the sum of (i) 98% of our ordinary income (not taking into account any capital gain or loss) for the calendar year, (ii) 98.2% of our capital gains in excess of our capital losses (adjusted for certain ordinary losses) for the one-year period ending on the last day of our taxable year (or October 31st, if applicable) and (iii) certain undistributed amounts from previous years on which we paid no U.S. federal income tax. While we intend to distribute any income and capital gain in the manner necessary to

minimize imposition of the 4% excise tax, there can be no assurance that sufficient amounts of our taxable income and capital gain will be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses). If our expenses in a given year exceed our investment company taxable income, we would experience a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years and such net operating losses do not pass through to its stockholders. In addition, expenses can be used only to offset investment company taxable income, not net capital gain (excess of net long-term capital gain over net short-term capital loss). A RIC may not use any net capital losses (that is, realized capital losses in excess of realized capital gains) to offset the RIC's investment company taxable income, but may carry forward such losses, and use them to offset capital gains, indefinitely. Due to these limits on the deductibility of expenses and net capital losses, we could for tax purposes have aggregate taxable income that we are required to distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years.

Similarly, we may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with payment-in-kind interest or, in certain cases, increasing interest rates or that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the distribution requirements, even though we will not have received any corresponding cash amount.

As a RIC, we will be subject to the alternative minimum tax, or "AMT." Any items that are treated differently for AMT purposes must be apportioned between us and our U.S. Stockholders, and this may affect the U.S. Stockholders' AMT liabilities. Although Treasury regulations explaining the precise method of apportionment have not yet been issued, such items will generally be apportioned in the same proportion that dividends paid to each U.S. Stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless a different method for a particular item is warranted under the circumstances.

Taxation of a U.S. Stockholder

Distributions. Distributions by a RIC generally are taxable to U.S. Stockholders as ordinary income or capital gains.

Distributions of our "investment company taxable income" (which is, generally, our ordinary income plus net short-term capital gains in excess of net long-term capital losses) will be taxable as ordinary income to U.S. Stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares of common stock. To the extent that we make distributions to non-corporate U.S. Stockholders (including individuals) that are attributable to dividends received by us from U.S. corporations and qualified foreign corporations, then an applicable portion of such distributions would be eligible for the maximum federal income tax rate of 20% applicable to qualified dividend income, provided certain holding period and other requirements are met. Similarly, to the extent that we make distributions to corporate U.S. Stockholders that are attributable to dividends received by us from U.S. corporations, then an applicable portion of such distributions would be eligible for the dividends received deduction, provided certain holding period and other requirements are met.

Distributions of our net capital gains (which is generally our net long-term capital gains in excess of net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a non-

corporate U.S. Stockholder (including individuals) as long-term capital gains which are generally subject to a maximum federal income tax rate of 20%, to the extent of our current or accumulated earnings and profits, regardless of the U.S. Stockholder's holding period for his, her or its stock and regardless of whether paid in cash or reinvested in additional stock. Distributions in excess of our earnings and profits first will reduce a U.S. Stockholder's adjusted tax basis in the stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. Stockholder. Such capital gain will be long-term capital gain and thus will be generally taxed at a maximum federal income tax rate of 20%, if the distributions are attributable to stock held for more than one year by a non-corporate U.S. Stockholder (including individuals).

If we designate any of our retained capital gains as a deemed distribution, we will pay tax on the retained amount, and each U.S. Stockholder will be required to include the U.S. Stockholder's share of the deemed distribution in income as if it had been actually distributed to the U.S. Stockholder. The U.S. Stockholder may be entitled to claim a credit equal to the U.S. Stockholder's allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. Stockholder's tax basis for his, her or its common stock. Since we expect to pay tax on any retained capital gains at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by non-corporate U.S. Stockholders (including individuals) on long-term capital gains, the amount of tax that non-corporate U.S. Stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. Stockholder's other federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for federal income tax. A stockholder that is not subject to U.S. federal income tax or otherwise required to file a federal income tax return would be required to file a federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year.

For purposes of determining (i) whether the distribution requirements are satisfied for any year and (ii) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. Stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. Stockholders on December 31 of the year in which the dividend was declared.

Sale of Stock. Upon the sale, exchange or other taxable disposition of our common stock, a U.S. Stockholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Stockholder's adjusted tax basis in our stock. Any such capital gain or loss will generally be a long-term capital gain or loss if the U.S. Stockholder has held the stock for more than one year at the time of disposition and such shares of common stock are held as capital assets. Otherwise, the gain would be classified as short-term capital gain. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less (determined by applying the holding period rules contained in Code Section 852(b)(4)(C)) will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such stock. In addition, all or a portion of any capital loss arising from the sale or disposition of shares of our common stock may be disallowed to the extent the U.S. Stockholder acquires other shares of our common stock (through reinvestment of dividends or otherwise) within 30 days before or after the sale or disposition. In such case, any disallowed loss is generally added to the U.S. Stockholder's adjusted tax basis of the acquired stock.

Long-term capital gains of non-corporate U.S. Stockholders (including individuals) are generally subject to U.S. federal income taxation at a maximum rate of 20%. The deductibility of capital losses is subject to limitations under the Code.

Dividend Reinvestment Plan. Under the dividend reinvestment plan, if a U.S. Stockholder's common stock is registered directly with us or with a brokerage firm that participates in our Plan, the U.S. Stockholder will have all cash distributions automatically reinvested in additional shares of common stock unless the U.S. Stockholder opts out of the dividend reinvestment plan. See "Dividend Reinvestment Plan." Any distributions reinvested under the Plan will nevertheless remain taxable to the U.S. Stockholder. The U.S. Stockholder will have an adjusted tax basis in the additional shares of our common stock purchased through the Plan equal to the amount of the reinvested distribution. The additional shares of common stock will have a new holding period commencing on the day following the day on which the stock is credited to the U.S. Stockholder's account.

Tax on Net Investment Income. Non-corporate U.S. Stockholders (including individuals) who exceed certain income thresholds are subject to a 3.8% tax on "net investment income," subject to certain limitations and exceptions. For this purpose, net investment income generally includes dividends and capital gains from the sale or other disposition of stock, such as our common stock, including qualified dividend income and long-term capital gains that are generally subject to the 20% maximum federal income tax rate otherwise applicable to such income. U.S. Stockholders should consult their tax advisers regarding the effect, if any, of this tax on their ownership and disposition of our stock.

Taxation of a Non-U.S. Stockholder

Distributions. Distributions by us will be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid to a Non-U.S. Stockholder generally will be subject to U.S. withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. If a Non-U.S. Stockholder is eligible for a reduced rate of withholding tax under an applicable tax treaty, the Non-U.S. Stockholder will be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under the treaty in order to obtain a reduced rate of withholding tax. However, if the distributions are effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if an income tax treaty applies, attributable to a permanent establishment in the United States of the Non-U.S. Stockholder), then the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons, plus, in certain cases where the Non-U.S. Stockholder is a corporation, a branch profits tax at a 30% rate (or lower rate provided in an applicable treaty). If the Non-U.S. Stockholder is subject to such U.S. income tax on distribution, then we are not required to withhold U.S. federal tax if the Non-U.S. Stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a Non-U.S. Stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.

Code section 871(k) (scheduled to expire for taxable years of RICs beginning after December 31, 2013) provides certain "look-through" treatment to Non-U.S. Stockholders, permitting interest-related dividends and short-term capital gains not to be subject to U.S. withholding tax. If this temporary "look-through" rule is extended, then dividends that are designated as interest income and net short-term capital gain will not be subject to U.S. withholding tax. If the temporary "look-through" rule is not extended, then all dividends (including interest income and the excess of net short-term capital gain over net long-term capital losses) will generally be subject to U.S. withholding tax as discussed in the preceding paragraph.

If the amount of a distribution exceeds our current and accumulated earnings and profits, such excess will be treated for U.S. federal income tax purposes as a tax-free return of capital to the extent of the Non-U.S. Stockholder's tax basis in our common stock. To the extent that any distribution received by a Non-U.S. Stockholder exceeds the Non-U.S. Stockholder's tax basis in our common stock and our current and accumulated earnings and profits, the excess will be treated as gain from the sale of the common stock and will be taxed as described in "Sales of Stock" below.

Sales of Stock. A Non-U.S. Stockholder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other non-redemption disposition of our common stock, unless (i) the gain is

effectively connected with a trade or business of the Non-U.S. Stockholder in the United States (or, if the Non-U.S. Stockholder is eligible for the benefits of a U.S. tax treaty, the gain is attributable to a permanent establishment in the United States of the Non-U.S. Stockholder); (ii) the Non-U.S. Stockholder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and who has a ‘‘tax home’’ in the United States; or (iii) we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the date of disposition of our common stock or, if shorter, within the period during which the Non-U.S. Stockholder has held our common stock. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We do not expect to be treated as a U.S. real property holding corporation.

Dividend Reinvestment Plan. Under the dividend reinvestment plan, if a Non-U.S. Stockholder’s common stock is registered directly with us or with a brokerage firm that participates in our Plan, the Non-U.S. Stockholder will have all cash distributions automatically reinvested in additional shares unless the Non-U.S. Stockholder opts out of the Plan. See “Dividend Reinvestment Plan.” If the distribution is a distribution of our investment company taxable income, is not designated by us as a short-term capital gain dividend or interest-related dividend (if applicable and to the extent that the temporary “look-through” rule described above is extended), and is not effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if required by an applicable income tax treaty, is not attributable to a U.S. permanent establishment of the Non-U.S. Stockholder), the amount distributed (to the extent of our current or accumulated earnings and profits) will be subject to withholding of federal income tax at a 30% rate (or lower rate provided by an applicable income tax treaty) and only the net after-tax amount will be reinvested in our shares. If the distribution is effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the Non-U.S. Stockholder), the full amount of the distribution generally will be reinvested in our common stock and will nevertheless be subject to federal income tax at the ordinary income rates applicable to U.S. persons. The Non-U.S. Stockholder will have an adjusted tax basis in the additional shares of our common stock purchased through the plan equal to the amount of the reinvested distribution. The additional shares of our common stock will have a new holding period commencing on the day following the day on which the shares of our common stock are credited to the Non-U.S. Stockholder’s account.

FATCA

Under Code sections 1471 through 1474 (the Foreign Account Tax Compliance Act, or “FATCA”), a person who makes a withholdable payment (as defined in Code Section 1473) to a foreign financial institution (“FFI”) or a non-financial foreign entity (“NFFE”) must withhold at a 30% rate unless the FFI or NFFE meets certain requirements or provides certain information to the U.S. person making the payment. Withholdable payments generally include fixed or determinable annual or periodical (“FDAP”) payments (such as our dividends) and gross proceeds from the sale or other disposition of any property of a type which can produce U.S.-source interest or dividends (such as our stock). FATCA withholding on U.S.-source FDAP payments (such as our dividends) is generally scheduled to commence July 1, 2014, and FATCA withholding on payments of gross proceeds (such as sales of our common stock) is generally scheduled to commence January 1, 2017. As a result of FATCA, we are likely to require certain information, representations or both from stockholders that are considered FFIs or NFFEs in order for them to avoid withholding under FATCA.

Because of the fact-specific impact of the applicable U.S. tax rules and their interaction with tax treaties, Non-U.S. Stockholders are urged to consult their own tax adviser regarding the U.S. federal income tax consequences of the holding, sale, exchange or other disposition of our common stock.

Backup Withholding

We are required in certain circumstances to backup withhold on certain payments paid to non-corporate stockholders of our common stock who do not furnish us with their correct taxpayer identification number (in

the case of individuals, their social security number) and certain certifications, or who are otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Failure to Qualify or Maintain Status as a RIC

If, in any taxable year, we fail to qualify as a RIC, we would be taxed in the same manner as a regular, or "C," corporation and our stockholders would be taxed as stockholders in such as regular, or "C," corporation.

The Company

If we were to fail to qualify as a RIC, we would be subject to U.S. federal income tax on our taxable income at the graduated rates applicable to corporations, currently at a maximum rate of 35%. We would generally recognize gain or loss on the sale, exchange or other taxable disposition of an equity security equal to the difference between the amount we realize on the sale, exchange or other taxable disposition and our adjusted tax basis in such equity security. To the extent that we had a net capital loss in any tax year, the net capital loss could be carried back three years and forward five years to reduce our capital gains, subject to certain limitations. Unlike capital gains realized by individuals which may be eligible for preferential tax rates, our net capital gain generally would be subject to U.S. federal income tax at the regular graduated corporate rates. Although we generally would be subject to tax on the dividends, interest, and other income we receive from our investments, we would be taxed on only a portion (generally 30%) of the dividends we receive that are eligible for the dividends received deduction of section 243 of the Code, subject to the restrictions of sections 246 and 246A of the Code. In particular, to the extent that any of our borrowings caused us to hold "debt financed portfolio stock" subject to the rules of section 246A of the Code, the dividends received deduction (generally 70%) would be reduced to reflect the proportion of debt financed portfolio stock.

If we elect to become a RIC after operating as a C corporation, either because we do not qualify as a RIC in our first taxable year or because we fail to maintain RIC status following an election, that election to become a RIC will have US federal income tax consequences to us and our stockholders. First, RICs are not permitted to have any earnings and profits that preceded their becoming a RIC. Accordingly, pursuant to section 852(a)(2) of the Code, we will be required to distribute all of our earnings and profits to our stockholders prior to becoming a RIC. This may result in larger distributions, and more taxable income to our stockholders, than we would otherwise have made. Second, we will generally be taxed on the appreciated assets we own prior to becoming a RIC. We must pay tax at U.S. corporate income tax rates on these deemed gains, and the resulting tax will reduce the amounts that will be available for distribution to our stockholders in the future.

U.S. Stockholders

Distributions. Distributions by us in respect of our common stock would be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). This would be the case regardless of whether a stockholder receives cash or additional shares of our common stock pursuant to the Plan. Any such dividend would be eligible for the dividends received deduction if received by an otherwise qualifying corporate U.S. Stockholder that meets the holding period and other requirements for the dividends received deduction. Dividends paid to certain non-corporate U.S. Stockholders (including individuals) would be eligible for U.S. federal income taxation at the rates generally applicable to long-term capital gains for individuals (generally at a maximum federal income tax rate of 20%), provided that the U.S. Stockholder receiving the dividend satisfies applicable holding period and other requirements applicable to qualified dividend income. If we made a distribution that exceeds our current and accumulated earnings and profits, that excess would be treated first as a tax-free return of capital to the extent of the U.S. Stockholder's tax basis in our common stock, and thereafter as capital gain. Any such capital gain generally would be long-term capital gain if the U.S. Stockholder has held the applicable common stock for more than one year.

Sales of Stock. As discussed above, upon the sale, exchange or other taxable disposition of our common stock, a U.S. Stockholder generally would recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Stockholder's adjusted tax basis in our stock. Any such capital gain or loss generally would be a long-term capital gain or loss if the U.S. Stockholder has held the common stock for more than one year at the time of disposition. Long-term capital gains of certain non-corporate U.S. Stockholders (including individuals) are generally subject to U.S. federal income taxation at a maximum rate of 20%. The deductibility of capital losses is subject to limitations under the Code.

Tax on Net Investment Income. Non-corporate U.S. Stockholders (including individuals) who exceed certain income thresholds are subject to a 3.8% tax on "net investment income," subject to certain limitations and exceptions. For this purpose, net investment income generally includes dividends and capital gains from the sale or other disposition of stock, such as our common stock, including qualified dividend income and long-term capital gains that are generally subject to the 20% maximum federal income tax rate otherwise applicable to such income.

Non-U.S. Stockholders

Distributions. As discussed above under "U.S. Stockholders-Distributions," distributions by us would be treated as dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid to a Non-U.S. Stockholder generally would be subject to U.S. withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. If a Non-U.S. Stockholder is eligible for a reduced rate of withholding tax under an applicable tax treaty, the Non-U.S. Stockholder would be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under the treaty in order to obtain a reduced rate of withholding tax. However, if the distributions are effectively connected with a U.S. trade or business of the Non-U.S. Stockholder (or, if an income tax treaty applies, attributable to a permanent establishment in the United States of the Non-U.S. Stockholder), then the distributions would be subject to U.S. federal income tax at the rates applicable to U.S. persons, plus, in certain cases where the Non-U.S. Stockholder is a corporation, a branch profits tax at a 30% rate (or lower rate provided in an applicable treaty). If the non-U.S. Stockholder is subject to such U.S. income tax on distribution, then we are not required to withhold U.S. federal tax if the Non-U.S. Stockholder complies with applicable certification and disclosure requirements.

If the amount of a distribution exceeded our current and accumulated earnings and profits, such excess would be treated for U.S. federal income tax purposes as a tax-free return of capital to the extent of the Non-U.S. Stockholder's tax basis in our common stock. To the extent that any distribution received by a Non-U.S. Stockholder exceeded the Non-U.S. Stockholder's tax basis in our common stock and our current and accumulated earnings and profits, the excess would be treated as gain from the sale of the common stock and will be taxed as described in "Sales of Stock" below.

Sales of Stock. A Non-U.S. Stockholder generally would not be subject to U.S. federal income tax on gain realized on the sale, exchange or other non-redemption disposition of our common stock, unless (i) the gain is effectively connected with a trade or business of the Non-U.S. Stockholder in the United States (or, if the Non-U.S. Stockholder is eligible for the benefits of a U.S. tax treaty, the gain is attributable to a permanent establishment in the United States of the Non-U.S. Stockholder); (ii) the Non-U.S. Stockholder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and who has a ''tax home'' in the United States; or (iii) we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the date of disposition of our common stock or, if shorter, within the period during which the Non-U.S. Stockholder has held our common stock. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We do not expect to be treated as a U.S. real property holding corporation.

FATCA

FATCA would apply in the same manner as discussed above.

PROXY VOTING POLICIES

We, along with our Advisor, have adopted proxy voting policies and procedures (the "Proxy Policy") that we believe are reasonably designed to ensure that proxies are voted in our best interests and the best interests of our stockholders. Subject to its oversight, our board of directors has delegated responsibility for implementing the Proxy Policy to our Advisor.

In the event requests for proxies are received to vote equity securities on routine matters, such as ratification of auditors, the proxies usually will be voted in accordance with the recommendation of our management unless our Advisor determines it has a conflict or our Advisor determines there are other reasons not to vote in accordance with the recommendation of our management. On non-routine matters, such as elections of directors, amendments to governing instruments, proposals relating to compensation, corporate governance proposals and stockholder proposals, our Advisor will vote, or abstain from voting if deemed appropriate, on a case-by-case basis in a manner it believes to be in the best economic interest of our stockholders. In the event requests for proxies are received with respect to fixed income securities, our Advisor will vote on a case-by-case basis in a manner it believes to be in the best economic interest of our stockholders.

Our chief executive officer will be responsible for monitoring our actions and ensuring that (i) proxies are received and forwarded to the appropriate decision makers, and (ii) proxies are voted in a timely manner upon receipt of voting instructions. We are not responsible for voting proxies we do not receive, but we will make reasonable efforts to obtain missing proxies. Our chief executive officer will implement and execute procedures designed to identify and monitor potential conflicts of interest that could affect the proxy voting process, including (i) significant client relationships, (ii) other potential material business relationships and (iii) material personal and family relationships. All decisions regarding proxy voting will be determined by our Advisor's investment committee and will be executed by our chief executive officer. Every effort will be made to consult with the portfolio manager and/or analyst covering the security. We may determine not to vote a particular proxy if the costs and burdens exceed the benefits of voting (e.g., when securities are subject to loan or to share blocking restrictions).

If a request for proxy presents a conflict of interest between our stockholders, on one hand, and our Advisor, the underwriters or any of our or their respective affiliated persons, on the other hand, our management may (i) disclose the potential conflict to our board of directors and obtain consent or (ii) establish an ethical wall or other informational barrier between the persons involved in the conflict and the persons making the voting decisions.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have selected Rothstein Kass as our independent registered public accounting firm. Their principal business address is 4 Becker Farm Road, Roseland, New Jersey 07068.

ADMINISTRATOR, CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

The Bank of New York Mellon, 103 Bellevue Parkway, Wilmington, Delaware 19809, will serve as our administrator. We intend to pay the administrator a monthly fee computed at an annual rate of: 0.04% of our first $200 million of average daily managed assets, 0.03% of our next $300 million of average daily managed assets, 0.02% of our next $500 million of average daily managed assets, 0.015% of our next $4 billion of average daily managed assets and 0.01% of our average daily managed assets in excess of $5 billion. For the purpose of calculating such fee, our managed assets means our total assets (including, but not limited to, any assets attributable to the use of leverage).

The Bank of New York Mellon, c/o BNY Mellon Asset Servicing, AIM 111-0900, Atlantic Terminal Office Tower, 2 Hanson Place, Brooklyn, New York 11217, will serve as our custodian.

Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021, is the transfer agent and registrar for our common stock and serves as our dividend paying agent.

ADDITIONAL INFORMATION

We have filed with the SEC a Registration Statement on Form N-2 relating to the common stock offered hereby. Our prospectus and this Statement of Additional Information do not contain all of the information set forth in the Registration Statement, including any exhibits and schedules thereto. Please refer to the Registration Statement for further information about us and the offering of the common stock. Statements contained in our prospectus and this Statement of Additional Information as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to a Registration Statement, each such statement being qualified in all respects by such reference. Copies of the Registration Statement may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the SEC upon the payment of certain fees prescribed by the SEC.

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STONECASTLE FINANCIAL CORP.

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, 2013

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Certified
Public
Accountants

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Beverly Hills
Boston
Dallas
Denver
Grand Cayman
New York
Roseland
San Francisco
Walnut Creek

Rothstein Kass

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
StoneCastle Financial Corp.

We have audited the accompanying statement of assets and liabilities of StoneCastle Financial Corp. (the "Fund") as of September 9, 2013, and the related statement of operations for the period February 7, 2013 through September 9, 2013. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of cash held as of September 9, 2013, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StoneCastle Financial Corp. as of September 9, 2013, and the results of its operations for the period February 7, 2013 through September 9, 2013, in conformity with accounting principles generally accepted in the United States of America.

Rothstein Kass

Roseland, New Jersey
September 12, 2013

StoneCastle Financial Corp.
Statement of Assets and Liabilities
As of September 9, 2013

Assets	
Cash	$ 100,025
Receivable from Advisor for organizational costs	36,781
Deferred offering costs	652,533
Total assets	789,339
Liabilities	
Payable for organizational costs	36,781
Accrued offering costs	652,533
Total liabilities	689,314
Total Net Assets	$ 100,025
Net Assets	
Common Stock ($0.001 per value; 4,001 shares issued and outstanding)	$ 4
Paid-in capital in excess of par value	100,021
Total Net Assets	100,025
Shares Outstanding	4,001
Net Asset Value Per Share	$ 25.00

See Accompanying Notes to Financial Statements

StoneCastle Financial Corp.
Statement of Operations
For the period from February 7, 2013 to September 9, 2013

Investment Income	
Investment Income	$ —
Expenses	
Organizational Expenses	36,781
Total Expense	36,781
Less: expenses reimbursable by Advisor	(36,781)
Net Expenses	—
Net Investment Income	$ —

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

StoneCastle Financial Corp (the "Fund") is a newly organized non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the "Investment Company Act"), as amended. The Fund was organized on February 7, 2013, as a corporation pursuant to the laws of the state of Delaware. As a newly organized entity, the Fund has no operating history. The Fund has had no operations through September 9, 2013 other than those relating to organizational matters and the sale and issuance of 4,001 common shares of beneficial interest to StoneCastle Asset Management, LLC (the "Advisor") and an affiliate.

The Fund's primary investment objective is to seek a high level of current income, and to a lesser extent capital appreciation, through preferred equity, subordinated debt and common equity investments in U.S. domiciled community banks. There can be no assurance that the Fund's investment objectives will be achieved.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 3. ADVISORY FEES

On September 4, 2013, the Fund's Board of Directors approved an Investment Management Agreement with the Advisor. The management fee will be paid quarterly in arrears and will be equal to 0.4375% (1.75% annualized) of assets at the end of each quarter, including cash and cash equivalents and assets purchased with borrowings, except that, (i) until the Fund has invested at least 85% of the net proceeds received from the sale of common stock, the Advisor has agreed to reduce the management fee so that the portion of the management fee payable with respect to the Fund's assets held in cash and cash equivalents will be equal to 0.0625% (0.25% annualized); and (ii) for the first twelve months following the commencement of operations, the Advisor will reduce the management fee otherwise charged at 0.4375% per quarter to 0.375% per quarter (1.5% annualized). In addition, the Fund will reimburse the Advisor for fees and expenses incurred on the Fund's behalf, including a pro rata portion of its administrative expenses.

NOTE 4. ORGANIZATIONAL AND OFFERING EXPENSES

While organization expenses of the Fund of approximately $37,000 are being reimbursed by the Advisor, offering costs consisting of the initial prospectus and registration of the Fund, currently estimated to be approximately $1,110,000 of which $652,533 have been incurred to date, will be paid by the Fund and charged to paid-in capital upon the sale of the shares.

NOTE 5. OTHER FEES

The Bank of New York Mellon serves as the custodian and administrator, and provides all custody and administration, including portfolio accounting services, expense accrual and payment services and financial reporting services, tax accounting services and compliance control services. ComputerShare Inc. serves as the transfer agent and provides all transfer agency services including shareholder recordkeeping and dividend disbursement services.

NOTE 6. FEDERAL INCOME TAXES

The Fund intends to elect to be treated, and intends to comply with the requirements to qualify annually, as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986 commencing with our initial taxable year.

NOTE 7. COMMITTMENT TO PURCHASE SECURITIES

The Fund entered into a purchase and sale agreement on August 23, 2013 with six separate entities (the "Sellers") (TARP Preferred Holdco I, LLC, TARP Preferred Holdco II, LLC, TARP Preferred Holdco III, LLC, TARP Preferred Holdco IV, LLC, and TARP Preferred Holdco V, LLC) to purchase a principal amount of preferred securities issued under the TARP Capital Purchase Program in the amount of approximately $74.3 million. The purchase is contingent on all parties meeting certain conditions precedent to closing and must be consummated on or before September 20, 2013, subject to extension by mutual agreement among all parties. The Fund is of the opinion the closing date will be extended and the purchase of the securities will be consummated shortly after the closing of the Fund's initial offering of shares.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund and has determined that there were no subsequent events that require disclosure in the financial statements.

Part C—Other Information

Item 25. *Financial Statements and Exhibits*

1. Financial Statements:

Statement of net assets, dated as of September 9, 2013.

2. Exhibits:

Exhibit No.	Description of Document
a	Amended and Restated Certificate of Incorporation
b.	Amended and Restated Bylaws
d.	Specimen certificate of the Company's common stock, par value $0.001 per share
e.	Dividend Reinvestment Plan
g.1.	Management Agreement with StoneCastle Asset Management LLC
h.1.	Form of Underwriting Agreement(1)
h.2.	Form of Master Agreement among Underwriters
h.3.	Form of Master Selected Dealers Agreement(1)
j.	Form of Custody Agreement with The Bank of New York Mellon
k.1.	Form of Stock Transfer Agency Agreement with Computershare Trust Company, N.A.
k.2.	Form of Administration Agreement with The Bank of New York Mellon
k.3.	Form of Staffing Agreement with StoneCastle Partners, LLC and Affiliates
k.4.	Form of Trademark License Agreement with StoneCastle Partners, LLC and Affiliates
k.5.	Purchase and Sale Agreement for TARP Preferred Securities
l.1.	Opinion of Nixon Peabody LLP(1)
l.2.	Consent of Nixon Peabody LLP (incorporated by reference to Exhibit l.1 hereto)(1)
n.1.	Consent of Independent Registered Public Accounting Firm
n.2.	Opinion of Dentons US LLP related to tax matters(1)
r.1.	Code of Ethics of StoneCastle Financial Corp.
r.2.	Code of Ethics of StoneCastle Asset Management LLC

(1) To be filed by amendment

Item 26. *Marketing Arrangements*

Reference is made to the form of underwriting agreement as Exhibit h.1 hereto.

Item 27. *Other Expenses and Distribution*

The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement:

Financial Industry Regulatory Authority, Inc. filing fee	$ 22,000
Securities and Exchange Commission fees	$ 20,460
NASDAQ Global Market listing fee	$ 5,000
Accounting fees and expenses	$ 2,500
Legal fees and expenses	$ 750,000
Printing expenses	$ 100,000
Marketing	$ 150,000
Miscellaneous	$ 60,040
Total	$ 1,110,000

Item 28. ***Persons Controlled by or Under Common Control with Registrant***

None.

Item 29. ***Number of Holders of Securities***

As of , the number of record holders of each class of securities of the Registrant was:

Title of Class	Number of Record Holders
Common Stock ($0.001 par value)	

Item 30. ***Indemnification***

Subject to the Investment Company Act, or any valid rule, regulation or order of the SEC thereunder, our certificate of incorporation and bylaws provide that we will indemnify any person who was or is a party or is threatened to be made a party to any threatened action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise to the maximum extent permitted by the Delaware General Corporation Law. The Investment Company Act provides that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office unless a determination is made by final decision of a court, by vote of a majority of a quorum of directors who are disinterested, non-party directors or by independent legal counsel that the liability for which indemnification is sought did not arise out of the foregoing conduct. In addition to any indemnification to which our directors and officers are entitled pursuant to our certificate of incorporation and bylaws and the Delaware General Corporation Law, our certificate of incorporation and bylaws permit us to indemnify our other employees and agents to the fullest extent permitted by the Delaware General Corporation Law, whether such employees or agents are serving us or, at our request, any other entity.

In addition, the investment advisory and management agreement between us and our Advisor, as well as the administration agreement between us and our Administrator, each provide that, absent willful misfeasance, bad faith, or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, our Advisor and its respective officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with them are entitled to indemnification from us for any damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Advisor's services under the management agreement or otherwise as our investment adviser.

Item 31. ***Business and Other Connections of Investment Advisor***

The information in the Statement of Additional Information under the caption "Management—Directors and Officers" and the information in the prospectus under the caption "Management—Management Agreement" is hereby incorporated by reference.

Item 32. ***Location of Accounts and Records***

The Registrant's accounts, books, and other documents are maintained at the offices of the Registrant, at the offices of the Registrant's investment adviser, StoneCastle Asset Management LLC, 152 West 57th Street, 35th Floor, New York, New York 10019, at the offices of the custodian, The Bank of New York Mellon, c/o BNY Mellon Asset Servicing, AIM 111-0900, Atlantic Terminal Office Tower, 2 Hanson Place, Brooklyn, New York 11217, at the offices of the transfer agent, Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021 or at the offices of the administrator, The Bank of New York Mellon, 103 Bellevue Parkway, Wilmington, Delaware 19809.

Item 33. ***Management Services***

None.

Item 34. ***Undertakings***

1. The Registrant undertakes to suspend the offering of the common stock until the prospectus is amended if (i) subsequent to the effective date of its registration statement, the net asset value declines more than 10% from its net asset value as of the effective date of the registration statement or (ii) the net asset value increases to an amount greater than its net proceeds as stated in the prospectus.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. The Registrant is filing this Registration Statement pursuant to Rule 430A under the Securities Act and undertakes that: (i) for the purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective; (ii) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

6. The Registrant undertakes to send by first class mail or other means designed to ensure equally prompt delivery, within two business days of receipt of an oral or written request, its Statement of Additional Information.

7. The Registrant undertakes to:

(i) file a registration statement containing a prospectus pursuant to the Securities Act prior to any offering by the Registrant of rights to subscribe for shares of common stock below net asset value;

(ii) file a registration statement containing a prospectus pursuant to the Securities Act prior to any offering of common stock below net asset value if the net dilutive effect of such offering (as calculated in the manner set forth in the dilution table contained in the prospectus), together with the net dilutive effect of any prior offerings (as calculated in the manner set forth in the dilution table contained in the prospectus), exceeds 15%;

(iii) suspend any offers or sales pursuant to an effective registration statement until a post-effective amendment thereto has been declared effective under the Securities Act, in the event the shares of Registrant are trading below net asset value and either (a) Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant’s ability to continue as a going concern or (b) Registrant has concluded that a material adverse change has occurred in its financial position or results of operations that has caused the financial statements and other disclosures on the basis of which the offering would be made to be materially misleading.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in this City of New York and State of New York on the 16th day of September 2013.

STONECASTLE FINANCIAL CORP.

By: /s/ Joshua S. Siegel
Joshua S. Siegel
Chief Executive Officer & Chairman of the Board

Power Of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that Clara Miller, whose signature appears below, hereby constitutes and appoints Joshua S. Siegel as her true and lawful attorney-in-fact and agent, with full power to act alone, with full powers of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the Registration Statement on Form N-2 filed herewith and any and all amendments to said Registration Statement (including any and all amendments and any related registration statements thereto filed pursuant to Rule 462 and otherwise), and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents with full power to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or his or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Name	Title	Date
/s/ Joshua S. Siegel Joshua S. Siegel	Chief Executive Officer and Director (Principal Executive Officer)	September 16, 2013
* Erik Minor	Chief Financial Officer (Principal Financial and Accounting Officer)	September 16, 2013
* George Shilowitz	President and Director	September 16, 2013
* Alan Ginsberg	Director	September 16, 2013

*		
Emil Henry	Director	September 16, 2013
/s/ Clara Miller		
Clara Miller	Director	September 16, 2013

* Signed by Joshua S. Siegel pursuant to a power of attorney signed by each individual on June 14, 2013.

EXHIBIT INDEX

Exhibit No.	Description of Document
a	Amended and Restated Certificate of Incorporation
b.	Amended and Restated Bylaws
d.	Specimen certificate of the Company's common stock, par value $0.001 per share
e.	Dividend Reinvestment Plan
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r.2.	Code of Ethics of StoneCastle Asset Management LLC

(1) To be filed by amendment.

STONECASTLE
FINANCIAL CORP.

Shares
Common Stock

PROSPECTUS
, 2013

KEEFE, BRUYETTE & WOODS
A Stifel Company

Exhibit a.

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

STONECASTLE FINANCIAL CORP.

(Pursuant to Sections 241 and 245 of the
General Corporation Law of the State of Delaware)

The undersigned, George Shilowitz, certifies that he is the sole incorporator of StoneCastle Financial Corp., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), and does hereby further certify as follows:

(1) The name of the Corporation is StoneCastle Financial Corp. and the original certificate of incorporation of this Corporation was filed with the Secretary of State of the State of Delaware on February 7, 2013.

(2) This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 241 and 245 of the General Corporation Law of the State of Delaware. The Corporation has not received payment for any of its stock. The Corporation has elected and duly qualified a board of directors, and this Amended and Restated Certificate of Incorporation was adopted by a majority of the directors so elected and qualified.

(3) The text of the Certificate of Incorporation of the Corporation is amended and restated and reads in its entirety as follows:

ARTICLE I
NAME

Section 1.1. The name of the Corporation is StoneCastle Financial Corp. (hereinafter the "Corporation").

ARTICLE II
ADDRESS

Section 2.1. The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, ZIP code 19808. The name of its registered agent at that address is Corporation Service Company.

ARTICLE III
PURPOSE

Section 3.1. The purpose of the Corporation shall be to engage in any act or activity that lawfully may be conducted by a corporation organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV
CAPITAL STOCK

Section 4.1. Stock Generally. The total number of shares of stock which the Corporation shall have authority to issue is fifty million (50,000,000) shares of which the Corporation shall have authority to issue forty million (40,000,000) shares of common stock, each having a par value of one one-thousandth of a dollar ($0.001) ("Common Stock"), and ten million (10,000,000) shares of preferred stock, each having a par value of one one-thousandth of a dollar ($0.001) ("Preferred Stock").

Section 4.2. Common Stock.

(a) Except as otherwise required by law or this Certificate of Incorporation, holders of record of Common Stock shall have one vote in respect of each share of stock held by such holder of record on the books of the Corporation for the election of directors and on all other matters submitted to a vote of stockholders of the Corporation. The holders of Common Stock shall have no cumulative voting rights.

(b) Holders of Common Stock shall be entitled to share ratably (based on the number of shares of Common Stock held by such holder), when, as and if declared by the Board of Directors, out of the assets of the Corporation legally available therefor, dividends payable either in cash, in property or in shares of capital stock.

(c) The holders of Common Stock shall have no preemptive, redemption or conversion rights, or any sinking fund rights, except in each case as granted by the Corporation pursuant to written agreements between the Corporation and a holder of Common Stock.

(d) In the event of a dissolution, liquidation or winding up of the affairs of the Corporation (a "Liquidation"), holders of Common Stock shall be entitled, unless otherwise provided by law or this Certificate of Incorporation, to receive, after payment of all of the liabilities of the Corporation and redemption or other retirement of all of the shares of Preferred Stock, or after money sufficient therefor shall have been set aside, all of the remaining assets of the Corporation of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

Section 4.3. Preferred Stock.

(a) The Board of Directors is expressly authorized to provide for the issuance of all or any of the Preferred Stock in one or more series, and to fix for each such series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such series and as may be permitted by the DGCL, including, without limitation, the authority to provide that any such series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the

dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions. Any of the foregoing provisions shall be consistent with the requirements of the Investment Company Act of 1940 (the "1940 Act"), to the extent applicable to the Corporation.

(b) Each share of each series of Preferred Stock shall have the same relative rights and be identical in all respects with all the other shares of the same series, except that shares of any one series issued at different times may differ as to the dates, if any, from which dividends thereon shall be cumulative. Except as otherwise provided by law or specified in this ARTICLE IV, any series of Preferred Stock may differ from any other series with respect to any one or more of the voting powers, designations, powers, rights, preferences and relative, participating, optional and other special rights, if any, and the qualifications, limitations and restrictions thereof.

(c) Before any dividends on any class of stock of the Corporation ranking junior to the Preferred Stock (other than dividends payable in shares of any class of stock of the Corporation ranking junior to the Preferred Stock) shall be declared or paid or set apart for payment, the holders of shares of each series of Preferred Stock shall be entitled to such dividends, but only if, when and as declared by the Board of Directors out of funds or property legally available therefor, as they may be entitled to in accordance with the resolution or resolutions adopted by the Board of Directors providing for the issuance of such series, payable on such dates as may be fixed by or under direction of the Board of Directors or a committee thereof.

(d) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation shall be made to or set aside for the holders of shares of any class of stock of the Corporation ranking junior to the Preferred Stock, the holders of the shares of each series of Preferred Stock shall be entitled to receive payment of the amount per share fixed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of the shares of such series, plus an amount equal to all dividends accumulated and not yet paid thereon to the date of final distribution to such holders. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in accordance with the respective amounts which would be payable on such shares if all amounts payable thereon were paid in full. Unless otherwise provided in the relevant certificate of designations, for the purposes of this paragraph (d), the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation or a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary.

(e) The term “junior stock,” as used in relation to any series of Preferred Stock, shall mean Common Stock and any other class of stock of the Corporation hereafter authorized which by its terms shall rank junior to such series of Preferred Stock as to dividend rights and as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(f) Before the Corporation shall issue any Preferred Stock of any series authorized as hereinbefore provided, a certificate setting forth a copy of the resolution or resolutions with respect to such series adopted by the Board of Directors of the Corporation pursuant to the foregoing authority vested in said Board of Directors shall be made, filed and recorded in accordance with the then applicable requirements, if any, of the laws of the State of Delaware, or, if no certificate is then so required, such certificate shall be signed and acknowledged on behalf of the Corporation by its president or a vice-president and its corporate seal shall be affixed thereto and attested by its Chief Executive Officer or an assistant secretary and such certificate shall be filed and kept on file at the registered office of the Corporation in the State of Delaware and in such other place or places as the Board of Directors shall designate.

(g) Any series of Preferred Stock which shall be issued and thereafter acquired by the Corporation through purchase, redemption, conversion or otherwise, shall return to the status of authorized but unissued shares of Preferred Stock, undesignated as to series, unless otherwise provided in any resolution or resolutions of the Board of Directors. Unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, the number of authorized shares of stock of any such series may be increased or decreased (but not below the number of shares thereof then outstanding) by resolution or resolutions of the Board of Directors and the filing of a certificate complying with the requirements referred to in subparagraph 4.3(f) above.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1. Management. Except as otherwise provided by this Certificate of Incorporation or the By-Laws of the Corporation, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 5.2. Classification. The Board of Directors shall be divided into three classes, designated Class I, Class II and Class III, as nearly equal in number as possible, and the term of office of directors of one class shall expire at each annual meeting of stockholders, and in all cases as to each director when such director’s successor shall be elected and shall qualify or upon such director’s earlier resignation, removal from office, death or incapacity. Additional directorships resulting from an increase in number of directors shall be apportioned among the classes as equally as possible. The initial term of office of directors of Class I shall expire at the first annual meeting of stockholders following the initial public offering of the Company’s Common Stock; that of Class II shall expire at the second annual meeting of stockholders; and that of Class III shall expire at the third annual meeting of stockholders following the initial public offering of the Company’s Common Stock; and in all cases as to each director when such director’s successor shall be elected and shall qualify or upon such director’s earlier resignation, removal from office, death or incapacity. Beginning at the first annual meeting following the initial public offering of the Company’s Common Stock and thereafter at each annual meeting, following the initial public offering of the Company’s Common Stock the number of directors

equal to the number of directors of the class whose term expires at the time of such meeting (or, if more or less, the number of directors properly nominated and qualified for election) shall be elected to hold office until the third succeeding annual meeting of stockholders after their election and their successors are duly elected and qualified. Any director appointed by the Board of Directors to fill a vacancy of a director that resigns, retires, is removed or otherwise ceases to serve prior to the end of such director's term in office, shall hold office until the next election of the class for which such director has been chosen, and until that director's successor has been elected and qualified or until his or her earlier resignation, removal or death.

Section 5.3. Size. The Board of Directors is expressly authorized to establish, increase or reduce (but not below one) the number of directors in accordance with the Corporation's By-Laws without the consent of the stockholders and to allocate such number of directors among the classes as evenly as practicable.

Section 5.4. Written Ballots. Elections of directors need not be by written ballot unless otherwise provided in the Corporation's Bylaws.

Section 5.5. Election. Directors shall be elected by a plurality of all votes cast by holders of shares entitled to vote thereon.

Section 5.6. Removal. Any director may be removed from office at any time, but only for cause, at a meeting called for that purpose, by the affirmative vote of the holders of a majority of the shares of the Corporation's capital stock then outstanding and entitled to vote in the election of directors, voting together as a single class. The affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of the Corporation's capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend in any respect or repeal this Section 5.6.

Section 5.7. Vacancies. Subject to the applicable requirements of the Investment Company Act as amended, and the rights of the holders of any series of Preferred Stock, and unless the Board of Directors otherwise determines, all vacancies on the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors shall be filled exclusively by the vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director so appointed shall serve for the remainder of the full term of the directorship in which such vacancy occurred, or of the class of directorship in which such new directorship was created.

ARTICLE VI
LIMITATION OF LIABILITY; INDEMNIFICATION

Section 6.1. General. No director or officer of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's or officer's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction from which the director or officer derived an improper personal

benefit. Any repeal or modification of this Section 6.1 by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

Section 6.2. Indemnification of Directors and Officers. The Corporation shall have the power, to the maximum extent permitted by the DGCL as in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, any person who becomes party to any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, member or manager of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, whether the basis of such action, suit or proceeding is alleged action in an official capacity as a director or officer or in any other capacity while so serving.

Section 6.3. Non-Exclusive Right. The rights to indemnification conferred in this ARTICLE VI shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.4. Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this ARTICLE VI to directors and officers of the Corporation.

Section 6.5. Savings Clause. If this ARTICLE VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person entitled to indemnification under Section 6.2 as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this Article VI to the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the full extent permitted by applicable law.

Section 6.6. Amendment, Repeal and Modification. Any repeal or modification of this ARTICLE VI shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer or other designated employee or agent of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification. The affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of the Corporation's capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend in any respect or repeal this ARTICLE VI.

Section 6.7. 1940 Act. Notwithstanding anything in this Certificate of Incorporation to the contrary, for so long as the Corporation is registered or regulated under the 1940 Act, neither this Certificate of Incorporation nor the Bylaws of the Corporation shall limit the liability of, or permit the indemnification of, any director or officer of the Corporation for actions or matters for which such limitation or indemnification would be prohibited by the 1940 Act or by any valid rule, regulation or order of the Securities and Exchange Commission thereunder.

ARTICLE VII
BY-LAWS

Section 7.1. Amendment of By-Laws. The Board of Directors is expressly empowered to adopt, amend or repeal the By-laws of the Corporation. The stockholders of the Corporation shall have the right to adopt, amend or repeal the By-Laws of the Corporation by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of the Corporation's capital stock entitled to vote generally in the election of directors, voting together as a single class.

Section 7.2. Amendment of this Article VII. The affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of the Corporation's capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend in any respect or repeal this ARTICLE VII.

ARTICLE VIII
STOCKHOLDER ACTION

Section 8.1. No Unanimous Written Consent. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, upon and following the closing of the initial public offering of the Common Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by written consent of the stockholders.

Section 8.2. Special Meetings. Special meetings of the stockholders of the Corporation may be called only by the Chairman of the Board or the Chief Executive Officer of the Corporation or by a resolution adopted by the affirmative vote of a majority of the Board of Directors.

Section 8.3. Written Ballot. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

ARTICLE IX
AMENDMENT

Section 9.1. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute or by this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this Corporation on this 5th day of September, 2013.

StoneCastle Financial Corp.

By: /s/ George Shilowitz
Name: George Shilowitz
Title: Sole Incorporator

Exhibit b.

AMENDED AND RESTATED

BY-LAWS

OF

STONECASTLE FINANCIAL CORP.

Dated as of September 4, 2013

AMENDED AND RESTATED

BY-LAWS

OF

STONECASTLE FINANCIAL CORP.

These Amended and Restated By-Laws are made and adopted pursuant to the Certificate of Incorporation establishing StoneCastle Financial Corp. (hereinafter the "Corporation"), dated as of February 7, 2013, as amended or restated from time to time (hereinafter the "Certificate"). All capitalized terms not otherwise defined herein shall have the meaning set forth for such terms in the Certificate.

ARTICLE I

MEETINGS OF THE STOCKHOLDERS

1.1. Annual Meeting.

(a) The annual meeting of the stockholders of the Corporation shall be held on such date, at such time and at such place within or without the State of Delaware as may be designated only by the Board of Directors of the Corporation (the "Board") or the Chairman of the Board (if any) or as otherwise required by law. Such annual meeting shall be for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting in accordance with the Certificate and these By-Laws. The Board or the Chairman of the Board (if any), as applicable, may determine that an annual meeting shall not be held at any place, but shall instead be held solely by means of remote communication.

(b) Except as otherwise provided by law, at an annual meeting of stockholders, no business shall be transacted and no corporate action shall be proposed or taken except as shall been properly brought before the annual meeting in accordance with the Certificate and these By-Laws. The only means by which business may by properly brought before an annual meeting are if such business is (i) specified in the notice of meeting as provided in Section 1.4, (ii) brought before the meeting by the Board or the Chairman of the Board (if any), (iii) brought before the meeting by a stockholder who (A) is present at the meeting in person or whose Representative (as defined below) is present at the meeting in person, (B) was the beneficial owner of shares of the Corporation's stock entitled to vote at the meeting as of both the time of the meeting and as of the time of giving the Proposal Notice (as defined below), and (C) has complied with Section 1.3 of these By-Laws in all respects, or (iv) brought before the meeting by a stockholder who (A) is present at the meeting in person or whose Representative is present at the meeting in person, (B) was the beneficial owner of shares of the Corporation's stock entitled to vote at the meeting as of both the time of the meeting and as of the time of the notice of meeting pursuant to Section 1.4, and (C) properly made such proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Notwithstanding the foregoing, stockholders seeking to nominate persons to serve on the Board must comply with Section 2.9, and this Section 1.1(b) shall not be applicable to nominations of directors.

(c) For purposes of these By-Laws, "Representative" means (i) if the stockholder is a corporation, any duly authorized officer of such corporation, (ii) if the stockholder is a limited liability company, any manager or duly appointed officer of such limited liability company, (iii) if the stockholder is a partnership, any general partner or person who functions as general partner for such partnership, (iv) if the stockholder is a trust, the trustee of such trust, or (v) if the stockholder is an entity other than the foregoing, the persons acting in such similar capacities as the foregoing with respect to such entity.

1.2. Special Meetings.

(a) Except as otherwise provided in the Certificate, a special meeting of stockholders of the Corporation may be called at any time only by the Board, the Chairman of the Board (if any), the Chief Executive Officer or the President. Any special meeting of stockholders shall be held on such date, at such time and at such place within or without the State of Delaware as the Board, the Chairman of the Board (if any), the Chief Executive Officer or the President as applicable, shall designate. The Board or the Chairman of the Board (if any), as applicable, may determine that any special meeting of stockholders shall not be held at any special place, but shall instead be held solely by means of remote communication.

(b) Except as otherwise provided by law, the Certificate or these By-Laws, at a special meeting of stockholders, no business shall be transacted and no corporate action shall be taken except as shall have been specified in the notice of meeting as provided in Section 1.3, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders. This Section 1.2(b) shall be the exclusive means of bringing business before a special meeting.

1.3. Stockholder Proposals.

(a) Except as provided in Section 2.9, and except for a stockholder proposal included in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, for a proposal to be properly brought before any stockholder meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary (the "Proposal Notice"), which Proposal Notice shall be in proper form, the making of such proposal must be permitted by law, the Certificate and these By-Laws, and such stockholder or its Representative must be present in person (or remotely if such meeting is held solely by means of remote communication) at such meeting. To be timely, the Proposal Notice must be delivered to, or mailed and received by, the Secretary at the principal office of the Corporation (i) not less than 90 calendar days nor more than 120 calendar days prior to the anniversary date of the immediately preceding annual meeting of stockholders or special meeting in lieu thereof (the "Anniversary Date") or (ii) in the case of a special meeting of stockholders or in the event that the annual meeting of stockholders is called for a date more than 90 calendar days prior to the Anniversary Date, not later than the close of business on (A) the 20th calendar day (or if that day is not a business day for the Corporation, on the next succeeding business day) following the earlier of (1) the date on which notice of the date of such meeting was mailed to stockholders, or (2) the date on which the date of such meeting was publicly disclosed, or (B) if such date of notice or public disclosure occurs more than 90 calendar days prior to the scheduled date of such meeting, the 90th calendar day prior to such scheduled date of such meeting (or if that day is not

a business day for the Corporation, on the next succeeding business day). For purposes of these By-Laws, "public disclosure" or its corollary "publicly disclosed" shall mean disclosure by the Corporation in a document filed or furnished by it with the Securities and Exchange Commission.

(b) Form of Proposal Notice. For the Proposal Notice to be in proper form, the Proposal Notice shall set forth, as to each matter the stockholder proposes to bring before such meeting, (i) a brief description of the proposal desired to be brought before such meeting and the reasons for conducting such business at such meeting, (ii) the text of the proposal or business, including the text of any proposed resolutions, (iii) any material interest, direct or indirect, of each Proposing Person (as defined below) in such proposal, (iv) the name and address, as they appear on the Corporation's stock transfer books, of the stockholder proposing such business and of the beneficial owners (if different) of the stock registered in such stockholder's name and the name and address of each other Proposing Person known by such stockholder to be supporting such proposal, (v) the class and number of shares of the Corporation's capital stock which are "beneficially owned" (for purposes of these By-Laws, as such term is used in Rule 16a-1 under the Exchange Act, provided that any such person shall still be deemed to beneficially own any derivative security exempt from the definition thereof due to clause (c)(5) or clause (c)(6) of such Rule) by the stockholder and such beneficial owners on the date of the Proposal Notice, (vi) the class and number of shares of the Corporation's capital stock which are beneficially owned by all Proposing Persons as a group, (vii) any material, pending or, to any Proposing Person's knowledge, threatened legal proceeding in which any Proposing Person is a party involving the Corporation or any "affiliate" (for purposes of these By-Laws, as such term is used by Rule 12b-2 under the Exchange Act) or "associate" (for purposes of these By-Laws, as such term is used by Rule 12b-2 under the Exchange Act) of the Corporation, (viii) any material relationship between any Proposing Person, on one hand, and the Corporation or any director, officer or affiliate of the Corporation, or any competitor of the Corporation (a "Competitor") or any director, officer or affiliate of a Competitor, on the other hand, (ix) a reasonably detailed description of any agreement, arrangement or understanding (including, to the extent not otherwise disclosed, any derivative or short positions, profit interests, options, hedging transactions and borrowed or loaned shares) by, or on behalf of, any Proposing Person or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the stockholder or any of its affiliates or associates with respect to any securities of the Corporation, (x) all other information relating to such proposal and each Proposing Person that would be required to be disclosed by the Corporation pursuant to Regulation 14A under the Exchange Act if such proposal were to be included in the Corporation's proxy statement, and (xi) a representation that the stockholder or its Representative intends to appear in person (or remotely if such meeting is held solely by means of remote communication) at the meeting to propose the actions specified in the Proposal Notice.

(c) Updating of Proposal Notice. Any stockholder that has timely provided a Proposal Notice in proper form shall, no later than ten (10) business days prior to the meeting at which such the proposals contained therein are to be considered, deliver in writing to the Secretary a letter (i) updating the information required to be in the Proposal Notice so that such information is true and correct as of the record date for such meeting, or (ii) representing and warranting that the information contained in the Proposal Notice was true and correct in all respects as of the record date of such meeting.

(d) Exclusive Means. Except as provided by Rule 14a-8 under the Exchange Act, this Section 1.3 shall be the exclusive means of any stockholder or beneficial owner of the Corporation's capital stock to propose business before a meeting of stockholders. If the chairman of such meeting shall determine, based on the facts and circumstances and in consultation with counsel (who may be the Corporation's internal counsel), that such business was not properly brought before the meeting in accordance with this Section 1.3, then the chairman of the meeting shall not permit such business to be transacted at such meeting.

(e) Proposing Persons. For purposes of these By-Laws, "Proposing Person" means (i) the stockholder of record providing the Proposal Notice or Nominating Notice (as defined below), as applicable, (ii) each beneficial owner of the Corporation's stock on whose behalf the Proposal Notice or Nominating Notice, as applicable, is given, (iii) each other person who is the member of a "group" (for purposes of these By-Laws, as such term is used in Rule 13d-5 under the Exchange Act) with any such stockholder or beneficial owner or is otherwise acting in concert with any such stockholder or beneficial owner with respect to the proposal, consent or nomination, as applicable, and (iv) each "associate" (for purposes of these By-Laws, as such term is used in Rule 12b-2 under the Exchange Act) of any of the foregoing that has any direct or indirect interest in the proposal, consent, nominee or Corporation's voting stock, as applicable.

(f) Rule 14a-8. Nothing in this Section 1.3 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act.

(g) Exchange Act. In addition to the provisions of this Section 1.3, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect any stockholder proposal and the business that may be brought thereunder.

1.4. Notice of Meetings. Except as otherwise provided by law, by the Certificate or by these By-Laws, a written notice of each meeting of the stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of the Corporation entitled to vote at such meeting at the stockholder's address as it appears on the records of the Corporation or by a form of electronic transmission to which the stockholder has consented. The notice shall be approved by the Board and shall state the place, date and hour of the meeting or the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person (or remotely if such meeting is held solely by means of remote communication) and may vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called. No notice of meeting shall contain any proposals, director nominations or other actions except as has been properly brought before such meeting pursuant to these By-Laws.

1.5. Quorum. At any meeting of stockholders, the holders of a majority in number of the total outstanding shares of stock of the Corporation entitled to vote at such meeting, present in person or represented by proxy, shall constitute a quorum of the stockholders for all purposes,

unless the representation of a different number of shares shall be required by law, the Certificate or these By-Laws, in which case the representation of the number of shares so required shall constitute a quorum. Notwithstanding the previous sentence, at any meeting of stockholders at which the holders of any class of stock of the Corporation shall be entitled to vote separately as a class, the holders of a majority in number of the total outstanding shares of such class, present in person or represented by proxy, shall constitute a quorum for purposes of such class vote unless the representation of a different number of shares of such class shall be required by law, by the Certificate or by these By-Laws.

1.6. Adjourned Meetings.

(a) Whether or not a quorum shall be present in person or represented at any meeting of stockholders, the chairman of the meeting may adjourn such meeting from time to time. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and the place, if any, thereof, or the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person (or remotely if such meeting is held solely by means of remote communication) and may vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting the stockholders or the holders of any class of stock entitled to vote separately as a class, as the case may be, may transact any business which might have been transacted by them at the original meeting. In no event shall any adjournment or postponement of any meeting or the announcement thereof commence a new time period for giving notice as provided in Section 1.3 or Section 2.9.

(b) The Board may postpone any meeting of stockholders or cancel any special meeting of stockholders by public announcement or disclosure prior to the time scheduled for the meeting.

1.7. Organization.

(a) The Chief Executive Officer or, in the absence of the Chief Executive Officer, the Chairman of the Board (if any) shall call all meetings of the stockholders to order, and shall act as chairman of such meetings. In the absence of the Chief Executive Officer and the Chairman of the Board (if any), the members of the Board who are present (whether or not constituting a quorum) shall elect a chairman of the meeting.

(b) The Secretary shall act as secretary of all meetings of the stockholders; and in the absence of the Secretary the assistant secretary, if any, shall act at such meeting of the stockholders; and in the absence of the Secretary and an assistant secretary, the chairman of the meeting may appoint any person to act as secretary of the meeting. It shall be the duty of the Secretary to prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder.

1.8. Voting.

(a) Except as otherwise provided by law or by the Certificate, each stockholder shall be entitled to one vote for each share of the stock of the Corporation registered in the name of such stockholder upon the stock transfer books of the Corporation. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. When directed by the chairman of the meeting, the vote upon any matter before a meeting of stockholders shall be by ballot. Subject to the rights of the holders of any series of preferred stock of the Corporation, directors shall be elected by a plurality of the votes cast at a meeting of stockholders by the stockholders entitled to vote in the election. Except as otherwise provided by law or by the Certificate, whenever any corporate action, other than the election of directors, is to be taken at a meeting of stockholders, it shall be authorized by the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote thereon.

(b) Shares of the stock of the Corporation belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes.

1.9. Voting Procedures and Inspectors. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such person's ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at the meeting and the validity of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by them; and certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballots, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls.

1.10. Record Date for Stockholder Meetings.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, as the case may be, the Board shall fix, in advance, a record date, which shall not be (i) more than sixty (60) nor less than ten (10) days before the date of such meeting, or (ii) more than sixty (60) days prior to any other action.

(b) If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; *provided*, *however*, that the Board may fix a new record date for the adjourned or postponed meeting.

ARTICLE II

DIRECTORS

2.1. Number and Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of a Board. The number of directors constituting the Board shall be fixed from time to time by resolution passed by a majority of the Board. The directors shall, except as hereinafter otherwise provided for filling vacancies, be elected at the annual meeting of stockholders, and shall hold office until their respective successors are elected and qualified or until their earlier resignation or removal.

2.2. Removal, Vacancies and Additional Directors.

(a) Removal; Vacancies. No director may be removed except for cause. Notwithstanding the previous sentence, whenever any director shall have been elected by the holders of any class of stock of the Corporation voting separately as a class under the provisions of the Certificate, such director may be removed and the vacancy filled only by the holders of a majority of the voting power of that class of stock voting separately as a class unless the Certificate shall otherwise provide. Except as provided in the Certificate, vacancies caused by any such removal or any vacancy caused by the death or resignation of any director or for any other reason, and any newly created directorship resulting from any increase in the authorized number of directors, may be filled by, and only by, the affirmative vote of a majority of the directors then in office, although less than a quorum, and any director so elected to fill any such vacancy or newly created directorship shall hold office until the director's successor is elected and qualified or until the director's earlier resignation or removal.

(b) Resignation. Any director may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board (if any) or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event, and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

2.3. Place of Meeting. The Board may hold its meetings in such place or places in the State of Delaware or outside the State of Delaware as the Board from time to time shall determine. Members of the Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

2.4. Regular Meetings. Regular meetings of the Board shall be held at such times and places as the Board from time to time by resolution shall determine. No notice shall be required for any regular meeting of the Board; but a copy of every resolution fixing or changing the time or place of regular meetings shall be sent to every director by mail at least five (5) days, or by electronic transmission or overnight courier at least two (2) days, before the first meeting held in pursuance thereof.

2.5. Special Meetings. Special meetings of the Board shall be held whenever called by direction of the Chairman of the Board (if any), the Chief Executive Officer or by any two of the directors then in office. Notice of the day, hour and place of holding of each special meeting shall be given by mailing the same at least five (5) days before the meeting or by causing the same to be transmitted by electronic transmission or overnight courier at least two (2) days before the meeting to each director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting.

2.6. Quorum. Subject to the provisions of Section 2.2, a majority of the members of the Board in office (but, unless the Board shall consist solely of one director, in no case less than one-third of the total number of directors nor less than two directors) shall constitute a quorum for the transaction of business and a vote of a majority of the directors present at any meeting of the Board at which a quorum is present shall be an act of the Board. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time.

2.7. Organization. The Chairman of the Board or, in the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Board. In the absence of the Chairman of the Board and the Chief Executive Officer, a chairman shall be elected from among the directors present. The Secretary shall act as secretary of all meetings of the directors. In the absence of the Secretary, the assistant secretary of the Corporation (if any) shall act as secretary, and if both the Secretary and the assistant secretary (if any) shall be absent, the chairman of the meeting may appoint any person to act as secretary of the meeting.

2.8. Committees.

(a) Creation; Powers. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and the affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders for approval, or (ii) adopting, amending or repealing these By-Laws.

(b) Subcommittees. Unless otherwise provided in the Certificate, in these By-Laws or in the resolution of the Board designating a committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to the subcommittee any or all of the powers and authority of the committee.

2.9. Director Nominations.

(a) Method of Nomination. Nominations of candidates for election as directors at any meeting of stockholders may be made only (i) by, or at the direction of, a majority of the Board or a duly authorized committee thereof, or (ii) by any stockholder of record (both as of the time notice of such nomination is given by the stockholder as set forth below and as of the record date for the meeting in question) of any shares of the Corporation's capital stock outstanding and entitled to vote at such meeting who complies with the procedures set forth in this Section 2.9. Any stockholder who seeks to make such a nomination, or its Representative, must be present in person (or remotely if such meeting is held solely by means of remote communication) at such meeting. Only persons nominated in accordance with the procedures set forth in this Section 2.9 to the extent applicable, shall be eligible for election as directors at any meeting of stockholders.

(b) Stockholder Nominations. For a person to be properly nominated as a candidate for director before any stockholder meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary (the "Nominating Notice"), which Nominating Notice shall be in proper form. To be timely, the Nominating Notice must be delivered to, or mailed and received by, the Secretary at the principal office of the Corporation (i) not less than 90 calendar days nor more than 120 calendar days prior to the Anniversary Date or (ii) in the case of a special meeting of stockholders or in the event that the annual meeting of stockholders is called for a date more than 90 calendar days prior to the Anniversary Date, not later than the close of business on (A) the 20th calendar day (or if that day is not a business day for the Corporation, on the next succeeding business day) following the earlier of (1) the date on which notice of the date of such meeting was mailed to stockholders, or (2) the date on which the date of such meeting was publicly disclosed, or (B) if such date of notice or public disclosure occurs more than 90 calendar days prior to the scheduled date of such meeting, the 90th calendar day prior to such scheduled date of such meeting (or if that day is not a business day for the Corporation, on the next succeeding business day).

(c) Form of Nomination Notice. For the Nominating Notice to be in proper form, the Nominating Notice shall set forth (i) the name and address, as they appear on the Corporation's stock transfer books, of the stockholder nominating the individual proposed to serve on the Board (the "Nominee") and of the beneficial owners (if any) of the stock registered in such stockholder's name and the name and address of each other Proposing Person known by such stockholder to be supporting such Nominee, (ii) the class and number of shares of the Corporation's capital stock which are beneficially owned by the stockholder and such beneficial owners (if any) on the date of the Proposal Notice, (iii) the class and number of shares of the Corporation's capital stock which are beneficially owned by all Proposing Persons as a group, (iv) any material, pending or, to any Proposing Person's knowledge, threatened legal proceeding in which any Proposing Person is a party involving the Corporation or any affiliate or associate of the Corporation, (v) a reasonably detailed description of any agreement, arrangement or

understanding (including, to the extent not otherwise disclosed, any derivative or short positions, profit interests, options, hedging transactions and borrowed or loaned shares) by, or on behalf of, any Proposing Person or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the stockholder or any of its affiliates or associates with respect to any securities of the Corporation, (vi) all information with respect to each Nominee that would be required to be set forth in this Section 2.9(c) if such Nominee were a Proposing Person, (vii) any relationship, direct or indirect, of any Proposing Person or its affiliates or associates with such Nominee or its affiliates or associates, (viii) any material relationship (including without limitation any direct or indirect interest in any agreement, arrangement or understanding) between any Proposing Person or Nominee or any of their respective affiliates or associates, on one hand, and the Corporation or any director, officer or affiliate of the Corporation, or any Competitor or any director, officer or affiliate of a Competitor, on the other hand, (ix) all other information relating to each Proposing Person and each Nominee that would be required to be disclosed by the Corporation pursuant to Regulation 14A under the Exchange Act if such nominee were to be included in the Corporation's proxy statement, and (x) the Nominee's written consent to being named in the proxy statement or the notice of meeting, as applicable, as a nominee and to serving as a director if elected.

(d) Updating of Nomination Notice. Any stockholder that has timely provided a Nominating Notice in proper form shall, no later than ten (10) business days prior to the meeting at which such the Nominees are to be voted upon, deliver in writing to the Secretary a letter updating the information required to be in the Nominating Notice so that such information is true and correct as of (i) the record date for such meeting, and (ii) the date of the letter containing such updated information.

(e) Exclusive Means. Section 2.9 shall be the exclusive means of any stockholder or beneficial owner of the Corporation's capital stock to propose a Nominee for the Board before a meeting of stockholders. If the chairman of such meeting shall determine, based on the facts and circumstances and in consultation with counsel (who may be the Corporation's internal counsel), that such Nominee was not properly nominated in accordance with this Section 2.9, then the chairman of the meeting shall not permit such nominee to be voted upon at such meeting.

(f) Exchange Act. In addition to the provisions of this Section 2.9, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect any nominations of directors and election thereof.

2.10. Consent of Directors or Committee in Lieu of Meeting. Unless otherwise restricted by the Certificate or by these By-Laws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or the electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, as the case may be.

2.11. Fees and Compensation. The Board or any duly authorized committee thereof shall have the authority to fix the compensation of directors. The directors shall be paid their reasonable expenses, if any, of attendance at each meeting of the Board or any committee thereof and may be paid a fixed sum for attendance at each such meeting or an annual retainer or salary for service as a director or committee member, payable in cash and/or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE III

OFFICERS

3.1. Officers of the Corporation. The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Chief Compliance Officer, a Chief Financial Officer, a Secretary and such other officers or assistant officers as may be elected or authorized by the Directors. Any two or more of the offices may be held by the same Person, except that the same person may not be both Chief Executive Officer and Secretary. The Chairman of the Board shall be a Director, but no other officer of the Corporation need be a Director.

3.2. Election and Tenure. At the initial organizational meeting, the Directors shall elect the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Secretary and such other officers as the Directors shall deem necessary or appropriate in order to carry out the business of the Corporation. Such officers shall serve at the pleasure of the Directors or until their successors have been duly elected and qualified. The Directors may fill any vacancy in office or add any additional officers at any time.

3.3. Removal of Officers. Any officer may be removed at any time, with or without cause, by action of a majority of the Directors or by any officer upon whom such power of removal maybe conferred by the Board. This provision shall not prevent the making of a contract of employment for a definite term with any officer and shall have no effect upon any cause of action which any officer may have as a result of removal in breach of a contract of employment. Any officer may resign at any time by notice in writing signed by such officer and delivered or mailed to the Chairman of the Board, Chief Executive Officer, or Secretary, and such resignation shall take effect immediately upon receipt by the Chairman of the Board, Chief Executive Officer, or Secretary, or at a later date according to the terms of such notice in writing.

3.4. Vacancies. A vacancy in any office may be filled by the Board for the balance of the term.

3.5. Bonds and Surety. Any officer may be required by the Directors to be bonded for the faithful performance of such officer’s duties in such amount and with such sureties as the Directors may determine.

3.6. Chairman of the Board. The Chairman of the Board shall, if present, preside at all meetings of the stockholders and of the Directors and shall exercise and perform such other powers and duties as may be from time to time assigned to such person by the Directors. If the Chairman of the Board is not the Chief Executive Officer and no officer duties are delegated to

the Chairman of the Board by the Board, then the Chairman of the Board shall have such powers and perform such other duties as the Chief Executive Officer may from time to time delegate to such Chairman of the Board, except as otherwise determined by the Board. The Chairman of the Board shall have such further authorities and duties as the Board shall from time to time determine.

3.7. Chief Executive Officer. Subject to the supervision of the Board, the Chief Executive Officer shall be the chief executive officer of the Corporation and, subject to the control of the Directors, shall have general supervision, direction and control of the business of the Corporation and of its employees and shall exercise such general powers of management as are usually vested in the office of Chief Executive Officer of a corporation. Subject to direction of the Directors, the Chief Executive Officer shall have the power in the name and on behalf of the Corporation to execute any and all loans, documents, contracts, agreements, deeds, mortgages, registration statements, applications, requests, filings and other instruments in writing, and to employ and discharge employees and agents of the Corporation. Unless otherwise directed by the Directors, the Chief Executive Officer shall have full authority and power, on behalf of all of the Directors, to attend and to act and to vote, on behalf of the Corporation at any meetings of business organizations in which the Corporation holds an interest, or to confer such powers upon any other persons, by executing any proxies duly authorizing such persons. The Chief Executive Officer shall have such further authorities and duties as the Directors shall from time to time determine.

3.8. President. In the absence or disability of the Chairman of the Board and the Chief Executive Officer, the President shall perform all of the duties of the Chief Executive Officer, and when so acting shall have all the powers of and be subject to all of the restrictions upon the Chief Executive Officer. Subject to the direction of the Directors, and if the Directors have not acted, of the Chief Executive Officer, the President shall have the power in the name and on behalf of the Corporation to execute any and all instruments in writing, and, in addition, shall have such other duties and powers as shall be designated from time to time by the Directors, the Chairman of the Board or the Chief Executive Officer.

3.9. Vice Presidents. In the absence or disability of the Chairman of the Board, the Chief Executive Officer and the President, the Vice-Presidents in order of their rank as fixed by the Directors or, if more than one and not ranked, the Vice-President designated by the Directors, shall perform all of the duties of the Chief Executive Officer, and when so acting shall have all the powers of and be subject to all of the restrictions upon the Chief Executive Officer. Subject to the direction of the Directors, and if the Directors have not acted, of the Chairman of the Board or the Chief Executive Officer, each Vice-President shall have the power in the name and on behalf of the Corporation to execute any and all instruments in writing, and, in addition, shall have such other duties and powers as shall be designated from time to time by the Directors or by the Chief Executive Officer.

3.10. Chief Financial Officer. Except as otherwise directed by the Directors, the Chief Financial Officer shall be the treasurer of the Corporation and shall have the general supervision of the monies, funds, securities, notes receivable and other valuable papers and documents of the Corporation, and shall have and exercise under the supervision of the Directors and of the Chief Executive Officer all powers and duties normally incident to the office. The Chief Financial

Officer may endorse for deposit or collection all notes, checks and other instruments payable to the Corporation or to its order. The Chief Financial Officer shall deposit all funds of the Corporation in such depositories as the Directors shall designate. The Chief Financial Officer shall be responsible for such disbursement of the funds of the Corporation as may be ordered by the Directors or the Chief Executive Officer. The Chief Financial Officer shall keep accurate account of the books of the Corporation's transactions which shall be the property of the Corporation, and which together with all other property of the Corporation in the Chief Financial Officer's possession, shall be subject at all times to the inspection and control of the Directors. Unless the Directors shall otherwise determine, the Chief Financial Officer shall be the principal accounting officer of the Corporation and shall also be the principal financial officer of the Corporation. The Chief Financial Officer shall have such other duties and authorities as the Directors shall from time to time determine. Notwithstanding anything to the contrary herein contained, the Directors may authorize any adviser, administrator, manager or transfer agent to maintain bank accounts and deposit and disburse funds.

3.11. Chief Compliance Officer. The Chief Compliance Officer shall have general responsibility for the compliance matters of the Corporation and shall perform such other duties and exercise such other powers which are or from time to time may be delegated to him or her by the Board or these Bylaws, all in accordance with policies as established by and subject to oversight of the Board. Additionally, the Chief Compliance Officer shall, no less than annually, (i) provide a written report to the Board, the content of which shall comply with Rule 38a-1 of the Investment Company Act of 1940, as amended (the "1940 Act"), and (ii) meet separately with the Corporation's independent Directors.

3.12. Secretary. The Secretary shall maintain the minutes of all meetings of, and record all votes of, stockholders, Directors and the Executive Committee, if any. The Secretary shall be custodian of the seal of the Corporation, if any, and the Secretary (and any other person so authorized by the Directors) shall affix the seal, or if permitted, facsimile thereof, to any instrument executed by the Corporation which would be sealed by a Delaware business corporation and shall attest the seal and the signature or signatures of the officer or officers executing such instrument on behalf of the Corporation. The Secretary shall also perform any other duties commonly incident to such office in a Delaware business corporation, and shall have such other authorities and duties as the Directors shall from time to time determine.

3.13. Other Officers and Duties. The Directors may appoint such other officers and assistant officers as they shall from time to time determine to be necessary or desirable in order to conduct the business of the Corporation. Assistant officers shall act generally in the absence of the officer whom they assist and shall assist that officer in the duties of the office. Each officer, employee and agent of the Corporation shall have such other duties and authority as may be conferred upon such person by the Directors or delegated to such person by the Chief Executive Officer.

3.14. Compensation. The salaries and other compensation of the officers shall be fixed from time to time by the Board and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

3.15. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities of another entity owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the President or any Vice President, and any such officer may, in the name and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board may, by resolution, from time to time confer like powers upon any other person or persons.

ARTICLE IV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

4.1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, member, manager, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a director or officer or in any other capacity while so serving, shall be indemnified and held harmless by the Corporation to the full extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), or by other applicable law as then in effect, against all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, excise taxes or penalties under the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such Indemnitee in connection therewith. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee, agent, partner, trustee, member, manager, employee or trustee and shall inure to the benefit of his or her heirs, executors and administrators. Each person who is or was serving as a director or officer of a subsidiary of the Corporation shall be deemed to be serving, or have served, at the request of the Corporation. Notwithstanding the foregoing, indemnification under this Article IV shall not be permitted if the Indemnitee did not act in good faith with the reasonable belief that its conduct was in, or not opposed to, the best interest of the Corporation, or if the Indemnitee's conduct constituted gross negligence, bad faith, reckless disregard, or willful misconduct.

The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

4.2. Successful Defense. To the extent that a present or former director, officer, employee or agent of the Corporation or otherwise is an Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 4.1 or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

4.3. Determination that Indemnification is Proper. Any indemnification of a present or former director, officer, employee or agent of the Corporation or other Indemnitee under Section 4.1 (unless ordered by a court) may be made by the Corporation unless a determination is made that indemnification of the person is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 4.1. Any such determination shall be made with respect to a person who is a director or officer at the time of the determination (a) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders holding a majority of the Corporation's stock generally entitled to vote, voting as a single class. Any such determination shall be made with respect to any Indemnitee who is not a director or officer at the time of the determination by a majority vote of the full Board of Directors.

4.4. Advance Payment of Expenses. Unless a majority of members of the Board of Directors not party to such Proceeding, or if all such members are a party, the full Board of Directors (in each case, "Disinterested Directors") otherwise determine in a specific case, expenses (including attorneys' fees) incurred by a person who is a director, officer, employee, agent or other Indemnitee at the time in defending a civil or criminal administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article IV. Such expenses (including attorneys' fees) incurred by former directors, officers, agents, employees and other Indemnitees may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The Disinterested Directors may authorize the Corporation's legal counsel to represent a present or former director or officer in any Proceeding, whether or not the Corporation is a party to such Proceeding.

4.5. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer, employee, agent and other Indemnitee who serves in any such capacity at any time while these provisions as well as the relevant provisions of the Delaware General Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any Proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a contract right may not be modified retroactively without the consent of such director, officer, employee, agent or other Indemnitee.

The rights to indemnification and advancement of expenses provided by this Article IV shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Certificate, any By-Law, agreement, insurance policy, vote of stockholders or Disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, agent or other Indemnitee and shall inure to the benefit of the heirs, executors and administrators of such a person. The Corporation may enter into an agreement with any of its directors, officers, employees, agents or other Indemnitees providing for indemnification and advancement of expenses, including attorneys' fees, that may change, enhance, qualify or limit any right to indemnification or advancement of expenses created by this Article IV.

4.6. Severability. If this Article IV or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each present or former director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgment, fines and amounts paid in settlement with respect to any Proceeding, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article IV that shall not have been invalidated and to the fullest extent permitted by applicable law.

4.7. Subrogation. In the event of payment of indemnification to a person described in Section 4.1, the Corporation shall be subrogated to the extent of such payment to any right of recovery such person may have and such person, as a condition of receiving indemnification from the Corporation, shall execute all documents and do all things that the Corporation may deem necessary or desirable to perfect such right of recovery, including the execution of such documents necessary to enable the Corporation effectively to enforce any such recovery.

4.8. No Duplication of Payments. The Corporation shall not be liable under this Article IV to make any payment in connection with any claim made against a person described in Section 4.1 to the extent such person has otherwise received payment (under any insurance policy, the Certificate, By-Law, agreement or otherwise) of the amounts otherwise payable as indemnity hereunder.

ARTICLE V

STOCK; SEAL; FISCAL YEAR

5.1. Certificates. The shares of stock of the Corporation shall be represented by a certificate, unless and until the Board adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him, her or it in the Corporation. Each certificate shall be signed by the Chairman of the Board, Chief Executive Officer or a vice president and countersigned by the Secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered;

and if the Corporation shall, from time to time, issue several classes of shares each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Corporation may set forth upon the face or back of the certificate a statement that the Corporation will furnish to any stockholder, upon request and without charge, a full statement of such information. Parallel information shall be provided in the evidence of shareholding for uncertificated shares.

5.2. Transfer of Shares. Stock of the Corporation shall be transferable in the manner prescribed by applicable law, the Certificate and in these By-Laws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; *provided*, *however*, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

5.3. Replacement Certificate. Any officer designated by the Board may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board may, in his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

5.4. Stock Ledger. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

5.5. Fractional Stock; Issuance of Units. The Board may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Certificate or these By-laws, the Board

may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

5.6. Registered Shareholders. The Corporation may deem and treat the holder of record of any Shares as the absolute owner thereof for all purposes and shall not be required to take any notice of any right or claim of right of any other person except as required by applicable law.

5.7. Fiscal Year. The fiscal year of the Corporation shall be the calendar year or such other fiscal year as the Board from time to time by resolution shall determine.

ARTICLE VI

MISCELLANEOUS

6.1. Contracts. The Board may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when authorized or ratified by action of the Board and executed by an authorized person.

6.2. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board.

6.3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board, the Chief Executive Officer, the President or the Chief Financial Officer may designate.

6.4. Signatures. All contracts and other instruments shall be executed on behalf of the Corporation by its properly authorized officers, agent or agents, as provided in the Certificate or By-laws or as the Directors may from time to time by resolution provide.

6.5. Seal. The Board may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Delaware.” The Board may authorize one or more duplicate seals and provide for the custody thereof.

6.6. Affixing Seal. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

6.7. Authorization of Distributions. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board, subject to the provisions of law and the Certificate. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Certificate.

6.8. Investment Policy. Subject to applicable law and the provisions of the Certificate, the Board may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

6.9. Waiver of Notices. Whenever any notice is required by applicable law, the Certificate or these By-Laws (except as stated therein or herein), to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate or these By-Laws.

6.10. Offices Outside of Delaware. Except as otherwise required by the laws of the State of Delaware, the Corporation may have an office or offices and keep its books, documents and papers outside of the State of Delaware at such place or places as from time to time may be determined by the Board or the Chief Executive Officer.

6.11. Construction. In these By-Laws, except as otherwise provided, (a) all references to Articles and Sections refer to articles and sections of these By-Laws, (b) the definitions given for defined terms shall apply equally to both the singular and plural forms of such terms, (c) references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under said statutes) and to any section of any statute, rule or regulation including any successor to said section, (d) references to days shall mean calendar days unless business days are otherwise specified and (e) the masculine shall include the feminine and neuter, as the context shall so require. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective in the jurisdiction involved to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

6.12. Conflict with 1940 Act. If and to the extent that any provision of the General Corporation Law of the State of Delaware, as amended, or any provision of these Bylaws shall conflict with any provision of the 1940 Act, the applicable provision of the 1940 Act shall control.

6.13. Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim governed by the internal affairs doctrine shall be a state or federal court located within the state of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties names as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to this Section 6.13.

ARTICLE VII

AMENDMENT OF BY-LAWS

7.1. Amendment and Repeal of By-Laws. The Directors shall have the power to amend or repeal the By-Laws or adopt new By-Laws at any time. Action by the Directors with respect to the By-Laws shall be taken by an affirmative vote of a majority of the Directors. The Directors shall in no event adopt By-Laws which are in conflict with the Certificate, and any apparent inconsistency shall be construed in favor of the related provisions in the Certificate. Stockholders shall have no authority adopt, amend or repeal By-Laws except to the extent provided in the Certificate or required by law.

NOT VALID UNLESS COUNTERSIGNED BY
TRANSFER AGENT. INCORPORATED UNDER
THE LAWS OF TH E STATE OF DELAWARE.

STONECASTLE

FINANCIAL CORP.

NUMBER: AUTHORIZED COMMON SHARES: 40,000,000 SHARES:
PAR VALUE:: $0.001

THIS CERTIFIES THAT

IS THE RECORD HOLDER

Shares of **STONECASTLE FINANCIAL CORP**. Common Stock
transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Date:_____

[SEAL]

_____ _____

CHIEF EXECUTIVE OFFICER SECRETARY

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to the applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT_____ (Cust) Custodian_____ (Minor)
under Uniform Gifts to Minors Act_____ (State)

Additional Abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____ Shares of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

DATED _____ SIGNATURE _____

THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A COMMERCIAL BANK OR TRUST COMPANY OR MEMBER FIRM OF A NATIONAL OR REGIONAL OR OTHER RECOGNIZED STOCK EXCHANGE IN CONFORMANCE WITH A SIGNATURE GUARANTEE MEDALLION PROGRAM.

THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR. OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE CORPORATION AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES. WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE CORPORATION, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE CORPORATION. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE CORPORATION OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE OR HIS LEGAL REPRESENTATIVES TO GIVE THE CORPORATION A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

Exhibit e.

AUTOMATIC DIVIDEND REINVESTMENT PLAN
OF
STONECASTLE FINANCIAL CORP.

StoneCastle Financial Corp., a Delaware corporation (the "**Company**"), hereby adopts the following plan (the "**Plan**") with respect to cash dividends and distributions (collectively, "**Cash Distributions**") declared by its Board of Directors (the "**Board of Directors**") on shares of its common stock, par value $0.001 per share (the "**Common Stock**").

1. Unless a stockholder specifically elects to receive cash as set forth below, all Cash Distributions hereafter declared by the Board of, net of any applicable withholding tax, shall be automatically reinvested in additional shares of Common Stock, and no action will be required on such stockholder's part to receive a Cash Distribution in Common Stock.

2. Such Cash Distributions will be payable on such date or dates as may be fixed from time to time by the Board of Directors to stockholders of record at the close of business on the record date(s) established by the Board of Directors for the Cash Distribution involved.

3. The Company intends to use primarily newly issued shares of its Common Stock to implement the Plan, whether shares of its Common Stock are trading at a premium or at a discount to net asset value per share of the Common Stock. However, the Company reserves the right to instruct Computershare Trust Company, N.A., as plan agent (or its successors) (the "**Plan Agent**"), to purchase shares of its Common Stock in the open market in connection with its obligations under the Plan. Such purchase will be effected through a broker-dealer selected by the Plan Agent. The broker-dealer selected by the Plan Agent is acting as a broker-dealer and not in a fiduciary, agency or similar capacity (regardless of any relationship between the Plan Agent and the Fund) and may be an affiliate of the Plan Agent. The broker-dealer may charge brokerage commissions, fees and transaction costs for such trading services ("**Transaction Processing Fees**"), which Transaction Processing Fees are in addition to and not in lieu of any compensation the Plan Agent receives as Plan Agent.

4. In the case that newly issued shares of Common Stock are used to implement the Plan, the number of shares of Common Stock to be delivered to a stockholder shall be determined by dividing the total dollar amount of the Cash Distribution payable to such stockholder by 97% of the average of the market prices per share of the Common Stock at the close of regular trading on the NASDAQ Global Market (or such other exchange or quotation system on which the Common Stock is primarily traded) for the 5 trading days immediately prior to the valuation date fixed by the Board of Directors.

5. Shares of Common Stock purchased in open market transactions by the Plan Agent will be allocated to a stockholder based upon the weighted average purchase price, without deduction for Transaction Processing Fees, of all shares of Common Stock purchased with respect to the Cash Distribution.

6. A stockholder may, however, elect to receive his, her or its Cash Distributions in cash. To exercise this option, such stockholder will notify the Plan Agent in writing so that such notice is received by the Plan Agent no later than five (5) days prior to the applicable record date fixed by the Board of Directors for the Cash Distribution involved. Such election will remain in effect until the Participant (as defined below) notifies the Plan Agent in writing of such Participant's withdrawal of elections, which notice will be delivered to the Plan Agent no later than five (5) days prior to the applicable record date fixed by the Board of Directors for the Cash Distribution involved. Persons who hold their shares of Common Stock through a broker or other nominee and who wish to elect to receive any Cash Distribution in cash must request that their broker or nominee contact the Plan Agent on their behalf.

7. The Plan Agent will set up an account for shares of Common Stock acquired pursuant to the Plan for each stockholder (each a "**Participant**"). The Plan Agent may hold each Participant's shares, together with the shares of other Participants, in non-certificated form in the Plan Agent's name or that of its nominee. In the case of shareholders such as banks, brokers or nominees that hold Common Stock for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares of Common Stock on the shareholder record as of the record date and held for the account of beneficial owners who participate in the Plan. Upon request by a Participant, received in writing no later than five (5) days prior to the dividend record date, the Plan Agent will, promptly following the Cash Distribution, instead of crediting shares to and/or carrying shares in a Participant's account, issue, without charge to the Participant, a certificate registered in the Participant's name for the number of whole shares of Common Stock payable to the Participant and a check for any fractional interest at the then-current market value of the shares of common stock, less applicable fees.

8. The Plan Agent will furnish written confirmation to each Participant of each acquisition made pursuant to the Plan as soon as practicable, but not later than sixty (60) days after the date thereof. Although each Participant may from time to time have an undivided fractional interest (computed to six decimal places) in a share of Common Stock of the Company, no certificates for a fractional share will be issued. However, Cash Distributions on fractional shares will be credited to each Participant's account. In the event of termination of a Participant's account under the Plan, the Plan Agent will adjust for any such undivided fractional interest in cash at the market price per share of the Common Stock at the time of termination, determined in accordance with Paragraph 4 above.

9. The Plan Agent shall forward to each Participant any Company-related proxy solicitation materials and each Company report or other communication to stockholders and shall vote any shares held by it under the Plan in accordance with the instructions set forth on proxies returned by Participants to the Corporation.

10. In the event that the Company makes available to its stockholders rights or warrants to purchase additional shares or other securities, the shares of Common Stock held by the Plan Agent for each Participant under the Plan will be added to any other shares of Common Stock held by the Participant (in book-entry or certificated form) with the Plan Agent in calculating the number of rights or warrants to be issued to the Participant.

11. The Plan Agent's service fee, if any, and expenses for administering the Plan will be paid for by the Company. There shall be no Transaction Processing Fees to the Participants.

12. Each Participant may terminate his, her or its account under the Plan by so notifying the Plan Agent in writing. Such termination will be effective immediately if the Participant's notice is received by the Plan Agent not less than five (5) days prior to the record date fixed by the Board of Directors for the next Cash Distribution; otherwise such termination will be effective only with respect to any subsequent Cash Distribution. The Plan may be terminated by the Company upon notice in writing mailed to each Participant at least 60 days prior to any record date for the payment of any Cash Distribution by the Company. Upon termination, the Plan Agent will cause a certificate or certificates to be issued for the whole shares held by each participant under the Plan and cash equal to any fraction of a share of Common Stock less applicable fees times the then current market value of the common stock to be delivered to him, her or it, determined in accordance with Paragraph 4 above. If a Participant elects by written notice to the Plan Agent in advance of termination to have the Plan Agent sell part or all of his, her or its shares and remit the proceeds to the Participant, the Plan Agent is authorized to deduct a $15 transaction fee, plus Transaction Processing Fees, from the proceeds.

13. These terms and conditions may be amended or supplemented by the Company at any time but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by delivering (in accordance with applicable Securities and Exchange Commission rules) to each Participant appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement will be deemed to be accepted by each Participant unless, prior to the effective date thereof, the Plan Agent receives written notice of the termination of his, her or its account under the Plan. Any such amendment may include an appointment by the Plan Agent in its place and stead of a successor agent under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Plan Agent under these terms and conditions. Upon any such appointment of any agent for the purpose of receiving dividends and distributions, the Company will be authorized to pay to such successor agent, for each Participant's account, all dividends and distributions payable on shares of the Company held in the Participant's name or under the Plan for retention or application by such successor agent as provided in these terms and conditions.

14. The Plan Agent will at all times act in good faith and use its best efforts to ensure its full and timely performance of all services to be performed by it under this Plan and to comply with applicable law, but assumes no responsibility and will not be liable for loss or damage due to errors unless such error is caused by the Plan Agent's negligence, bad faith, or willful misconduct or that of its employees or agents.

15. These terms and conditions will be governed by the laws of the State of New York.

Exhibit g.1.

MANAGEMENT AGREEMENT
BETWEEN
STONECASTLE FINANCIAL CORP.
AND
STONECASTLE ASSET MANAGEMENT LLC

THIS MANAGEMENT AGREEMENT (the "Agreement"), dated [ ], 2013 (the "Effective Date"), is entered into between StoneCastle Financial Corp., a Delaware corporation (the "Company") and StoneCastle Asset Management LLC, a Delaware limited liability company (the "Advisor").

WHEREAS, the Company is a newly organized Delaware corporation registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act").

WHEREAS, the Advisor is a newly organized investment advisor that has registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act");

WHEREAS, the board of directors of the Company (the "Board"), including a majority of directors that are not "interested persons" of the parties hereto and the stockholders of the Company have approved the entry by the Company into this Agreement;

WHEREAS, the Company desires to retain the Advisor to furnish investment advisory and administrative services to the Company on the terms and conditions hereinafter set forth, and the Advisor desires to be retained to provide such services; and

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Appointment of Advisor.

The Company appoints the Advisor to act as the investment advisor of and to provide certain administrative services to the Company for the period and on the terms herein set forth. The Advisor accepts such appointment and agrees to render the investment advisory and administrative services herein set forth, for the compensation herein provided.

2. Investment Duties of the Advisor.

The Company hereby employs the Advisor to act as the investment advisor to the Company and to manage the investment and reinvestment of the assets of the Company, subject to the supervision of the Board, for the period and upon the terms herein set forth, (a) in accordance with the investment objective, policies and restrictions of the Company that are initially set forth in the Company's registration statement on Form N-2 first filed with the Securities and Exchange Commission on June 14, 2013 (the "Registration Statement"), as may be amended for time to time in the Company's annual report on Form N-CSR/A, as the same may be amended from time to time, (b) in accordance with the Investment Company Act, the

Advisers Act and all other applicable federal and state laws and (c) in accordance with the Company's certificate of incorporation and bylaws as the same may be amended from time to time. Consistent with the foregoing, the Advisor will regularly provide the Company with investment research, advice and supervision and will furnish continuously an investment program for the Company, consistent with the investment objective and policies of the Company. The Advisor will determine from time to time what securities shall be purchased for the Company, what securities shall be held or sold by the Company and what portion of the Company's assets shall be held as cash or in other liquid assets. Subject to the supervision of the Board, the Advisor shall have the power and authority on behalf of the Company to effectuate its investment decisions for the Company, including the execution and delivery of all documents relating to the Company's investments and the placing of orders for other securities purchase or sale transactions on behalf of the Company. In the event that the Company determines to acquire debt financing, the Advisor will arrange for such financing on the Company's behalf, subject to the approval of the Board. If the Company determines it is necessary or appropriate for the advisor to make investments on behalf of the Company through a special purpose vehicle, the Advisor shall have the authority to create or arrange for the creation of such special purpose vehicle and to make such investments through such special purpose vehicle in accordance with the Investment Company Act. Without limiting the generality of the foregoing, the Advisor shall, during the term and subject to the provisions of this Agreement, (i) determine the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identify, evaluate and negotiate the structure of the investments made by the Company; (iii) perform due diligence on prospective portfolio companies; (iv) close and monitor the Company's investments; and (v) provide the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its assets.

3. <u>Administrative Duties of the Advisor</u>.

Subject to the overall supervision and review of the Board, the Advisor will perform (or oversee or arrange for the performance of) the administrative services necessary for the operation of the Company. Without limiting the generality of the foregoing, the Advisor will furnish office facilities and clerical and administrative services necessary to the operation of the Company (other than services provided by the Company's custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). The Advisor will also, on behalf of the Company, arrange for the services of, and oversee, custodians, depositaries, transfer agents, dividend disbursing agents, underwriters, brokers, dealers, placement agents, banks, insurers, accountants, attorneys, pricing agents, and other persons as it may deem necessary or desirable. The Advisor shall, on behalf of the Company (a) oversee the performance of, and payment of the fees to, the Company's service providers, and make such reports and recommendations to the Board concerning such matters as the parties deem desirable; (b) respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements, shareholder communications and the preparation of Board materials and reports; (c) establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by the Board; and (d) supervise any other aspect of the Company's administration as may be agreed upon by the Board on behalf of the Company and the Advisor.

4. Delegation of Responsibilities.

Subject to the requirements of the Investment Company Act, the Advisor is hereby authorized, but not required, to enter into one or more sub-advisory agreements with other investment advisors (each, a "Sub-Advisor") pursuant to which the Advisor may obtain the services of the Sub-Advisor(s) to assist the Advisor in fulfilling its responsibilities hereunder. Specifically, the Advisor may retain a Sub-Advisor to recommend specific securities or other investments based upon the Company's investment objective and policies, and work, along with the Advisor, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject in all cases to the oversight of the Advisor and the Company. The Advisor, and not the Company, shall be responsible for any compensation payable to any Sub-Advisor. Any sub-advisory agreement entered into by the Advisor shall be in accordance with the requirements of the Investment Company Act, the Advisers Act and other applicable federal and state laws.

5. Independent Contractors.

The Advisor and any Sub-Advisors shall for all purposes herein be deemed to be independent contractors and shall, except as expressly provided or authorized, have no authority to act for or represent the Company in any way or otherwise be deemed to be an agent of the Company.

6. Compliance with Applicable Requirements.

In carrying out its obligations under this Agreement, the Advisor shall at all times comply with:

a. all applicable provisions of the Investment Company Act, the Advisers Act, the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended, and any applicable rules and regulations adopted thereunder;

b. the provisions of the Registration Statement of the Company, as the same may be amended from time to time in the Company's annual report on Form N-C5R/A, including without limitation, the investment objectives set forth therein;

c. the provisions of the Company's Amended and Restated Certificate of Incorporation and its By-Laws;

d. all policies, procedures and directives adopted by the Board; and

e. any other applicable provisions of state, federal or foreign law, or rules promulgated by any applicable self-regulating organization or exchange.

7. Policies and Procedures.

The Advisor shall provide the Company, at such times as the Company shall reasonably request, with a copy of all policies and procedures adopted by the Advisor as may reasonably be required to comply with Rule 38a-1 under the Investment Company Act, if applicable, and a copy of the Advisor's report to the Company in sufficient scope and detail to comply with the Advisor's obligations under Rule 38a-1 under the Investment Company Act.

8. Brokerage.

The Advisor is responsible for decisions to buy and sell securities for the Company, broker-dealer selection, and negotiation of brokerage commission rates. The Advisor's primary consideration in effecting a security transaction (including purchases and sales) will be to obtain best execution. In selecting a broker-dealer to execute a particular transaction, the Advisor will take the following into consideration: the best net price available; the reliability, integrity and financial condition of the broker-dealer; the size of and the difficulty in executing the order; and the value of the expected contribution of the broker-dealer to the investment performance of the Company on a continuing basis. Accordingly, the price to the Company in any transaction may be less favorable than that available from another broker-dealer if the difference is reasonably justified by other aspects of the execution services offered.

Subject to such policies as the Board may from time to time determine, the Advisor shall not be deemed to have acted unlawfully, or to have breached any duty created by this Agreement or otherwise, solely by reason of its having caused the Company to pay a broker or dealer that provides brokerage and research services to the Advisor an amount of commission for effecting a Company investment transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Advisor determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Advisor's overall responsibilities with respect to the Company and to other clients of the Advisor as to which the Advisor exercises investment discretion. The Advisor is further authorized to allocate the orders placed by it on behalf of the Company to such brokers and dealers who also provide research or statistical material or other services to the Company, the Advisor or to any sub-advisor. Such allocation shall be in such amounts and proportions as the Advisor shall determine and the Advisor will report on said allocations regularly to the Board indicating the brokers to whom such allocations have been made and the basis therefor.

9. Books and Records.

Subject to review by and the overall control of the Board, the Advisor shall keep and preserve for the period required by the Investment Company Act and the Advisers Act any books and records relevant to the provision of its investment advisory services to the Company and shall specifically maintain all books and records with respect to the Company's portfolio transactions and shall render to the Board such periodic and special reports as the Board may reasonably request. The Advisor agrees that all records that it maintains for the Company are the property of the Company and shall surrender promptly to the Company any such records upon the Company's request, provided that the Advisor may retain a copy of such records.

10. Compensation.

a. For the services, payments and facilities to be furnished hereunder by the Advisor, the Advisor shall receive from the Company the following compensation:

i. Management Fee. The Advisor shall receive a management fee (the "Management Fee") calculated quarterly and paid quarterly in arrears, based on Managed Assets at the end of each quarter, within fifteen (15) days of the end of each calendar quarter. Subject to Section 16, the Management Fee will be prorated for any partial calendar quarter and, if more than one rate applies during a quarter, the Management Fee will be adjusted on a pro rata basis based on the number of calendar days and/or category of assets for which each rate applies. The Management Fee shall be calculated as follows:

A) Base Management Fees.

(I) The Management Fee shall equal 0.4375% per quarter (1.75% annualized) of the Company's Managed Assets, except as provided by (II) and (III) below.

(II) Until the date on which the Company is Fully Invested, the Management Fee with respect to that portion of the Company's Managed Assets that are held in cash and cash equivalents shall equal 0.0625% per quarter (0.25% annualized).

(III) During the period from the Closing Date through the first anniversary of the Closing Date, subject to clause (II) above, the Management Fee shall equal 0.375% per quarter (1.5% annualized) of the Company's Managed Assets.

ii. Incentive Fee. The Advisor shall not receive any incentive compensation from the Company.

b. For purposes of this Agreement: (i) "Managed Assets" means the total assets of the Company (including any assets purchased with or attributable to any borrowed funds and cash and cash equivalents except where otherwise expressly provided herein), which shall be computed in accordance with any applicable policies and determinations of the Board; (ii) "Closing Date" means the date of the closing of the initial public offering of the Company's common stock, par value $0.001 per share ("Common Stock"); and (iii) "Fully Invested" means that the Company has invested at least 85% of the net proceeds received by the Company from the sale of the Common Stock on the Closing Date (net of the Company's organizational and offering expenses and Operating Expenses, including Management Fees, paid by the Company).

c. The Advisor may, from time to time, waive or defer all or any part of the compensation described in this Section 10. The parties do hereby expressly authorize and instruct the Company's officers or any third-party administrator to calculate the fee payable hereunder and to remit all payments specified herein to the Advisor.

11. Expenses of the Advisor.

The compensation paid by the Advisor to its investment professionals and the allocable routine overhead expenses of the Advisor and its affiliates, when and to the extent not engaged in providing the investment advisory services described in Section 2 hereof, will be provided and paid for by the Advisor and its affiliates and not by the Company. It is understood that the Company will pay all expenses other than those expressly stated to be payable by the Advisor hereunder, which expenses payable by the Company shall include, without limitation the following (collectively, "Operating Expenses"):

a. other than as set forth in the first sentence of this Section 11, expenses of maintaining the existence of the Company and related overhead, including, to the extent such services are provided by personnel of the Advisor or its affiliates, an allocable portion of the overhead and other expenses incurred by the Advisor in performing its obligations under this Agreement, including without limitation office space and facilities and personnel compensation, training and benefits;

b. commissions, spreads, fees and other expenses connected with the acquisition, holding, monitoring and disposition of securities and the Company's other investments, including placement and similar fees in connection with direct placements entered into by or on behalf of the Company or any subsidiary thereof, and performing due diligence on its prospective portfolio companies;

c. auditing, accounting and legal expenses;

d. taxes and interest;

e. governmental fees;

f. expenses of listing shares of the Company with a stock exchange, and expenses of issue, sale, repurchase and redemption (if any) of interests in the Company, including expenses of conducting tender offers for the purpose of repurchasing Company securities;

g. expenses of registering and qualifying the Company and its securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes;

h. expenses of communicating with shareholders, including website expenses and the expenses of preparing, printing, and mailing press releases, reports and other notices to shareholders and of meetings of shareholders and proxy solicitations therefor;

i. expenses of reports to governmental officers and commissions;

j. insurance expenses;

k. association membership dues;

l. fees, expenses and disbursements of custodians and subcustodians for all services to the Company (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values);

m. fees, expenses and disbursements of transfer agents, dividend and interest paying agents, stockholder servicing agents and registrars for all services to the Company;

n. fees, expenses and disbursements of CAB Marketing, LLC and CAB, L.L.C. and any other person with whom the Company (or the Advisor on behalf of the Company) enters into an endorsement relationship;

o. compensation and expenses of directors of the Company who are not members of the Advisor's organization;

p. pricing, valuation, and other consulting or analytical services employed in considering and valuing the actual or prospective investments of the Company;

q. all expenses incurred in leveraging of the Company's assets through a line of credit or other indebtedness or issuing and maintaining preferred shares;

r. all expenses incurred in connection with the organization of the Company and any offering of common or preferred shares; and

s. such non-recurring items as may arise, including expenses incurred in litigation, proceedings and claims and the obligation of the Company to indemnify its directors, officers and shareholders with respect thereto.

12. Covenants of the Advisor.

The Advisor represents and warrants to the Company that it is, and covenants to the Company that it shall remain during the term of this Agreement, registered as an investment advisor under the Advisers Act. The Advisor agrees that its activities will at all times be in compliance in all material respects with all applicable federal and state laws governing its operations and investments.

13. Non-Exclusivity.

The Company understands that the services of the Advisor to the Company are not exclusive and the persons employed by the Advisor to assist in the performance of the Advisor's duties under this Agreement may not devote their full time to such services. Nothing contained in this Agreement shall be deemed to limit or restrict the right of the Advisor or any affiliate of the Advisor to engage in and devote time and attention to other businesses or to render services of whatever kind or nature. Furthermore, the Advisor may furnish the same or similar investment advisory or administrative services described herein to one or more clients other than the Company, including businesses that may directly or indirectly compete with the Company. It is possible that the Advisor may allocate investment opportunities to such other clients, which may

reduce the Company's access to such investment opportunities. The Advisor shall allocate investment opportunities between the Company and such other clients in a fair and equitable manner in accordance with its internal allocation policies and procedures (the "Allocation Policy"). Notwithstanding the immediately preceding sentence, prior to such time as the Company is Fully Invested, the Advisor shall allocate to the Company all investment opportunities that are suitable for investment by the Company and consistent with the Company's investment objectives and strategies, as described in the Registration Statement. The Allocation Policy and all amendments thereto will be subject to Board approval.

The Company further understands and agrees that managers and employees of the Advisor and its affiliates may serve as officers or directors of the Company, and that officers or directors of the Company may serve as managers of the Advisor to the extent permitted by law; and that the managers of the Advisor are not prohibited from engaging in any other business activity or from rendering services to any other person, or from serving as partners, officers or directors of any other firm or company, including other investment advisory companies. Notwithstanding the foregoing, the Advisor acknowledges and agrees that Joshua Siegel and George Shilowitz (together, the "Principals") shall devote all of their respective business time and attention to the management and other activities of the Advisor and its affiliates and, furthermore, the Principals shall devote that amount of their respective business time as is reasonably necessary to manage the affairs and activities of the Advisor as they relate to the performance of the Advisor's duties and obligations to the Company under this Agreement. If any person who is a manager, partner, officer or employee of the Advisor is or becomes a director, officer and/or employee of the Company and acts as such in any business of the Company, then such manager, partner, officer or employee of the Advisor shall be deemed to be acting in such capacity solely for the Company and not as a manager, partner, officer or employee of the Advisor or under the control or direction of the Advisor, even if paid by the Advisor.

Subject to any restrictions prescribed by law, by the provisions of the Code of Ethics of the Company and the Advisor and by the Advisor's Allocation Policy, the Advisor and its members, officers, employees and agents shall be free from time to time to acquire, possess, manage and dispose of securities or other investment assets for their own accounts, for the accounts of their family members, for the account of any entity in which they have a beneficial interest or for the accounts of others for whom they may provide investment advisory, brokerage or other services (collectively, "Managed Accounts"), in transactions that may or may not correspond with transactions effected or positions held by the Company or to give advice and take action with respect to Managed Accounts that differs from advice given to, or action taken on behalf of, the Company. The Advisor is not, and shall not be, obligated to initiate the purchase or sale for the Company of any security that the Advisor and its members, officers, employees or agents may purchase or sell for its or their own accounts or for the account of any other client if, in the opinion of the Advisor, such transaction or investment appears unsuitable or undesirable for the Company. Moreover, it is understood that when the Advisor determines that it would be appropriate for the Company and one or more Managed Accounts to participate in the same investment opportunity, the Advisor shall seek to execute orders for the Company and for such Managed Account(s) on a basis that the Advisor considers to be fair and equitable over time. In such situations, the Advisor may (but is not required to) place orders for the Company and each Managed Account simultaneously or on an aggregated basis. If all such orders are not

filled at the same price, the Advisor may cause the Company and each Managed Account to pay or receive the average of the prices at which the orders were filled for the Company and all relevant Managed Accounts on each applicable day. If all such orders cannot be fully executed under prevailing market conditions, the Advisor may allocate the investment opportunities among participating accounts in a manner that the Advisor considers equitable, taking into account, among other things, the size of each account, the size of the order placed for each account and any other factors that the Advisor deems relevant.

14. Consent of the Use of Name.

The Company has obtained the consent of StoneCastle Partners, LLC to the royalty free use by the Company of the name "StoneCastle" as part of the Company's name and the royalty free use of the related "StoneCastle" logo. The Company acknowledges that the name "StoneCastle" and the related "StoneCastle" logo or any variation thereof may be used from time to time in other connections and for other purposes by the Advisor and its affiliates and other investment companies that have obtained consent to the use of the name "StoneCastle". The Company shall cease using the name "StoneCastle" as part of the Company's name, shall change its legal name so as to not contain the word "StoneCastle" or any variant thereof (and, if required, shall use best efforts to obtain consent of the stockholders of the Company with respect to the foregoing), and shall cease using the related "StoneCastle" logo if the Company ceases, for any reason, to employ the Advisor or one of its approved affiliates as the Company's investment advisor. Future names adopted by the Company for itself, insofar as such names include any trademark of the Advisor or any mark with the potential for confusion with the Advisor may only be used by the Company with the approval of the Advisor. The provisions of this Section 14 shall survive the termination of this Agreement.

15. Closing Date, Term and Approval.

This Agreement shall become effective as of the date first written above. This Agreement shall continue in force and effect for two years from the date of this Agreement, and shall be automatically renewed for successive one year terms so long as such renewal is specifically approved by (a) the Board or the vote of a majority of the Company's voting securities and (b) the vote of a majority of the Company's Directors who are not parties to this Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act.

16. Effectiveness, Duration and Termination of Agreement.

This Agreement may be terminated at any time, without the payment of any penalty, upon not less than 60 days' written notice, by the vote of a majority of the outstanding voting securities of the Company, or by the vote of the Company's Board or by the Advisor. This Agreement shall automatically terminate in the event of its "assignment" (as such term is defined for purposes of Section 15(a)(4) of the Investment Company Act). The provisions of Section 18 of this Agreement shall remain in full force and effect, and the Advisor shall remain entitled to the benefits thereof, notwithstanding any termination of this Agreement. Further, notwithstanding the termination of this Agreement as aforesaid, the Advisor shall be entitled to any amounts owed under Section 10 through the date of termination and Sections 16, 18 and 21 shall continue in force and effect and apply to the Advisor and its representatives as and to the extent applicable.

17. Amendment.

This Agreement may be amended by mutual consent, but the consent of the Company must be obtained in conformity with the requirements of the Investment Company Act.

18. Limitation of Liability of the Advisor; Indemnification.

The Advisor (and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor, including without limitation its general partner) shall not be liable to the Company for any action taken or omitted to be taken by the Advisor in connection with the performance of any of its duties or obligations under this Agreement or otherwise as an investment advisor of the Company, except to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services, and the Company shall indemnify, defend and protect the Advisor (and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor) (collectively, the "Indemnified Parties") and hold them harmless from and against all third party damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Advisor's duties or obligations under this Agreement or otherwise as an investment advisor of the Company. Notwithstanding the preceding sentence of this Paragraph 18 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of the Advisor's duties or by reason of the reckless disregard of the Advisor's duties and obligations under this Agreement (as the same shall be determined in accordance with the Investment Company Act, the Advisers Act and any interpretations or guidance by the Securities and Exchange Commission or its staff thereunder).

19. Proxy Voting.

The Advisor shall be responsible for voting any proxies solicited by an issuer of securities held by the Company in the best interest of the Company and in accordance with the Advisor's proxy voting policies and procedures, as any such proxy voting policies and procedures may be amended from time to time. The Advisor's proxy voting policies and procedures, and any amendment thereto will be subject to Board approval. The Company has been provided with a copy of the Advisor's proxy voting policies and procedures and has been informed as to how it can obtain further information from the Advisor regarding proxy voting activities undertaken on behalf of the Company. The Advisor shall be responsible for reporting the Company's proxy voting activities, as required, through periodic filings on Form N-PX.

20. Notices.

Any notices under this Agreement shall be in writing, addressed and delivered, telecopied or mailed postage paid, to the other party entitled to receipt thereof at such address as such party may designate for the receipt of such notice. Until further notice to the other party, it is agreed that the address of the Company and that of the Advisor shall be 152 West 57th Street, 35th Floor, New York, NY 10019.

21. Questions of Interpretation.

This Agreement contains the entire agreement of the parties and supersedes all prior agreements, understandings and arrangements with respect to the subject matter hereof. If the application of any provision(s) of this Agreement to any particular circumstances shall be held to be invalid or unenforceable by any court of competent jurisdiction, then the validity and enforceability of other provisions of this Agreement shall not in any way be affected or impaired thereby. The division of this Agreement into sections, clauses and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. Any question of interpretation of any term or provision of this Agreement having a counterpart in or otherwise derived from a term or provision of the Investment Company Act or the Advisers Act shall be resolved by reference to such term or provision of the Investment Company Act or the Advisers Act, as applicable, and to interpretations thereof, if any, by the United States courts or in the absence of any controlling decision of any such court, by rules, regulations or orders of the Commission issued pursuant to said Acts. In addition, where the effect of a requirement of the Investment Company Act or the Advisers Act reflected in any provision of this Agreement is revised by rule, regulation or order of the Commission, such provision shall be deemed to incorporate the effect of such rule, regulation or order. Subject to the foregoing, this Agreement shall be governed by and construed in accordance with the laws (without reference to conflicts of law provisions) of the State of New York.

22. Counterparts.

This Agreement may be executed in one or more counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their respective duly authorized officers on the day and year first written above.

STONECASTLE FINANCIAL CORP.

By: _____
Name:
Title:

STONECASTLE ASSET MANAGEMENT LLC

By: _____
Name:
Title:

Exhibit h.2.

KEEFE, BRUYETTE & WOODS, INC.

MASTER AGREEMENT AMONG UNDERWRITERS

REGISTERED SEC OFFERINGS

(INCLUDING MULTIPLE SYNDICATE OFFERINGS)

AND

EXEMPT OFFERINGS

(OTHER THAN OFFERINGS OF MUNICIPAL SECURITIES)

May 27, 2011

From time to time Keefe, Bruyette & Woods, Inc. or one or more of our affiliates (collectively, "**KBW**" or "**we**") as lead manager of an Offering (as defined below) may invite you (and others) to participate on the terms set forth herein as an underwriter or an initial purchaser, or in a similar capacity, in connection with certain offerings of securities that are managed solely by us or with one or more other co-managers. If we invite you to participate in a specific offering and sale of securities (an "**Offering**") to which this Master Agreement Among Underwriters (this "**Master AAU**") will apply, we will send the information set forth in Section 1.1 hereof to you by one or more wires, telexes, telecopy or electronic data transmissions, or other written communications (each, a "**Wire**," and collectively, an "**AAU**"), unless you are otherwise deemed to have accepted an AAU with respect to such Offering pursuant to Section 1.2 hereof. Each Wire will indicate that it is a Wire pursuant to this Master AAU. The Wire inviting you to participate in an Offering is referred to herein as an "**Invitation Wire**." You and we hereby agree that by the terms hereof the provisions of this Master AAU automatically will be incorporated by reference in each AAU, **except that any such AAU may also exclude or revise such provisions of this Master AAU in respect of the Offering to which such AAU relates, and may contain such additional provisions as may be specified in any Wire relating to such AAU. You and we further agree as follows:**

I. GENERAL

1.1. Terms of AAU; Certain Definitions; Construction. Each AAU will relate to an Offering and will identify: (i) the securities to be offered in the Offering (the "**Securities**"), their principal terms, the issuer or issuers (each, an "**Issuer**") and any guarantor (each, a "**Guarantor**") thereof, and, if different from the Issuer, the seller or sellers (each, a "**Seller**") of the Securities, (ii) the underwriting agreement, purchase agreement, standby underwriting agreement, distribution agreement or similar agreement (as identified in such AAU and as amended or supplemented, including a terms agreement or pricing agreement pursuant to any of the foregoing, collectively, the "**Underwriting Agreement**") providing for the purchase, on a several and not joint basis, of the Securities by the several underwriters, initial purchasers or others acting in a similar capacity (the "**Underwriters**") on whose behalf the Manager (as defined below) executes the Underwriting Agreement and whether such agreement provides for: (x) an option to purchase Additional Securities (as defined below) to cover over-allotments, or (y) an offering in multiple jurisdictions or markets involving two or more syndicates (an "**International Offering**"), each of which will offer and sell Securities subject to such restrictions as may be specified in any Intersyndicate Agreement (as defined below) referred to in such AAU, (iii) the price at which the Securities are to be purchased by the several Underwriters from any Issuer or Seller thereof (the "**Purchase Price**"), (iv) the offering terms, including, if applicable, the price or prices at which the Securities initially will be offered by the Underwriters (the "**Offering Price**"), any selling concession to dealers (the "**Selling Concession**"), reallowance (the "**Reallowance**"), management fee, global coordinators' fee, praecipium or other similar fees, discounts or commissions (collectively, the "**Fees and Commissions**") with respect to the Securities, and (v) other principal terms of the Offering, which may include, without limitation: (A) the proposed or actual pricing date ("**Pricing Date**") and settlement date (the "**Settlement Date**"), (B) any contractual restrictions on the offer and sale of the Securities pursuant to the Underwriting Agreement, Intersyndicate Agreement or otherwise, (C) any co-managers for such Offering (the "**Co-Managers**"), (D) your proposed participation in the Offering, and (E) any trustee, fiscal agent or similar agent (the "**Trustee**") for the indenture, trust agreement, fiscal agency agreement or similar agreement (the "**Indenture**") under which such Securities will be issued.

"**Manager**" means Keefe, Bruyette & Woods, Inc., except as set forth in Section 9.9 hereof. "**Representative**" means the Manager and any Co-Manager that signs the applicable Underwriting Agreement on behalf of the Underwriters or is identified as a Representative in the applicable Underwriting Agreement. "**Underwriters**" includes the Representative(s), the Manager and the Co-Managers. "**Firm Securities**" means the number or amount of Securities that the several Underwriters are initially committed to purchase under the Underwriting Agreement (which may be expressed as a percentage of an aggregate number or amount of Securities to be purchased by the Underwriters, as in the case of a standby Underwriting Agreement). "**Additional Securities**" means the Securities, if any, that the several Underwriters have an option to purchase under the Underwriting Agreement to cover over-allotments. The number, amount or percentage of Firm Securities set forth opposite each Underwriter's name in the Underwriting Agreement plus any additional Firm Securities which such Underwriter has made a commitment to purchase, irrespective of whether such Underwriter actually purchases or sells such number, amount or percentage of Securities under the Underwriting Agreement or Article XI hereof, is hereinafter referred to as the "**Original Underwriting Obligation**" of such Underwriter, and the ratio which such Original Underwriting Obligation bears to the total of all Firm Securities set forth in the Underwriting Agreement (or, in the case of a standby Underwriting Agreement, to 100%) is hereinafter referred to as the "**Underwriting Percentage**" of such Underwriter. For the avoidance of doubt, each Underwriter acknowledges and agrees that, for all purposes under this Agreement and otherwise (including, to the extent applicable, for purposes of Section 11(e) under the Securities Act of 1933 (the "**1933 Act**")), each Underwriter's Underwriting Percentage of the total number, amount or percentage of Securities offered and sold in the Offering (including any Additional Securities), and only such number, amount or percentage, constitutes the securities underwritten by such Underwriter and distributed to investors.

References herein to laws, statutory and regulatory sections, rules, regulations, forms and interpretive materials will be deemed to include any successor provisions.

1.2. Acceptance of AAU. You will have accepted an AAU for an Offering if: (a) we receive your acceptance, prior to the time specified in the Invitation Wire for such Offering, by wire, telex, telecopy or electronic data transmission or other written communication (any such communication being deemed "**In Writing**") or orally (if promptly confirmed In Writing), in the manner specified in the Invitation Wire, of our invitation to participate in the Offering, or (b) notwithstanding that we did not send you an Invitation Wire or you have not otherwise responded In Writing to any such Wire, you: (i) agree (orally or by a Wire) to be named as an Underwriter in the relevant Underwriting Agreement executed by us as Manager, or (ii) receive and retain an economic benefit for participating in the Offering as an Underwriter. Your acceptance of the invitation to participate will cause such AAU to constitute a valid and binding contract between us. Your acceptance of the AAU as provided above or an Invitation Wire will also constitute acceptance by you of the terms of subsequent Wires to you relating to the Offering unless we receive In Writing, within the time and in the manner specified in such subsequent Wire, a notice from you to the effect that you do not accept the terms of such subsequent Wire, in which case you will be deemed to have elected not to participate in the Offering.

1.3. Underwriters' Questionnaire. Your acceptance of the Invitation Wire for an Offering or your participation in an Offering as an Underwriter will confirm that you have no exceptions to the Underwriters' Questionnaire attached as Exhibit A hereto (or to any other questions addressed to you in any Wires relating to the Offering previously sent to you), other than exceptions noted by you In Writing in connection with the Offering and received from you by us before the time specified in the Invitation Wire or any subsequent Wire.

II. OFFERING MATERIALS; OFFERING AGREEMENTS

2.1. Registered Offerings. In the case of an Offering that will be registered in whole or in part (a "**Registered Offering**") under the 1933 Act, you acknowledge that the Issuer has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement, including a prospectus relating to the Securities. "**Registration Statement**" means such registration statement as amended to the effective date of the Underwriting Agreement and, in the event that the Issuer files an abbreviated registration statement to register additional Securities pursuant to Rule 462(b) or 462(e) under the 1933 Act, such abbreviated registration statement. "**Prospectus**" means the prospectus, together with the final prospectus supplement, if any, containing the final terms of the Securities and, in the case of a Registered Offering that is an International Offering, "**Prospectus**" means, collectively, each prospectus or offering circular, together with each final prospectus supplement or final offering circular supplement, if any, relating to the Offering, in the respective forms containing the final terms of the Securities. "**Preliminary Prospectus**" means any preliminary prospectus relating to the Offering or any preliminary prospectus supplement together with a prospectus relating to the Offering and, in the case of a Registered Offering that is an International Offering, "**Preliminary Prospectus**" means, collectively, each preliminary prospectus or preliminary offering circular relating to the Offering or each preliminary prospectus supplement or preliminary offering circular supplement, together with a prospectus or offering circular, respectively, relating to the Offering. "**Free Writing Prospectus**" means, in the case of a Registered Offering, a "free writing prospectus" as defined in Rule 405 under the 1933 Act. As used herein the terms "**Registration Statement**," "**Prospectus**," "**Preliminary Prospectus**" and "**Free Writing Prospectus**" will include in each case the material, if any, incorporated by reference therein, and as used herein, the term "**Registration Statement**" includes information deemed to be part thereof pursuant to, and as of the date and time specified in, Rule 430A, 430B or 430C under the 1933 Act, while the terms "**Prospectus**" and "**Preliminary Prospectus**" include information deemed to be a part thereof pursuant to the rules and regulations under the 1933 Act, but only as of the actual time that information is first used or filed with the Commission pursuant to Rule 424(b) under the 1933 Act. The Manager will furnish, make available to you, or make arrangements for you to obtain copies (which may, to the extent permitted by law, be in electronic form) of each Prospectus and Preliminary Prospectus (as amended or supplemented, if applicable, but excluding, for this purpose, unless otherwise required pursuant to rules or regulations under the 1933 Act, documents incorporated therein by reference) as soon as practicable after sufficient quantities thereof have been made available by the Issuer.

As used herein, in the case of an Offering that is an offering of asset-backed securities, the term "**ABS Underwriter Derived Information**" means any analytical or computational materials as described in clause (5) of footnote 271 of Commission Release No. 33-8591, issued on July 19, 2005 (Securities Offering Reform) (the "**Securities Offering Reform Release**").

2.2. Non-Registered Offerings. In the case of an Offering other than a Registered Offering, you acknowledge that no registration statement has been filed with the Commission. "**Offering Circular**" means the final offering circular or memorandum, if any, or any other final written materials authorized by the Issuer to be used in connection with an Offering that is not a Registered Offering. "**Preliminary Offering Circular**" means any preliminary offering circular or memorandum, if any, or any other written preliminary materials authorized by the Issuer to be used in connection with such an Offering. As used herein, the terms "**Offering Circular**" and "**Preliminary Offering Circular**" include the material, if any, incorporated by reference therein. We will either, as soon as practicable after the later of the date of the Invitation Wire or the date made available to us by the Issuer, furnish to you (or make available for your review) a copy of any Preliminary Offering Circular or any proof or draft of the Offering Circular. In any event, in any Offering involving an Offering Circular, the Manager will furnish, make available to you, or make arrangements for you to obtain, as soon as practicable after sufficient quantities thereof are made available by the Issuer, copies (which may, to the extent permitted by law, be in electronic form) of the Preliminary Offering Circular and Offering Circular, as amended or supplemented, if applicable (but excluding, for this purpose, documents incorporated therein by reference).

2.3. Authority to Execute Underwriting, Intersyndicate Agreements and Other Documents. You authorize the Manager, on your behalf, (a) to determine the form of and to execute and deliver, (i) the Underwriting Agreement, (ii) any agreement or agreements between or among the syndicates participating in the Offering and International Offering, respectively (each an "**Intersyndicate Agreement**"), and (iii) any other agreement, certificate, receipt, letter or other instrument to be executed and delivered by or on behalf of the Underwriters in connection with the Offering (each an "**Other Instrument**") and (b) to purchase (i) up to the amount of Firm Securities set forth in the applicable AAU and (ii) if the Manager elects on behalf of the several Underwriters to exercise any Underwriters' Option, up to the amount of Additional Securities set forth in the applicable AAU, subject, in each case, to reduction pursuant to Article IV.

III. MANAGER'S AUTHORITY

3.1. Terms of Offering. You authorize the Manager to act as manager of the Offering of the Securities by the Underwriters (the "**Underwriters' Securities**") or by the Issuer or Seller pursuant to delayed delivery contracts (the "**Contract Securities**"), if any, contemplated by the Underwriting Agreement. You authorize the Manager: (i) to purchase any or all of the Additional Securities for the accounts of the several Underwriters pursuant to the Underwriting Agreement, (ii) to purchase or sell Securities or any Other Securities (as defined below) for the accounts of the several Underwriters pursuant to any Intersyndicate Agreement, (iii) to agree, on your behalf and on behalf of the Co-Managers, to any addition to, change in, or waiver of any provision of, or the termination of, the Underwriting Agreement or any Intersyndicate Agreement (other than an increase in the Purchase Price or in your Original Underwriting Obligation to purchase Securities, in either case from that contemplated by the applicable AAU),

(iv) to add prospective Underwriters to or remove existing Underwriters from the syndicate, (v) to exercise, in the Manager's discretion, all of the authority vested in the Manager in the Underwriting Agreement, (vi) except as described below in this Section 3.1, to take any other action as may seem advisable to the Manager in respect of the Offering (including, in the case of an Offering of asset-backed securities, the preparation and delivery of ABS Underwriter Derived Information), including actions and communications with the Commission, the Financial Industry Regulatory Authority ("**FINRA**," formerly known as the National Association of Securities Dealers, Inc., and NASD, Inc., or "**NASD**"), state blue sky or securities commissions, stock exchanges and other regulatory bodies or organizations. Furthermore, the Manager will have exclusive authority, on your behalf and on behalf of the Co-Managers, to exercise powers and pursue enforcement of the terms and conditions of the Underwriting Agreement and any Intersyndicate Agreement, whether or not actually exercised, except as otherwise specified herein or therein. If, in accordance with the terms of the applicable AAU, the Offering of the Securities is at varying prices based on prevailing market prices, or prices related to prevailing market prices, or at negotiated prices, you authorize the Manager to determine, on your behalf in the Manager's discretion, any Offering Price and the Fees and Commissions applicable to the Offering from time to time. You authorize the Manager on your behalf to arrange for any currency transactions (including forward and hedging currency transactions) as the Manager may deem necessary to facilitate settlement of the purchase of the Securities, but you do not authorize the Manager on your behalf to engage in any other forward or hedging transactions (including interest rate hedging transactions) in connection with the Offering unless such transactions are specified in an applicable AAU or are otherwise consented to by you. You further authorize the Manager, subject to the provisions of Section 1.2 hereof: (x) to vary the offering terms of the Securities in effect at any time, including, if applicable, the Offering Price, Fees and Commissions set forth in the applicable AAU, (y) to determine, on your behalf, the Purchase Price, and (z) to increase or decrease the number, amount or percentage of Securities being offered. Notwithstanding the foregoing provisions of this Section 3.1, the Manager will notify the Underwriters, prior to the signing of the Underwriting Agreement, of any provision in the Underwriting Agreement that could result in an increase in the number, amount or percentage of Firm Securities set forth opposite each Underwriter's name in the Underwriting Agreement by more than 25% (or such other percentage as will have been specified in the applicable Invitation Wire or otherwise consented to by you) as a result of the failure or refusal of another Underwriter or Underwriters to perform its or their obligations thereunder. The Manager may, at its discretion, delegate to any Underwriter any and all authority vested in the applicable AAU, including, but not limited to, the powers set forth in Sections 5.1 and 5.2 hereof.

3.2. Offering Date. The Offering is to be made on or about the time the Underwriting Agreement is entered into by the Issuer, Guarantor or Seller and the Manager as in the Manager's judgment is advisable, on the terms and conditions set forth in the Prospectus or the Offering Circular, as the case may be, and the applicable AAU. You will not sell any Securities prior to the time the Manager releases such Securities for sale to purchasers. The date on which such Securities are released for sale is referred to herein as the "**Offering Date**."

3.3. Communications. Any public announcement or advertisement of the Offering will be made by the Manager on behalf of the Underwriters on such date as the Manager may determine. You will not announce or advertise the Offering prior to the date of the Manager's announcement or advertisement thereof without the Manager's consent. If the Offering is made

in whole or in part in reliance on any applicable exemption from registration under the 1933 Act, you will not engage in any general solicitation, announcement or advertising in connection with the Offering, and will abide by any other restrictions in the AAU or the Underwriting Agreement in connection therewith relating to any announcement, advertising or publicity. Any announcement or advertisement you may make of the Offering after such date will be your own responsibility and at your own expense and risk. In addition to your compliance with restrictions on the Offering pursuant to Sections 10.9, 10.10, 10.11 and 10.12 hereof, you will not, in connection with the offer and sale of the Securities in the Offering, without the consent of the Manager, give, send or otherwise convey to any prospective purchaser or any purchaser of the Securities or other person not in your employ any written communication (as defined in Rule 405 under the 1933 Act) other than:

(i) any Preliminary Prospectus, Prospectus, Preliminary Offering Circular or Offering Circular,

(ii) (A) written confirmations and notices of allocation delivered to your customers in accordance with Rule 172 or 173 under the 1933 Act and written communications based on the exemption provided by Rule 134 under the 1933 Act, and (B) in the case of Offerings not registered under the 1933 Act, such written communications (1) as would be permitted by Section 3.3(v)(D)(1) below were such Offering registered under the 1933 Act, or (2) that the Manager or Underwriting Agreement may permit; *provided, however*, that such written communication under this clause (B) would not have otherwise constituted "**Issuer Information**" as defined below, or would have qualified for the exemption provided by Rule 134 under the 1933 Act, in each case, if such communication had been furnished in the context of a Registered Offering ("**Supplemental Materials**"),

(iii) any "issuer free writing prospectus" (as defined in Rule 433(h) under the 1933 Act, an "**Issuer Free Writing Prospectus**"), so long as such issuance or use has been permitted or consented to by the Issuer and the Manager,

(iv) information contained in any computational materials, or in the case of an Offering of asset backed securities, the ABS Underwriter Derived Information, or any other offering materials not constituting a Free Writing Prospectus concerning the Offering, the Issuer, the Guarantor or the Seller, in each case, prepared by or with the permission of the Manager for use by the Underwriters in connection with the Offering, and, in the case of a Registered Offering, filed (if required) with the Commission or FINRA, as applicable, and

(v) a Free Writing Prospectus prepared by or on behalf of, or used or referred to by, an Underwriter in connection with the Offering, so long as: (A) such Free Writing Prospectus is not required to be filed with the Commission, (B) the proposed use of such Free Writing Prospectus is permitted by the Underwriting Agreement, (C) such Free Writing Prospectus complies with the legending condition of Rule 433 under the 1933 Act, and you comply with the record-keeping condition of Rule 433, and (D) (1) such Free Writing Prospectus

contains only information describing the preliminary terms of the Securities and other pricing data that is not "**Issuer Information**" (as defined in Rule 433(h) under the 1933 Act, including footnote 271 of the Securities Offering Reform Release), or (2) the Issuer has agreed in the Underwriting Agreement to file a final term sheet under Rule 433 within the time period necessary to avoid a requirement for any Underwriter to file the Free Writing Prospectus to be used by such Underwriter, and the Free Writing Prospectus used by such Underwriter contains only information describing the terms of the Securities or their offering that is included in such final term sheet of the Issuer and other pricing data that is not Issuer Information (a Free Writing Prospectus meeting the requirements of (A) through (D) above used, or referred to by you, is referred to herein as an "**Underwriter Free Writing Prospectus**" of yours). Without limiting the foregoing, any Underwriter Free Writing Prospectus that you use or refer to will not be distributed by you or on your behalf in a manner reasonably designed to lead to its broad unrestricted dissemination. You will comply in all material respects with the applicable requirements of the 1933 Act and the rules and regulations thereunder in connection with your use of any Underwriter Free Writing Prospectus.

Any advertisement or written information published, given, sent or otherwise conveyed by you in violation of this Section 3.3 is referred to as "**Unauthorized Material**."

3.4. Institutional and Retail Sales. You authorize the Manager to sell to institutions and retail purchasers such Securities purchased by you pursuant to the Underwriting Agreement as the Manager will determine. The Selling Concession on any such sales will be credited to the accounts of the Underwriters as the Manager will determine.

3.5. Sales to Dealers. You authorize the Manager to sell to Dealers (as defined below) such Securities purchased by you pursuant to the Underwriting Agreement as the Manager will determine. A "**Dealer**" will be a person who is: (a) a broker or dealer (as defined by FINRA) actually engaged in the investment banking or securities business, and (i) a member in good standing of FINRA, or (ii) a non-U.S. bank, broker, dealer or other institution not eligible for membership in FINRA that, in the case of either clause (a)(i) or (a)(ii), makes the representations and agreements applicable to such institutions contained in Section 10.5 hereof, or (b) in the case of Offerings of Securities that are exempt securities under Section 3(a)(12) of the Securities Exchange Act of 1934 (the "**1934 Act**"), and such other Securities as from time to time may be sold by a "bank" (as defined in Section 3(a)(6) of the 1934 Act (a "**Bank**")), a Bank that is not a member of FINRA and that makes the representations and agreements applicable to such institutions contained in Section 10.5 hereof. If the price for any such sales by the Manager to Dealers exceeds an amount equal to the Offering Price less the Selling Concession set forth in the applicable AAU, the amount of such excess, if any, will be credited to the accounts of the Underwriters as the Manager will determine.

3.6. Direct Sales. The Manager will advise you promptly, on the Offering Date, as to the Securities purchased by you pursuant to the Underwriting Agreement that you will retain for direct sale. At any time prior to the termination of the applicable AAU, any such Securities that are held by the Manager for sale but not sold may, at your request and at the Manager's

discretion, be released to you for direct sale, and Securities so released to you will no longer be deemed held for sale by the Manager. You may allow, and Dealers may reallow, a discount on sales to Dealers in an amount not in excess of the Reallowance set forth in the applicable AAU. You may not purchase Securities from, or sell Securities to, any other Underwriter or Dealer at any discount or concession other than the Reallowance, except with the prior consent of the Manager.

3.7. Release of Unsold Securities. From time to time prior to the termination of the applicable AAU, at the request of the Manager, you will advise the Manager of the number or amount of Securities remaining unsold which were retained by or released to you for direct sale and of the number or amount of Securities and Other Securities (as defined below) purchased for your account remaining unsold which were delivered to you pursuant to Article V hereof or pursuant to any Intersyndicate Agreement, and, at the request of the Manager, you will release to the Manager any such Securities and Other Securities remaining unsold: (a) for sale by the Manager to institutions, Dealers or retail purchasers, (b) for sale by the Issuer or Seller pursuant to delayed delivery contracts, or (c) if, in the Manager's opinion, such Securities or Other Securities are needed to make delivery against sales made pursuant to Article V hereof or any Intersyndicate Agreement.

3.8. International Offerings. In the case of an International Offering, you authorize the Manager: (i) to make representations on your behalf as set forth in any Intersyndicate Agreement, and (ii) to purchase or sell for your account pursuant to the Intersyndicate Agreement: (a) Securities, (b) any other securities of the same class and series or any securities into which the Securities may be converted or for which the Securities may be exchanged or exercised, and (c) any other securities designated in the applicable AAU or applicable Intersyndicate Agreement (the securities referred to in clauses (b) and (c) above being referred to collectively as the "**Other Securities**").

IV. DELAYED DELIVERY CONTRACTS

4.1. Arrangements for Sales. Arrangements for sales of Contract Securities will be made only through the Manager acting either directly or through Dealers (including Underwriters acting as Dealers) and you authorize the Manager to act on your behalf in making such arrangements. The aggregate number or amount of Securities to be purchased by the several Underwriters will be reduced by the respective number or amount of Contract Securities attributed to such Underwriters as hereinafter provided. Subject to the provisions of Section 4.2 hereof, the aggregate number or amount of Contract Securities will be attributed to the Underwriters as nearly as practicable in proportion to their respective Underwriting Percentages, except that, as determined by the Manager in its discretion: (a) Contract Securities directed and allocated by a purchaser to specific Underwriters will be attributed to such Underwriters and (b) Contract Securities for which arrangements have been made for sale through Dealers will be attributed to each Underwriter approximately in the proportion that Securities of such Underwriter held by the Manager for sales to Dealers bear to all Securities so held. The fee with respect to Contract Securities payable to the Manager for the accounts of the Underwriters pursuant to the Underwriting Agreement will be credited to the accounts of the respective Underwriters in proportion to the Contract Securities attributed to such Underwriters pursuant to the provisions of this Section 4.1, less, in the case of each Underwriter, the concession to Dealers on Contract Securities sold through Dealers and attributed to such Underwriter.

4.2. Excess Sales. If the number or amount of Contract Securities attributable to an Underwriter pursuant to Section 4.1 hereof would exceed such Underwriter's Original Underwriting Obligation reduced by the number or amount of Underwriters' Securities sold by or on behalf of such Underwriter, such excess will not be attributed to such Underwriter, and such Underwriter will be regarded as having acted only as a Dealer with respect to, and will receive only the concession to Dealers on, such excess.

V. PURCHASE AND SALE OF SECURITIES

5.1. Facilitation of Distribution. In order to facilitate the distribution and sale of the Securities, you authorize the Manager to buy and sell Securities and any Other Securities, in addition to Securities sold pursuant to Article III hereof, in the open market or otherwise (including, without limitation, pursuant to any Intersyndicate Agreement), for long or short account, on such terms as it may deem advisable, and to over-allot in arranging sales. Such purchases and sales and over-allotments will be made for the accounts of the several Underwriters as nearly as practicable to their respective Underwriting Percentages or, in the case of an International Offering, such purchases and sales will be for such accounts as set forth in the applicable Intersyndicate Agreement. Any Securities or Other Securities which may have been purchased by the Manager for stabilizing purposes in connection with the Offering prior to the acceptance of the applicable AAU will be treated as having been purchased pursuant to this Section 5.1 for the accounts of the several Underwriters or, in the case of an International Offering, for such accounts as are set forth in the applicable Intersyndicate Agreement. Your net commitment pursuant to the foregoing authorization will not exceed at the close of business on any day an amount equal to 20% of your Underwriting Percentage of the aggregate initial Offering Price of the Firm Securities, it being understood that, in calculating such net commitment, the initial Offering Price will be used with respect to the Securities so purchased or sold and, in the case of all Other Securities, will be the purchase price thereof. For purposes of determining your net commitment for short account (*i.e.*, "naked short"), any short position that can be covered with: (a) Securities that may be purchased upon exercise of any over-allotment option then exercisable, (b) in the case of an International Offering, any Securities or Other Securities that the Manager has agreed to purchase for your account pursuant to any applicable Intersyndicate Agreement, and (c) Securities that may be purchased pursuant to a forward sale contract or similar arrangement with the Issuer or any selling security holder in the Offering, will be disregarded. On demand you will take up and pay for any Securities or Other Securities so purchased for your account and any Securities released to you pursuant to Section 3.7 hereof and will deliver to the Manager against payment any Securities or Other Securities so sold or over-allotted for your account or released to you. The Manager will notify you if it engages in any stabilization transaction in accordance with Rule 17a-2 under the 1934 Act and will notify you of the date of termination of stabilization. You will not stabilize or engage in any syndicate covering transaction (as defined in Rule 100 of Regulation M under the 1934 Act ("**Regulation M**")) in connection with the Offering without the prior consent of the Manager. You will provide to the Manager any reports required of you pursuant to Rule 17a-2 of the 1934 Act not later than the date specified therein.

5.2. Penalty With Respect to Securities Repurchased by the Manager. If pursuant to the provisions of Section 5.1 hereof and prior to the termination of the Manager's authority to cover any short position incurred under the applicable AAU or such other date as the Manager may specify in a Wire, either: (a) the Manager purchases or contracts to purchase for the account of any Underwriter in the open market or otherwise any Securities which were retained by, or released to, you for direct sale or any Securities sold pursuant to Section 3.4 hereof for which you received a portion of the Selling Concession set forth in the applicable AAU or any Securities which may have been issued on transfer or in exchange for such Securities, and which Securities were therefore not effectively placed for investment, or (b) if the Manager has advised you by Wire that trading in the Securities will be reported to the Manager pursuant to the "Initial Public Offering Tracking System" of The Depository Trust Company ("**DTC**") and the Manager determines, based on notices from DTC, that your customers sold a number or amount of Securities during any day that exceeds the number or amount previously notified to you by Wire, then you authorize the Manager either to charge your account with an amount equal to such portion of the Selling Concession set forth in the applicable AAU received by you with respect to such Securities or, in the case of clause (b), such Securities as exceed the number or amount specified in such Wire, or to require you to repurchase such Securities or, in the case of clause (b), such Securities as exceed the number or amount specified in such Wire, at a price equal to the total cost of such purchase, including transfer taxes, accrued interest, dividends and commissions, if any.

5.3. Compliance with Regulation M. You represent that, at all times since you were invited to participate in the Offering, you have complied with the provisions of Regulation M applicable to the Offering, in each case as interpreted by the Commission and after giving effect to any applicable exemptions. If you have been notified in a Wire that the Underwriters may conduct passive market making in compliance with Rule 103 of Regulation M in connection with the Offering, you represent that, at all times since your receipt of such Wire, you have complied with the provisions of such Rule applicable to such Offering, as interpreted by the Commission and after giving effect to any applicable exemptions. You will comply with any additional provisions of Regulation M if and to the extent set forth in the Invitation Wire or other Wire.

5.4. Standby Underwritings. You authorize the Manager in its discretion, at any time on, or from time to time prior to, the expiration of the conversion right of convertible securities identified in the applicable AAU in the case of securities called for redemption, or the expiration of rights to acquire securities in the case of rights offerings, for which, in either case, standby underwriting arrangements have been made: (i) to purchase convertible securities or rights to acquire Securities for your account, in the open market or otherwise, on such terms as the Manager determines and to convert convertible securities or exercise rights so purchased; and (ii) to offer and sell the underlying common stock or depositary shares for your account, in the open market or otherwise, for long or short account (for purposes of such commitment, such common stock or depositary shares being considered the equivalent of convertible securities or rights), on such terms consistent with the terms of the Offering set forth in the Prospectus or Offering Circular as the Manager determines. On demand, you will take up and pay for any securities so purchased for your account or you will deliver to the Manager against payment any securities so sold, as the case may be. During such period, you may offer and sell the underlying common stock or depositary shares, but only at prices set by the Manager from time to time, and any such sales will be subject to the Manager's right to sell to you the underlying common stock or

depositary shares as above provided and to the Manager's right to reserve your securities purchased, received or to be received upon conversion. You agree not to otherwise bid for, purchase or attempt to induce others to purchase or sell, directly or indirectly, any convertible securities or rights or underlying common stock or depositary shares, *provided*, *however*, that no Underwriter will be prohibited from: (a) selling underlying common stock owned beneficially by such Underwriter on the day the convertible securities were first called for redemption, (b) converting convertible securities owned beneficially by such Underwriter on such date or selling underlying common stock issued upon conversion of convertible securities so owned, (c) exercising rights owned beneficially by such Underwriter on the record date for a rights offering or selling the underlying common stock or depositary shares issued upon exercise of rights so owned, or (d) purchasing or selling convertible securities or rights or underlying common stock or depositary shares as a broker pursuant to unsolicited orders.

VI. PAYMENT AND SETTLEMENT

You will deliver to the Manager on the date and at the place and time specified in the applicable AAU (or on such later date and at such place and time as may be specified by the Manager in a subsequent Wire) the funds specified in the applicable AAU, payable to the order of Keefe, Bruyette & Woods, Inc., for: (a) an amount equal to the Offering Price plus (if not included in the Offering Price) accrued interest, amortization of original issue discount or dividends, if any, specified in the Prospectus or Offering Circular, less the applicable Selling Concession in respect of the Firm Securities to be purchased by you, (b) an amount equal to the Offering Price plus (if not included in the Offering Price) accrued interest, amortization of original issue discount or dividends, if any, specified in the Prospectus or Offering Circular, less the applicable Selling Concession in respect of such of the Firm Securities to be purchased by you as will have been retained by or released to you for direct sale as contemplated by Section 3.6 hereof, or (c) the amount set forth or indicated in the applicable AAU, as the Manager will advise. You will make similar payment as the Manager may direct for Additional Securities, if any, to be purchased by you on the date specified by the Manager for such payment. The Manager will make payment to the Issuer or Seller against delivery to the Manager for your account of the Securities to be purchased by you, and the Manager will deliver to you the Securities paid for by you which will have been retained by or released to you for direct sale. If the Manager determines that transactions in the Securities are to be settled through DTC or another clearinghouse facility and payment in the settlement currency is supported by such facility, payment for and delivery of Securities purchased by you will be made through such facilities, if you are a participant, or, if you are not a participant, settlement will be made through your ordinary correspondent who is a participant.

VII. EXPENSES

7.1. Management Fee. You authorize the Manager to charge your account as compensation for the Manager's and Co-Managers' services in connection with the Offering, including the purchase from the Issuer or Seller of the Securities, as the case may be, and the management of the Offering, the amount, if any, set forth as the management fee, global coordinators' fee, praecipium or other similar fee in the applicable AAU. Such amount will be divided among the Manager and any Co-Managers named in the applicable AAU as they may determine. Each Underwriter acknowledges that such fees are being paid by the Underwriters and are not a benefit received directly or indirectly from the Issuer of the type referred to in Section 11(e) of the 1933 Act.

7.2. Offering Expenses. You authorize the Manager to charge your account with your Underwriting Percentage of all expenses agreed to be paid by the Underwriters in the Underwriting Agreement and all expenses of a general nature incurred by the Manager and Co-Managers under the applicable AAU in connection with the Offering, including the negotiation and preparation thereof, or in connection with the purchase, carrying, marketing, sale and distribution of any securities under the applicable AAU and any Intersyndicate Agreement, including, without limitation, legal fees and expenses, transfer taxes, costs associated with approval of the Offering by FINRA and the costs of currency transactions (including forward and hedging currency transactions) or, if permitted pursuant to Section 3.1 hereof, any other forward or hedging transactions (including interest rate swaps) entered into to facilitate settlement of the purchase of Securities permitted hereunder.

VIII. MANAGEMENT OF SECURITIES AND FUNDS

8.1. Advances; Loans; Pledges. You authorize the Manager to advance the Manager's own funds for your account, charging current interest rates, and to arrange loans for your account for the purpose of carrying out the provisions of the applicable AAU and any Intersyndicate Agreement and, in connection therewith, to hold or pledge as security therefor all or any securities which the Manager may be holding for your account under the applicable AAU and any Intersyndicate Agreement, to execute and deliver any notes or other instruments evidencing such advances or loans, and to give all instructions to the lenders with respect to any such loans and the proceeds thereof. The obligations of the Underwriters under loans arranged on their behalf will be several in proportion to their respective Original Underwriting Obligations and not joint. Any lender is authorized to accept the Manager's instructions as to the disposition of the proceeds of any such loans. In the event of any such advance or loan, repayment thereof will, in the discretion of the Manager, be effected prior to making any remittance or delivery pursuant to Section 8.2, 8.3 or 9.2 hereof.

8.2. Return of Amount Paid for Securities. Out of payment received by the Manager for Securities sold for your account which have been paid for by you, the Manager will remit to you promptly an amount equal to the price paid by you for such Securities.

8.3. Delivery and Redelivery of Securities for Carrying Purposes. The Manager may deliver to you from time to time prior to the termination of the applicable AAU pursuant to Section 9.1 hereof against payment, for carrying purposes only, any Securities or Other Securities purchased by you under the applicable AAU or any Intersyndicate Agreement which the Manager is holding for sale for your account but which are not sold and paid for. You will redeliver to the Manager against payment any Securities or Other Securities delivered to you for carrying purposes at such times as the Manager may demand.

IX. TERMINATION; INDEMNIFICATION; CONTRIBUTION; SETTLEMENT

9.1. Termination. Each AAU will terminate at the close of business on the later of: (a) the date on which the Underwriters pay the Issuer or Seller for the Securities, and (b) 45 calendar days after the applicable Offering Date, unless sooner terminated by the Manager. The Manager may at its discretion by notice to you prior to the termination of such AAU alter any of the terms or conditions of the Offering to the extent permitted by Articles III and IV hereof, or terminate or suspend the effectiveness of Article V hereof, or any part thereof. No termination or suspension pursuant to this paragraph will affect the Manager's authority under Section 3.1 hereof to take actions in respect of the Offering or under Article V hereof to cover any short position incurred under such AAU or in connection with covering any such short position to require you to repurchase Securities as specified in Section 5.2 hereof. For the avoidance of doubt, unless otherwise agreed in a Wire or an Intersyndicate Agreement, the Manager's authority to purchase Securities or Other Securities, for long account, pursuant to Section 5.1 hereof, will terminate or be suspended upon the termination or suspension, as the case may be, of the applicable AAU (or any provision and or term thereof in respect of trading, price or offering restrictions as set forth in a Wire that is sent by the Manager following the time the Securities are released for sale to purchasers) or Article V or Section 5.1 hereof pursuant to this paragraph.

9.2. Delivery or Sale of Securities; Settlement of Accounts. Upon termination of each AAU, or prior thereto at the Manager's discretion, the Manager will deliver to you any Securities paid for by you pursuant to Article VI hereof and held by the Manager for sale pursuant to Section 3.4 or 3.5 hereof but not sold and paid for and any Securities or Other Securities that are held by the Manager for your account pursuant to the provisions of Article V hereof or any Intersyndicate Agreement. Notwithstanding the foregoing, at the termination of such AAU, if the aggregate initial Offering Price of any such Securities and the aggregate purchase price of any Other Securities so held and not sold and paid for does not exceed an amount equal to 20% of the aggregate initial Offering Price of the Securities, the Manager may, in its discretion, sell such Securities and Other Securities for the accounts of the several Underwriters, at such prices, on such terms, at such times and in such manner as it may determine. Within the period specified by applicable FINRA Rules or, if no period is so specified, as soon as practicable after termination of such AAU, your account will be settled and paid. The Manager may reserve from distribution such amount as the Manager deems advisable to cover possible additional expenses. The determination by the Manager of the amount so to be paid to or by you will be final and conclusive. Any of your funds under the Manager's control may be held with the Manager's general funds without accountability for interest.

Notwithstanding any provision of this Master AAU other than Section 10.11 hereof, upon termination of each AAU, or prior thereto at the Manager's discretion, the Manager may: (i) allocate to the accounts of the Underwriters the expenses described in Section 7.2 hereof and any losses incurred upon the sale of Securities or Other Securities pursuant to the applicable AAU or any Intersyndicate Agreement (including any losses incurred upon the sale of securities referred to in Section 5.4(ii) hereof), (ii) deliver to the Underwriters any unsold Securities or Other Securities purchased pursuant to Section 5.1 hereof or any Intersyndicate Agreement, and (iii) deliver to the Underwriters any unsold Securities purchased pursuant to the applicable Underwriting Agreement, in each case in the Manager's discretion. The only limitations on such discretion will be as follows: (a) no Underwriter that is not the Manager or a Co-Manager will bear more than its share of such expenses, losses or Securities (such share will not exceed such Underwriter's Underwriting Percentage and will be determined *pro rata* among all such Underwriters based on their Underwriting Percentages), (b) no such Underwriter will receive Securities that, together with any Securities purchased by such Underwriter pursuant to Article

VI (but excluding any Securities that such Underwriter is required to repurchase pursuant to Section 5.2 hereof) exceed such Underwriter's Original Underwriting Obligation, and (c) no Co-Manager will bear more than its share of such expenses, losses or Securities (such share to be determined *pro rata* among the Manager and all Co-Managers based on their Underwriting Percentages). If any Securities or Other Securities returned to you pursuant to clause (ii) or (iii) above were not paid for by you pursuant to Article VI hereof, you will pay to the Manager an amount per security equal to the amount set forth in clause (i) of Article VI, in the case of Securities returned to you pursuant to clause (iii) above, or the purchase price of such securities, in the case of Securities or Other Securities returned to you pursuant to clause (ii) above.

9.3. Certain Other Expenses. Notwithstanding any settlement or the termination of the applicable AAU, you agree to pay your Underwriting Percentage of: (i) all expenses incurred by the Manager in investigating, preparing to defend and defending against any action, claim or proceeding which is asserted, threatened or instituted by any party, including any governmental or regulatory body (each, an "**Action**"), relating to: (A) the Registration Statement, any Preliminary Prospectus or Prospectus (and any amendment or supplement thereto), any Preliminary Offering Circular or Offering Circular (and any amendment or supplement thereto), any Supplemental Materials, any Issuer Free Writing Prospectus and any ABS Underwriter Derived Information used by any Underwriter other than the Manager, (B) the violation of any applicable restrictions on the offer, sale, resale or purchase of Securities or Other Securities imposed by U.S. Federal or state laws or non-U.S. laws and the rules and regulations of any regulatory body promulgated thereunder or pursuant to the terms of the applicable AAU, the Underwriting Agreement or any Intersyndicate Agreement, (C) any duties or obligations that the Manager or any of the other Underwriters may have or may be alleged to have to the Issuer, Guarantor or Seller or any other person in connection with the Offering, and (D) any claim that the Underwriters constitute a partnership, an association or an unincorporated business or other separate entity, and (ii) any Losses (as defined in Section 9.4 hereof) incurred by the Manager in respect of any such Action, whether such Loss will be the result of a judgment or arbitrator's determination or as a result of any settlement agreed to by the Manager. Notwithstanding the foregoing, you will not be required to pay your Underwriting Percentage of any such expense or liability: (1) to the extent that such expense or liability was caused by the Manager's gross negligence or willful misconduct as determined in a final judgment of a court of competent jurisdiction; (2) as to which, and to the extent, the Manager actually receives (a) indemnity pursuant to Section 9.4 hereof, (b) contribution pursuant to Section 9.5 hereof, (c) indemnity or contribution pursuant to the Underwriting Agreement, or (d) damages from an Underwriter for breach of its representations, warranties, agreements or covenants contained in the applicable AAU; or (3) of the Manager (other than fees of Syndicate Counsel) that relates to a settlement entered into by the Manager on a basis that results in a settlement of such Action against it and less than all the Underwriters. None of the foregoing provisions of this Section 9.3 will relieve any defaulting or breaching Underwriter from liability for its defaults or breach. Failure of any party to give notice under Section 9.10 hereof will not relieve any Underwriter of an obligation to pay expenses pursuant to the provisions of this Section 9.3.

9.4. Indemnification. Notwithstanding any settlement or the termination of the applicable AAU, you agree to indemnify and hold harmless each other Underwriter and each person, if any, who controls any such Underwriter within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act (each, an "**Indemnified Party**"), to the extent and upon

the terms which you agree to indemnify and hold harmless any of the Issuer, the Guarantor, the Seller, any person controlling the Issuer, the Guarantor, the Seller, its directors and, in the case of a Registered Offering, its officers who signed the Registration Statement and, in the case of an Offering other than a Registered Offering, its officers, in each case as set forth in the Underwriting Agreement. You further agree to indemnify and hold harmless each Indemnified Party from and against any and all losses, claims, damages, liabilities and expenses not reimbursed pursuant to Section 9.3 hereof (collectively, "**Losses**") related to, arising out of, or in connection with the breach or violation by you of the terms of Section 3.3 hereof, including any and all Losses under Section 5 of the 1933 Act, and any litigation, investigation and proceeding (collectively, "**Litigation**") relating to any of the foregoing. You will also reimburse each such Indemnified Party upon demand for all expenses, including fees and expenses of counsel, as they are incurred, in connection with investigating, preparing for, or defending any of the foregoing. You will indemnify and hold harmless each Indemnified Party from and against any and all Losses related to, arising out of, or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Underwriter Free Writing Prospectus or Supplemental Material of yours or Unauthorized Material used by you, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and any Litigation relating to any of the foregoing, and to reimburse each such Indemnified Party upon demand for all expenses, including fees and expenses of counsel, as they are incurred, in connection with investigating, preparing for or defending any of the foregoing. In addition, you will indemnify and hold harmless each Indemnified Party from and against any and all Losses related to, arising out of, or in connection with any untrue statement or alleged untrue statement of a material fact contained in any ABS Underwriter Derived Information used by you, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and any Litigation relating to any of the foregoing, and to reimburse each such Indemnified Party upon demand for all expenses, including fees and expenses of counsel, as they are incurred, in connection with investigating, preparing for or defending any of the foregoing; *provided*, *however*, that any Losses, joint or several, paid or incurred by any Underwriter, arising out of or based upon any ABS Underwriter Derived Information which was used only by such Underwriter, or in connection with the preparation of which an Underwriter is found to have acted with gross negligence or willful misconduct in a final judgment of a court of competent jurisdiction, will be paid solely by such Underwriter.

Each Underwriter will further indemnify and hold harmless any investment banking firm identified in a Wire as the qualified independent underwriter as defined in FINRA Rule 5121 or any successor rule thereto (in such capacity, a "**QIU**") for an Offering and each person, if any, who controls such QIU within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all Losses related to, arising out of, or in connection with such investment banking firm's activities as QIU for the Offering. Each Underwriter will reimburse such QIU for all expenses, including fees and expenses of counsel, as they are incurred, in connection with investigating, preparing for and defending any Action related to, arising out of, or in connection with such QIU's activities as a QIU for the Offering. Each Underwriter will be responsible for its Underwriting Percentage of any amount due to such QIU on account of the foregoing indemnity and reimbursement. Such QIU will have no additional liability to any Underwriter or otherwise as a result of its serving as QIU in connection with the Offering. To the extent the indemnification provided to a QIU under this Section 9.4 is

unavailable to such QIU or is insufficient in respect of any Losses related thereto, whether as a matter of law or public policy or as a result of the default of any Underwriter in performing its obligations under this Section 9.4, each other Underwriter will contribute to the amount paid or payable by such QIU as a result of such Losses related thereto in proportion to its Underwriting Percentage.

9.5. Contribution. Notwithstanding any settlement or the termination of the applicable AAU, you will pay upon request of the Manager, as contribution, your Underwriting Percentage of any Losses, joint or several, paid or incurred by any Underwriter to any person other than an Underwriter, arising out of or in connection with the breach or violation of the terms of Section 3.3 hereof, including any and all Losses under Section 5 of the 1933 Act, and any Litigation relating to the foregoing. Further, you will pay upon request of the Manager, your Underwriting Percentage of any Losses, joint or several, paid or incurred by any Underwriter to any person other than an Underwriter, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus or Prospectus (and any amendment or supplement thereto), any Preliminary Offering Circular or Offering Circular (and any amendment or supplement thereto), any Issuer Free Writing Prospectus, any Supplemental Materials, any other materials prepared or used by an Underwriter in accordance with Section 3.3 hereof, or any Underwriter Free Writing Prospectus of yours or Unauthorized Material used by you, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (other than an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished to the Company In Writing by the Underwriter on whose behalf the request for contribution is being made expressly for use therein), or any act or omission to act or any alleged act or omission to act by the Manager or, if applicable, a Representative, as the Manager or a Representative, in connection with any transaction contemplated by this Agreement or undertaken in preparing for the purchase, sale and delivery of the Securities (provided, that you will not be required to pay in any such case to the extent that any such Loss resulted from the Manager's or such Representative's gross negligence or willful misconduct as determined in a final judgment of a court of competent jurisdiction), and your Underwriting Percentage of any legal or other expenses, including fees and expenses of counsel, as they are incurred, reasonably incurred by the Underwriter (with the approval of the Manager) on whose behalf the request for contribution is being made in connection with investigating or defending any such Loss or any action in respect thereof; *provided*, *however*, that no request will be made on behalf of any Underwriter guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) from any Underwriter who was not guilty of such fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act); *provided*, *further*, that any Losses, joint or several, paid or incurred by any Underwriter, arising out of or based upon such Underwriter's Underwriter Free Writing Prospectus that does not breach Section 3.3 hereof, will be paid by only the Underwriters that used such Underwriter Free Writing Prospectus (the "**Contributing Underwriters**"), and the amount to be paid by each Contributing Underwriter will be determined *pro rata* among the Contributing Underwriters based on their Underwriting Percentages. None of the foregoing provisions of this Section 9.5 will relieve any defaulting or breaching Underwriter from liability for its defaults or breach.

In addition, you will pay your Underwriting Percentage of any Losses, joint or several, paid or incurred by any Underwriter to any person other than an Underwriter, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any ABS Underwriter Derived Information, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (other than an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished to the Company In Writing by the Underwriter on whose behalf the request for contribution is being made expressly for use therein) and your Underwriting Percentage of any expenses, including fees and expenses of counsel, as they are incurred, reasonably incurred by the Underwriter (with the approval of the Manager) on whose behalf the request for contribution is being made in connection with investigating, preparing for or defending any such Loss or any action in respect thereof; *provided*, *however*, that any Losses, joint or several, paid or incurred by any Underwriter, arising out of or based upon any ABS Underwriter Derived Information which was used only by such Underwriter, or in connection with the preparation of which the Underwriter is found to have acted with gross negligence or willful misconduct in a final judgment of a court of competent jurisdiction, will be paid solely by the Underwriter.

9.6. Separate Counsel. If any Action is asserted or commenced pursuant to which the indemnity provided in Section 9.4 hereof or the right of contribution provided in Section 9.5 hereof may apply, the Manager may take such action in connection therewith as it deems necessary or desirable, including retention of counsel for the Underwriters ("**Syndicate Counsel**") and in its discretion separate counsel for any particular Underwriter or group of Underwriters, and the fees and disbursements of any counsel so retained will be allocated among the several Underwriters as determined by the Manager. Any such Syndicate Counsel retained by the Manager will be counsel to the Underwriters as a group and, in the event that: (a) the Manager settles any Action on a basis that results in the settlement of such Action against it and fewer than all the Underwriters, or (b)(i) a conflict develops between the Manager and the other Underwriters, or (ii) differing defenses are available to the other Underwriters and not available to the Manager, and as a result of either (b)(i) or (b)(ii) such Syndicate Counsel concludes that it is unable to continue to represent the Manager and the other Underwriters, then in each such case, after notification to the Manager and the other Underwriters, Syndicate Counsel will remain counsel to the other Underwriters and will withdraw as counsel to the Manager. The Manager hereby consents to such arrangement and undertakes to take steps to: (i) ensure that any engagement letters with Syndicate Counsel are consistent with such arrangement; (ii) issue a notice to all other Underwriters promptly following receipt of any advice (whether oral or written) from Syndicate Counsel regarding its inability to represent the Manager and the other Underwriters jointly; and (iii) facilitate Syndicate Counsel's continued representation of the other Underwriters. Any Underwriter may elect to retain at its own expense its own counsel and, on advice of such counsel, may settle or consent to the settlement of any such Action, but only in compliance with Section 9.7 hereof, and in each case, only after notification to every other Underwriter. The Manager may settle or consent to the settlement of any such Action, but only in compliance with Section 9.7 hereof.

9.7. Settlement of Actions. Neither the Manager nor any other Underwriter party to this Master AAU may settle or agree to settle any Action related to or arising out of the Offering, nor may any other Underwriter settle or agree to settle any such Action without the consent of the Manager, nor may any other Underwriter seek the Manager's consent to any such settlement agreement, nor may the Manager consent to any such settlement agreement, unless: (A) the Manager, together with such other Underwriters as constitute a majority in aggregate interest based on the Underwriting Percentage of the Underwriters as a whole (including the Manager's interest), approve the settlement of such Action, in which case the Manager is authorized to settle for all Underwriters, *provided*, *however*, that the settlement agreement results in the settlement of the Action against all Underwriters raised by the plaintiffs party thereto; or (B) (i) such settlement agreement expressly provides that the non-settling Underwriters will be given a judgment credit (or credit in settlement) with respect to all such Actions for which the non-settling Underwriters may be found liable (or will pay in subsequent settlement), in an amount that is the greatest of: (x) the dollar amount paid in such initial settlement to settle such Actions, (y) the proportionate share of the settling Underwriter's fault in respect of common damages arising in connection with such Actions as proven at trial, if applicable, or (z) the amount by which the settling Underwriter would have been required to make contribution had it not settled, under Sections 9.5 and 11.2 hereof in respect of the final non-appealable judgment (or settlement) subsequently entered into by the non-settling Underwriters (such greatest amount of either (x), (y) or (z), the "**Judgment Credit**"); (ii) such settlement agreement expressly provides that in the event that the applicable court does not approve the Judgment Credit as part of the settlement, the settlement agreement will automatically terminate; and (iii) the final judgment entered with respect to the settlement agreement contains the Judgment Credit.

9.8. Survival. Except as set forth in the last sentence of Section 9.1, your agreements contained in Article V and Sections 3.1, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 9.10 and 11.2 hereof will remain operative and in full force and effect regardless of any termination of an AAU and: (a) any termination of the Underwriting Agreement, (b) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Issuer, the Guarantor, the Seller, its directors or officers, or any person controlling the Issuer, the Guarantor or the Seller, and (c) acceptance of any payment for any Securities.

9.9. Replacement of Manager. If at any time after any Action is brought the Manager settles the Action on a basis that results in the settlement of such Action against it and less than all the Underwriters (whether or not such settlement complies with Section 9.7 hereof), the Manager will, at such time, for purposes of Sections 9.3, 9.4, 9.5, 9.6 and 9.7 hereof, cease to be the Manager. The non-settling Underwriters will, by vote of holders of a majority of the Underwriting Percentage of such non-settling Underwriters, select a new Manager, which will become the new "**Manager**" for all purposes of Sections 9.3, 9.4., 9.5, 9.6 and 9.7 hereof as well as this section; *provided* that the non-settling Underwriter(s) with the largest Underwriting Percentage will act as Manager until such vote occurs and a new Manager is selected.

Notwithstanding such a settlement, the Manager and the other settling Underwriters will remain obligated to the non-settling Underwriters to assist and cooperate fully, in good faith, and at their own expense, in the defense of any Actions, including, without limitation, by providing, upon reasonable request of any non-settling Underwriter, and without the necessity of court process, access to or copies of all relevant records and reasonable access to all witnesses under control of the Manager or the other settling Underwriters for the purpose of interviews, depositions and testimony at trial, subject in each case to the applicable legal and procedural obligations of such Manager and such other settling Underwriter.

In addition, if at any time, the Manager is unwilling or unable for any reason to assume or discharge its duties as Manager under the applicable AAU, whether resulting from its insolvency (voluntary or involuntary), resignation or otherwise, to the extent permitted by applicable law, the remaining Underwriters will, by vote of holders of a majority of the Underwriting Percentage of such Underwriters, be entitled to select a new Manager, which will become the new Manager for all purposes under this Agreement.

Notwithstanding the foregoing, a Manager replaced pursuant to this Section 9.9 shall continue to benefit from and be subject to all other terms and conditions of this Agreement applicable to an Underwriter.

9.10. Notice. When the Manager receives notice of the assertion of any Action to which the provisions of Sections 9.4, 9.5, 9.6 or 9.7 hereof would apply, it will give prompt notice thereof to each Underwriter, and whenever an Underwriter receives notice of the assertion of any claim or commencement of any Action to which the provisions of Sections 9.4, 9.5, 9.6 or 9.7 hereof would apply, such Underwriter will give prompt notice thereof to the Manager. The Manager also will furnish each Underwriter with periodic reports, at such times as it deems appropriate, as to the status of such Action, and the actions taken by it in connection therewith. If the Manager or any other Underwriter engages in any settlement discussion that involves or contemplates settlement on any basis other than settlement of all Actions against all Underwriters on a *pro rata* basis according to their Underwriting Percentages, the Manager (or other Underwriter engaging in such discussions) will notify all other Underwriters promptly and provide reasonable details about such discussions.

X. REPRESENTATIONS AND COVENANTS OF UNDERWRITERS

10.1. Knowledge of Offering. You acknowledge that it is your responsibility to examine the Registration Statement, the Prospectus or the Offering Circular, as the case may be, any amendment or supplement thereto relating to the Offering, any Preliminary Prospectus or Preliminary Offering Circular and the material, if any, incorporated by reference therein, any Issuer Free Writing Prospectus, any Supplemental Materials and any ABS Underwriter Derived Information, and you will familiarize yourself with the terms of the Securities, any applicable Indenture and the other terms of the Offering thereof which are to be reflected in the Prospectus or the Offering Circular, as the case may be, and the applicable AAU and Underwriting Agreement. The Manager is authorized, with the advice of counsel for the Underwriters, to approve on your behalf any amendments or supplements to the documents described in the preceding sentence.

10.2. Accuracy of Underwriters' Information. You confirm that the information that you have given and are deemed to have given in response to the Underwriters' Questionnaire attached as Exhibit A hereto (and to any other questions addressed to you in the Invitation Wire or other Wires), which information has been furnished to the Issuer for use in the Registration Statement, the Prospectus or the Offering Circular, as the case may be, or has otherwise been relied upon in connection with the Offering, is complete and accurate. You will notify the Manager immediately of any development before the termination of the applicable AAU which makes untrue or incomplete any information that you have given or are deemed to have given in response to the Underwriters' Questionnaire (or such other questions).

10.3. Name; Address. Unless you have promptly notified the Manager In Writing otherwise, your name as it should appear in the Registration Statement, the Prospectus or the Offering Circular and any advertisement, if different, and your address are as set forth on the signature pages hereof.

10.4. Compliance with Capital Requirements. You represent that your commitment to purchase the Securities will not result in a violation of the financial responsibility requirements of Rule 15c3-1 under the 1934 Act or of any similar provision of any applicable rules of any securities exchange to which you are subject or, if you are a financial institution subject to regulation by the Board of Governors of the U.S. Federal Reserve System, the U.S. Comptroller of the Currency or the U.S. Federal Deposit Insurance Corporation, will not place you in violation of any applicable capital requirements or restrictions of such regulator or any other regulator to which you are subject.

10.5. FINRA Requirements. (A) You represent that you are a member in good standing of FINRA, or a non-U.S. bank, broker, dealer, or institution not eligible for membership in FINRA or a Bank.

(i) If you are a member of FINRA, you will comply with all applicable rules of FINRA in respect of any Offering of Securities, including, without limitation, the requirements of FINRA Rules 5110, 5121, 5130, 5131 and 5141(to the extent any or all such rules are applicable to the particular Offering).

(ii) If you are a non-U.S. bank, broker, dealer or other non-U.S. institution not eligible for membership in FINRA, you represent that you are not required to be registered as a broker or dealer under the 1934 Act and you will not make any offers or sales of the Securities in, or to nationals or residents of, the United States, its territories or its possessions, except to the extent permitted by Rule 15a-6 under the 1934 Act (or any successor rule thereto adopted by the SEC). In making any offers or sales of the Securities you also agree to comply with the requirements of the following FINRA rules (including any successor rules thereto adopted by FINRA): (a) to the extent that you are acting, in respect of offers or sales of the Securities, as a “conduit” for, or are receiving in connection with such offers and sales any selling commissions, discounts, allowances or other compensation from, or are otherwise being directed with respect to allocations or disposition of the Securities by, a FINRA member, FINRA Rule 5130 and FINRA Rule 5141 as though you are a member of FINRA, and (b) NASD Conduct Rule 2420(c), as that Rule applies to a non-member broker/dealer in a non-U.S. country.

(iii) If you are a Bank, you agree that (a) to the extent you are acting, in respect of offers or sales of the Securities, as a "conduit" for, or are receiving in connection with such offers and sales any selling commissions, discounts, allowances or other compensation from, or are otherwise being directed with respect to allocations or disposition of the Securities by, a FINRA member, you will comply with FINRA Rules 5130 and 5141 as though you are a member of FINRA, and (b) you will not accept any portion of the management fee paid by the Underwriters with respect to any Offering or, in connection with any Offering of Securities that do not constitute "exempted securities" within the meaning of Section 3(a)(12) of the 1934 Act, or purchase any Securities at a discount from the offering price from any Underwriter or Dealer or otherwise accept any Fees and Commissions from any Underwriter or Dealer, which in any such case is not permitted under FINRA rules (including, without limitation, NASD Conduct Rule 2420 or any successor rule thereto adopted by FINRA) or would subject you to registration and regulation as a "broker" or "dealer" under Section 3(a)(4) or 3(a)(5) of the 1934 Act.

(B) With respect to any Offering of Securities that constitutes a "new issue" under FINRA Rule 5131, you agree that, with respect to any Securities trading at a premium to the public offering price that are returned by a purchaser (the "**Returned Securities**") to you after secondary market trading commences, you will promptly consult with the Manager or Co-Manager that has been appointed to manage the syndicate short position for that Offering (the "**Designated Syndicate Agent**") to determine the appropriate treatment of the Returned Securities under FINRA Rule 5131(d)(3), and agree to (i) return the Returned Shares to the Designated Syndicate Agent if directed to do so by that entity, or (ii) if no such direction has been provided by the Designated Syndicate Agent, to comply with the provisions of FINRA Rule 5131(d)(3)(B) with respect to the disposition of the Returned Securities.

10.6. Further State Notice. The Manager will file a Further State Notice with the Department of State of New York, if required.

10.7. Compliance with Rule 15c2-8. In the case of a Registered Offering and any other Offering to which the provisions of Rule 15c2-8 under the 1934 Act are made applicable pursuant to the AAU or otherwise, you will comply with such Rule in connection with the Offering. In the case of an Offering other than a Registered Offering, you will comply with applicable Federal and state laws, the applicable non-U.S. laws and the applicable rules and regulations of any regulatory body promulgated thereunder governing the use and distribution of offering circulars by underwriters.

10.8. Discretionary Accounts. In the case of a Registered Offering of Securities issued by an Issuer that was not, immediately prior to the filing of the Registration Statement, subject to the requirements of Section 13(d) or 15(d) of the 1934 Act, you will not make sales to any account over which you exercise discretionary authority in connection with such sale, except as otherwise permitted by the applicable AAU for such Offering.

10.9. Offering Restrictions. You will not make any offers or sales of Securities or any Other Securities in jurisdictions outside the United States except under circumstances that will result in compliance with (i) applicable laws, including private placement requirements, in each such jurisdiction and (ii) the restrictions on offers or sales set forth in any AAU or the Prospectus, Preliminary Prospectus, Offering Circular or Preliminary Offering Circular, as the case may be.

It is understood that, except as specified in the Prospectus or Offering Circular or applicable AAU, no action has been taken by the Manager, the Issuer, the Guarantor or the Seller to permit you to offer Securities in any jurisdiction other than the United States, in the case of a Registered Offering, where action would be required for such purpose.

10.10. Representations, Warranties and Agreements. You will make to each other Underwriter participating in an Offering the same representations, warranties and agreements, if any, made by the Underwriters to the Issuer, the Guarantor or the Seller in the applicable Underwriting Agreement or any Intersyndicate Agreement, and you authorize the Manager to make such representations, warranties and agreements to the Issuer, the Guarantor or the Seller on your behalf.

10.11. Limitation on the Authority of the Manager to Purchase and Sell Securities for the Account of Certain Underwriters. Notwithstanding any provision of this AAU authorizing the Manager to purchase or sell any Securities or Other Securities (including arranging for the sale of Contract Securities) or over-allot in arranging sales of Securities for the accounts of the several Underwriters, the Manager may not, in connection with the Offering of any Securities, make any such purchases, sales and/or over-allotments for the account of any Underwriter that, not later than its acceptance of the Invitation Wire relating to such Offering, has advised the Manager that, due to its status as, or relationship to, a bank or bank holding company such purchases, sales and/or over-allotments are prohibited by applicable law. If any Underwriter so advises the Manager, the Manager may allocate any such purchases, sales and over-allotments (and the related expenses) which otherwise would have been allocated to your account based on your respective Underwriting Percentage to your account based on the ratio of your Original Underwriting Obligation to the Original Underwriting Obligations of all Underwriters other than the advising Underwriter or Underwriters or in such other manner as the Manager will determine.

10.12. Electronic Distribution. By participating in the Offering or accepting the Invitation Wire, you will be deemed to be representing that either: (a) you are not making an on-line distribution; or (b) if you are making an on-line distribution, you are following procedures for on-line distributions previously reviewed by members of the Staff of the Division of Corporation Finance of the Commission, such members raised no objections to the procedures reviewed, and there have been no material changes to your procedures since that review.

10.13. Agreement Regarding Oral Due Diligence. By participating in an Offering, each Underwriter agrees that it, each of its affiliates participating in an Offering as Underwriter or financial intermediary and each controlling person of it and each such participating affiliate are bound by the Agreement Regarding Oral Due Diligence currently in effect between Keefe, Bruyette & Woods, Inc. and the accounting firm or firms that participate in oral due diligence in such offering.

XI. DEFAULTING UNDERWRITERS

11.1. Effect of Termination. If the Underwriting Agreement is terminated as permitted by the terms thereof, your obligations hereunder with respect to the Offering of the Securities will immediately terminate except: (a) as set forth in Section 9.8 hereof, (b) that you will remain liable for your Underwriting Percentage (or such other percentage as may be specified pursuant to Section 9.2 hereof) of all expenses and for any purchases or sales which may have been made for your account pursuant to the provisions of Article V hereof or any Intersyndicate Agreement, and (c) that such termination will not affect any obligations of any defaulting or breaching Underwriter.

11.2. Sharing of Liability. If any Underwriter defaults in its obligations: (a) pursuant to Section 5.1, 5.2 or 5.4 hereof, (b) to pay amounts charged to its account pursuant to Section 7.1, 7.2 or 8.1 hereof, or (c) pursuant to Section 9.2, 9.3, 9.4, 9.5, 9.6 or 11.1 hereof, you will assume your proportionate share (determined on the basis of the respective Underwriting Percentages of the non-defaulting Underwriters) of such obligations, but no such assumption will relieve any defaulting Underwriter from liability to the non-defaulting Underwriters, the Issuer, the Guarantor or the Seller for its default.

11.3. Arrangements for Purchases. The Manager is authorized to arrange for the purchase by others (including the Manager or any other Underwriter) of any Securities not purchased by any defaulting Underwriter in accordance with the terms of the applicable Underwriting Agreement or, if the applicable Underwriting Agreement does not provide arrangements for defaulting Underwriters, in the discretion of the Manager. If such arrangements are made, the respective amounts of Securities to be purchased by the remaining Underwriters and such other person or persons, if any, will be taken as the basis for all rights and obligations hereunder, but this will not relieve any defaulting Underwriter from liability for its default.

XII. MISCELLANEOUS

12.1. Obligations Several. Nothing contained in this Master AAU or any AAU constitutes you partners with the Manager or with the other Underwriters, and the obligations of you and each of the other Underwriters are several and not joint. Each Underwriter elects to be excluded from the application of Subchapter K, Chapter 1, Subtitle A, of the U.S. Internal Revenue Code of 1986. Each Underwriter authorizes the Manager, on behalf of such Underwriter, to execute such evidence of such election as may be required by the U.S. Internal Revenue Service.

12.2. Liability of Manager. The Manager will not be liable to you for any act or omission, except for obligations expressly assumed by the Manager in the applicable AAU.

12.3. Termination of Master AAU. This Master AAU may be terminated by either party hereto upon five business days' written notice to the other party; *provided, however*, that with respect to any Offering for which an AAU was sent prior to such notice, this Master AAU as it applies to such Offering will remain in full force and effect and will terminate with respect to such Offering in accordance with Section 9.1 hereof.

12.4. Governing Law. This Master AAU and each AAU will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State, without giving effect to principles of conflicts of law. You hereby irrevocably: (a) submit to the jurisdiction of any court of the State of New York located in the City of New York or the U.S. District Court for the Southern District of the State of New York for the purpose of any suit, action or other proceeding arising out of this Master AAU, or any of the agreements or transactions contemplated hereby (each, a "**Proceeding**"), (b) agree that all claims in respect of any Proceeding may be heard and determined in any such court, (c) waive, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein, (d) agree not to commence any Proceeding other than in such courts, and (e) waive, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum.

12.5. Amendments. This Master AAU may be amended from time to time by consent of the parties hereto. Your consent will be deemed to have been given to an amendment to this Master AAU, and such amendment will be effective, five business days following written notice to you of such amendment if you do not notify us In Writing prior to the close of business on such fifth business day that you do not consent to such amendment. Upon effectiveness, the provisions of this Master AAU as so amended will apply to each AAU thereafter entered into, except as otherwise specifically provided in any such AAU.

12.6. Notices. Any notice to any Underwriter will be deemed to have been duly given if mailed, sent by wire, telecopy or electronic transmission or other written communication, or delivered in person to such Underwriter at the address set forth in its Underwriters' Questionnaire, or if no address is provided in an Underwriters' Questionnaire, then at the address set forth in reports filed by such Underwriter with FINRA. Any such notice will take effect upon receipt thereof.

12.7. Severability. In case any provision in this Master AAU is deemed invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

12.8. Counterparts. This Master AAU may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which taken together constitute one and the same instrument. Transmission by telecopy of an executed counterpart of this Master AAU will constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

Please confirm your acceptance of this Master AAU by signing and returning to us the enclosed duplicate copy hereof.

KEEFE BRUYETTE & WOODS, INC.

By: _____
Name: _____
Title: _____
(Authorized Officer)

Confirmed and accepted
as of , 20

_____
(Name of Underwriter)

_____
(Address)

By: _____
Name: _____
Title: _____
(Authorized Officer)

(*If person signing is not an officer or a partner, please attach instrument of authorization*)

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EXHIBIT A

UNDERWRITERS' QUESTIONNAIRE

In connection with each Offering governed by the Keefe Bruyette & Woods, Inc. Master Agreement Among Underwriters dated May 27, 2011 ("**Master AAU**"), except as otherwise indicated in a timely acceptance of the Invitation Wire pursuant to Section 1.2 thereof or already disclosed in the Preliminary Prospectus or Preliminary Offering Circular, as the case may be, , each Underwriter participating in such Offering severally advises the Issuer and the other participating Underwriters that (all capitalized terms used herein and not otherwise defined herein will have the meanings given to them in the Master AAU):

(a) neither such Underwriter nor any of its directors, officers or partners have a material relationship, as "material" is defined in Regulation C under the 1933 Act, with the Issuer, the Guarantor or the Seller;

(b) if the Registration Statement is on Form S-1, neither such Underwriter nor any "group" (as that term is used in Section 13(d)(3) of the 1934 Act) of which such Underwriter is aware is the beneficial owner (determined in accordance with Rule 13d-3 under the 1934 Act) of more than 5% of any class of voting securities of the Issuer or Guarantor, nor does such Underwriter have any knowledge that more than 5% of any class of voting securities of the Issuer or the Guarantor is held or to be held subject to any voting trust or other similar agreement;

(c) other than as may be stated in the Master AAU, the applicable AAU, the Intersyndicate Agreement or dealer agreement, if any, the Prospectus, the Registration Statement or the Offering Circular, such Underwriter does not know and has no reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the offering of the Securities;

(d) other than as stated in the Invitation Wire, such Underwriter does not know of any other discounts or commissions to be allowed or paid to the Underwriters or of any other items that would be deemed by the Financial Industry Regulatory Authority, Inc. ("**FINRA**") to constitute underwriting compensation for purposes of FINRA Rule 5110, or (ii) any discounts or commissions to be allowed or paid to dealers, including all cash, securities, contracts or other consideration to be received by any dealer in connection with the sale of the Securities;

(e) such Underwriter has not prepared any report or memorandum for external use in connection with the Offering;

(f) if the offer and sale of the Securities are to be registered under the 1933 Act pursuant to a Registration Statement on Form S-1 or Form F-1, such Underwriter has not within the past 12 months prepared or had prepared for such Underwriter any engineering, management or similar report or memorandum relating to broad aspects of the business, operations or products of the Issuer or the Guarantor. The immediately preceding sentence does not apply to reports solely comprised of recommendations to buy, sell or hold the Issuer's or the Guarantor's securities, unless such recommendations have changed within the past six months or to information already contained in documents filed with the Commission;

(g) in the case of Registered Offerings and Offerings of Securities exempt under Section 3 of the 1933 Act, such Underwriter does not have a "conflict of interest" with the Issuer or the Guarantor under FINRA Rule 5121 (or any successor rule thereto). In that regard, such Underwriter specifically confirms that, at the time of such Underwriter's participation in the subject Offering, (A) such Underwriter is not issuing the Securities in such Offering; (B) neither the Issuer nor the Guarantor controls, is controlled by or is under common control (as the term "control" is defined in FINRA Rule 5121(f)(6)) with such Underwriter or such Underwriter's "associated persons" (as such term is defined by FINRA); (C) less than five percent of the net proceeds of the Offering, not including Fees and Commissions, are intended to be: (i) used to reduce or retire the balance of a loan or credit facility extended by such Underwriter, its "affiliates" and its "associated persons" (as such terms are defined by FINRA), in the aggregate; or (ii) otherwise directed to such Underwriter, its affiliates and associated persons, in the aggregate, and (D) as a result of such Offering and any transactions contemplated at the time of such Offering: (i) such Underwriter will not become an affiliate of the Issuer or Guarantor; (ii) such Underwriter will not become publicly owned; and (iii) the Issuer or Guarantor will not become a FINRA member or form a broker-dealer subsidiary. Furthermore, such Underwriter specifically confirms that such Underwriter does not, (a) beneficially own 10% or more of the Issuer's or Guarantor's outstanding "common equity", "preferred equity" or "subordinated debt" (as each such term is defined in FINRA Rule 5121), including the right to receive such securities or subordinated debt within 60 days of such Underwriter's participation in the Offering; (b) in the case of an Issuer or Guarantor which is a partnership, beneficially own a general, limited or special partnership interest in 10% or more of the Issuer's or Guarantor's distributable profits or losses, or a right to receive an interest in such distributable profits or losses within 60 days of such Underwriter's participation in the Offering; or (c) have the power to direct or cause the direction of the management or policies of the Issuer or the Guarantor;

(h) other than as stated in the Invitation Wire, in the case of Registered Offerings and Offerings of Securities exempt under Section 3 of the 1933 Act, neither such Underwriter nor any of its directors, officers, partners or "persons associated with" such Underwriter (as defined by FINRA) nor, to such Underwriter's knowledge, any "related person" (defined by FINRA to include counsel, financial consultants and advisors, finders, members of the selling or distribution group, any FINRA member participating in the offering, and any other persons associated with or related to and members of the immediate family of any of the foregoing) or any other broker-dealer: (A) within the last six months have purchased in private transactions or intend before, at, or within three months after the commencement of the public offering of the Securities to purchase in private transactions, any securities of the Issuer, the Guarantor or any Issuer Related Party (as hereinafter defined), (B) within the last six months have had any dealings with the Issuer, the Guarantor, any Seller or any subsidiary or controlling person thereof (other than relating to the proposed Underwriting Agreement) as to which documents or information are required to be filed with FINRA, or (C) during the six months immediately preceding the filing of the Registration Statement (or, if there is

none, the Offering Circular), have entered into any arrangement which provided or provides for the receipt of any item of value (including, but not limited to, cash payments, expense reimbursements and rights of first refusal to participate in a future public offering, private placement or other financing transaction) and/or the transfer of any warrants, options or other securities from the Issuer, the Guarantor or any Issuer Related Party to you or any related person;

(i) in the case of Registered Offerings and Offerings of Securities exempt under Section 3 of the 1933 Act, there is no association or affiliation between such Underwriter and; (A) any officer or director of the Issuer, the Guarantor or, any Issuer Related Party, or (B) any securityholder of 5% or more (or, in the case of an initial public offering of equity securities, any securityholder) of any class of securities of the Issuer, the Guarantor or an Issuer Related Party; it being understood that for purposes of paragraph (i) above and this paragraph (j), the term "**Issuer Related Party**" includes any Seller, any affiliate of the Issuer, the Guarantor or a Seller and the officers or general partners, directors, employees and securityholders thereof;

(j) in the case of Registered Offerings and Offerings of Securities exempt under Section 3 of the 1933 Act, and if the Securities are not issued by a real estate investment trust, no portion of the net offering proceeds from the sale of the Securities will be paid to such Underwriter or any of its affiliates or "persons associated with" such Underwriter (as defined by FINRA) or members of the immediate family of any such person; and

(k) in the case of Securities which are debt securities whose offer and sale is to be registered under the 1933 Act, such Underwriter is not an affiliate (as defined in Rule 0-2 under the Trust Indenture Act of 1939) of the Trustee for the Securities or of its parent, if any. Neither the Trustee nor its parent, if any, nor any of their directors or executive officers is a "director, officer, partner, employee, appointee or representative" of such Underwriter (as those terms are defined in the Trust Indenture Act of 1939 or in the relevant instructions to Form T-1). Such Underwriter and its directors, partners and executive officers, taken as a group, did not on the date specified in the Invitation, and do not, own beneficially 1% or more of the shares of any class of voting securities of the Trustee or of its parent, if any. If such Underwriter is a corporation, it does not have outstanding and has not assumed or guaranteed any securities issued otherwise than in its present corporate name.

If an Underwriter notes an exception with respect to material of the type referred to in clauses (e) and (f), such underwriter will send three copies of each item of such material, together with a statement as to distribution, identifying classes of recipients and the number of copies distributed to each such class, and, if relevant, the number of equity securities or the face value of debt securities owned by such person, the date such securities were acquired and the price paid for such securities to Keefe, Bruyette & Woods, Inc., 787 Seventh Avenue, New York, New York 10019, Attention: Capital Markets Department.

CUSTODY AGREEMENT

by and between

STONECASTLE FINANCIAL CORP.

and

THE BANK OF NEW YORK MELLON

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CUSTODY AGREEMENT

CUSTODY AGREEMENT, dated as of the latest date set forth on the signature page hereto, between **STONECASTLE FINANCIAL CORP.**, a corporation organized under the laws of Delaware (the "Fund") and **THE BANK OF NEW YORK MELLON**, a bank organized under the laws of the state of New York (the "Custodian").

SECTION 1 – CUSTODY ACCOUNTS; INSTRUCTIONS

1.1 Definitions. Whenever used in this Agreement, the following words shall have the meanings set forth below:

"'40 Act" shall have the meaning set forth in Section 1.3.

"Account" or "Accounts" shall have the meaning set forth in Section 1.2.

"Authorized Instructions" shall have the meaning set forth in Section 1.5.

"Authorized Person" shall mean any Person authorized by the Fund to give Instructions with respect to one or more Accounts or with respect to foreign exchange, derivative investments or information and transactional web based services provided by the Custodian or a BNY Mellon Affiliate. Authorized Persons shall include Persons authorized by an Authorized Person. Authorized Persons, their signatures and the extent of their authority shall be provided by a Certificate. The Custodian may conclusively rely on the authority of an Authorized Person until it receives Written Instructions to the contrary.

"BNY Mellon Affiliate" shall mean any direct or indirect subsidiary of The Bank of New York Mellon Corporation.

"BNY Mellon Group" shall have the meaning set forth in Section 9.5.

"Book-Entry System" shall mean the United States Federal Reserve/Treasury book-entry system for receiving and delivering securities, its successors and nominees.

"Business Day" shall mean any day on which the Custodian and relevant Depositories are open for business.

"Centralized Functions" shall have the meaning set forth in Section 9.5.

"Certificate" shall mean any notice, instruction or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, which is actually received by the Custodian by letter or facsimile transmission and signed on behalf of the Fund by two (2) Authorized Persons or persons reasonably believed by the Custodian to be Authorized Persons.

"Country Risk Event" shall mean (a) issues relating to the financial infrastructure of a country, (b) issues relating to a country's prevailing custody and settlement practices, (c) nationalization, expropriation or other governmental actions, (d) issues relating to a country's

regulation of the banking or securities industry, (e) currency controls, restrictions, devaluations, redenominations or fluctuations or (f) market conditions which affect the orderly execution of securities transactions or affect the value of securities.

"Data Providers" shall mean pricing vendors, analytics providers, brokers, dealers, investment managers, Authorized Persons, Subcustodians, Depositories and any other Person providing Market Data to the Custodian.

"Data Terms Website" shall mean http://bnymellon.com/products/assetservicing/vendoragreement.pdf or any successor website the address of which is provided by the Custodian to the Fund.

"Depository" shall include (a) the Book-Entry System, (b) the Depository Trust Company, (c) any other clearing agency or securities depository registered with the Securities and Exchange Commission identified to the Fund from time to time and (d) the respective successors and nominees of the foregoing.

"Foreign Depository" shall mean (a) Euroclear, (b) Clearstream Banking, societe anonyme, (c) each Eligible Securities Depository as defined in Rule 17f-7 under the '40 Act identified to the Fund from time to time and (d) the respective successors and nominees of the foregoing.

"Instructions" shall mean Written Instructions, S.W.I.F.T., on-line communications or other method or system, each as specified by the Custodian as available for use in connection with the services hereunder.

"Losses" shall mean, collectively, losses, costs, expenses, damages, liabilities and claims.

"Market Data" shall mean pricing or other data related to Securities and other assets. Market Data includes but is not limited to security identifiers, valuations, bond ratings, classification data and other data received from investment managers and others.

"Non-Custody Assets" shall have the meaning set forth in Section 11.1.

"Operational Losses" shall have the meaning set forth in Section 2.1.

"Person" or "Persons" shall mean any entity or individual.

"Replacement Subcustodian" shall have the meaning set forth in Section 2.1.

"Required Care" shall have the meaning set forth in Section 2.1.

"SEC" shall mean the Securities and Exchange Commission.

"Securities" shall include, without limitation, any common stock and other equity securities, depository receipts, limited partnership and limited liability company interests, bonds, debentures and other debt securities, notes or other obligations, and any instruments representing rights to receive, purchase or subscribe for the same, or representing any other rights or interests therein (whether represented by a certificate or held in a Depository, a Foreign Depository or with a Subcustodian or on the books of the issuer) that are acceptable to the Custodian.

"Series" shall mean the various portfolios, if any, of the Fund listed on Schedule I hereto, and if none are listed references to Series shall be references to the Fund.

"Shares" shall have the meaning set forth in Section 6.1.

"Subcustodian" shall mean a bank or other financial institution (other than a Foreign Depository) located outside the United States which is utilized by the Custodian or by a BNY Mellon Affiliate in connection with the purchase, sale or custody of Securities or cash hereunder and is identified to the Fund from time to time, and their respective successors and assigns.

"Tax Obligations" shall mean taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses.

"Written Instructions" shall mean written communications, including a Certificate, received by the Custodian by overnight delivery, postal services or facsimile transmission.

1.2 Establishment of Account. (a) The Fund hereby appoints the Custodian as the custodian of all Securities, cash and such other property as mutually agreed upon by the parties at any time delivered to the Custodian to be held under this Agreement. The Custodian hereby accepts such appointment and agrees to establish and maintain one or more accounts for the Fund in which the Custodian will hold Securities and cash as provided herein. Such accounts (each, an "Account," and collectively, the "Accounts") shall be in the name of the Fund.

(b) The Custodian may from time to time establish on its books and records such sub-accounts within each Account as the Fund and the Custodian may agree upon (each a "Special Account"), and the Custodian shall reflect therein such assets as the Fund may specify in Instructions.

(c) The Custodian may from time to time establish pursuant to a written agreement with and for the benefit of a broker, dealer, future commission merchant or other third party identified in Instructions such accounts on such terms and conditions as the Fund and the Custodian shall agree, and the Custodian shall transfer to such account such Securities and cash as the Fund may specify in Instructions.

1.3 Representations and Warranties. The Fund hereby represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed in all material respects upon each giving of Instructions by the Fund, that:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by the Fund, has been approved by a resolution of its board and constitutes a valid and legally binding obligation of the Fund, enforceable in accordance with its terms (subject to laws affecting creditors rights and principles of equity and public policy), and there is no statute, regulation, rule, order or judgment binding on it, and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property, which would prohibit its execution or performance of this Agreement;

(c) It is conducting its business in substantial compliance with all applicable laws and requirements, both state and federal, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted;

(d) It will not knowingly use the services provided by the Custodian hereunder in any manner that is, or will result in, a material violation of any law, rule or regulation applicable to the Fund;

(e) Its board or its foreign custody manager, as defined in Rule 17f-5 under the Investment Company Act of 1940, as amended (the "'40 Act"), has been provided by the Custodian with information reasonably necessary to determine each Subcustodian's eligibility under Rule 17f-5 under the '40 Act including a copy of the proposed agreement with such Subcustodian and has determined that use of each Subcustodian (including any Replacement Subcustodian) which the Custodian is authorized to utilize in accordance with this Agreement satisfies the applicable requirements of Rule 17f-5 under the '40 Act;

(f) The Fund or its investment adviser has been provided by the Custodian with information reasonably necessary to determine each Foreign Depository's eligibility under Rule 17f-7 under the '40 Act, including a copy of the proposed agreement with such Foreign Depository and has determined that the custody arrangements of each Foreign Depository provide reasonable safeguards against the custody risks associated with maintaining assets with such Foreign Depository within the meaning of Rule 17f-7 under the '40 Act;

(g) It is fully informed of the protections and risks associated with various methods of transmitting Instructions to the Custodian, shall safeguard and treat with reasonable care for the financial services industry any user and authorization codes, passwords and/or authentication keys, understands that there may be more secure methods of transmitting or delivering the same than the methods selected by it, agrees that the security procedures (if any) to be followed in connection therewith provide a commercially reasonable degree of protection in light of its particular needs and circumstances and acknowledges and agrees that Instructions need not be reviewed by the Custodian, may conclusively be presumed by the Custodian without inquiry to have been given by person(s) duly authorized and may be acted upon as given;

(h) It shall manage its borrowings, including, without limitation, any advance or overdraft (including any day-light overdraft) in the Accounts, so that the aggregate of its total borrowings for each Series does not exceed the amount such Series is permitted to borrow under the ‘40 Act;

(i) Its transmission or giving of, and the Custodian acting upon and in reliance on, Instructions pursuant to this Agreement shall at all times comply with the ‘40 Act;

(j) It shall impose and maintain restrictions on the destinations to which cash may be disbursed by Instructions to ensure that each disbursement is for a proper purpose; and

(k) It has the right to make the pledge and grant the security interest and security entitlement to the Custodian contained in Section 5 hereof, free of any right of redemption or prior claim of any other person or entity, such pledge and such grants shall have priority subject to no setoffs, counterclaims or other liens or grants prior to or on a parity therewith except as permitted by Section 5 hereof, and it shall take such additional steps as the Custodian may require to assure such priority.

The Custodian hereby represents and warrants, which representations and warranties shall be continuing, that:

(i) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement, and to perform its obligations hereunder;

(ii) This Agreement has been duly authorized, executed and delivered by the Custodian, constitutes a valid and legally binding obligation of the Custodian, enforceable in accordance with its terms (subject to laws affecting creditors rights and principles of equity and public policy), and there is no statute, regulation, rule, order or judgment binding on it, and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property, which would prohibit its execution or performance of this Agreement;

(iii) It is conducting its business in material compliance with all applicable laws and requirements, both state and federal, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted;

(iv) It will not knowingly use the assets delivered to it, or perform its services, pursuant to this Agreement in any manner that is, or will result in, a material violation of any law, rule or regulation applicable to Custodian;

(v) It has established policies and procedures reasonably designed to prevent its violation of applicable federal and state laws and regulations.

(vi) It will submit to the Fund on an annual basis a copy of its report prepared in compliance with the requirements of Statements on Standards for Attestation Engagements No. 16 issued by the American Institute of Certified Public Accountants, as it may be amended from time to time, or such other similar report or attestation used by professional custodians relating to their internal controls;

(vii) Upon the request of the Fund and to the extent not otherwise prohibited from doing so, it will inform the Fund of any material changes to be made to its policies and procedures as a result of any regulatory examination, notice or other communication from a regulatory authority;

(viii) It has at least the minimum qualifications required by Section 17(f)(1) of the 1940 Act to act as custodian of the Securities and cash of the Fund; and

(ix) It has put into place business continuity policies and procedures reasonably designed to meet applicable regulatory requirements.

1.4 Distributions. The Custodian shall make distributions or transfers out of an Account pursuant to Instructions. In making payments to service providers pursuant to Instructions, the Fund acknowledges that the Custodian is acting as a paying agent, and not as the payor, for tax information reporting and withholding purposes.

1.5 Authorized Instructions. The Custodian shall be entitled to rely upon any Instructions actually received by the Custodian and reasonably believed by the Custodian to be from an Authorized Person ("Authorized Instructions"). Notwithstanding any other provision included in this Agreement, Written Instructions relating to the disbursement of cash of the Fund other than in connection with the purchase, sale or settlement of Securities, shall be in the form of a Certificate.

1.6 Authentication. If the Custodian receives Instructions that appear on their face to have been transmitted by an Authorized Person via (i) facsimile or other electronic method that is not secure or (ii) secure electronic transmission containing applicable authorization codes, passwords or authentication keys, the Fund understands and agrees that the

Custodian cannot determine the identity of the actual sender of such Instructions and that the Custodian shall be entitled to conclusively presume that such Instructions have been sent by an Authorized Person. The Fund shall be responsible for ensuring that only Authorized Persons transmit Instructions to the Custodian and that all Authorized Persons safeguard and treat with reasonable care for the financial services industry applicable user and authorization codes, passwords and authentication keys.

1.7 On-Line Systems. If an Authorized Person elects to transmit Instructions through an on-line communication system offered by the Custodian, the use thereof shall be subject to any terms and conditions contained in a separate written agreement. If the Fund or an Authorized Person elects, with the Custodian's prior consent, to transmit Instructions through an on-line communications service owned or operated by a third party, the Fund agrees that the Custodian shall not be responsible or liable for the reliability or availability of any such service.

SECTION 2 – CUSTODY SERVICES

2.1 Holding Securities. (a) Subject to the terms hereof, the Fund hereby authorizes the Custodian to hold any Securities in registered form in the name of the Custodian or one of its nominees. Securities held for the Fund hereunder shall be segregated on the Custodian's books and records from the Custodian's own property. The Custodian shall be entitled to utilize, subject to subsection (d) of this Section 2.1, Subcustodians, Depositories, and subject to subsection (e) of this Section 2.1, Foreign Depositories in connection with its performance hereunder. Securities and cash held through a Subcustodian shall be held subject to the terms and conditions of the Custodian's or a BNY Mellon Affiliate's agreements with such Subcustodian in a manner not inconsistent with this Agreement. Securities and cash deposited by the Custodian in a Depository or Foreign Depository will be held subject to the rules, terms and conditions of such entity. Subcustodians may be authorized to hold Securities in Depositories or Foreign Depositories in which such Subcustodian participates. Unless otherwise required by local law or practice or a particular subcustodian agreement, Securities deposited with Subcustodians, Depositories or Foreign Depositories will be held in a commingled account in the name of the Custodian or a BNY Mellon Affiliate for the Funds. The Custodian shall identify on its books and records the Securities and cash belonging to the

Fund, whether held directly or indirectly through Subcustodians, Depositories or Foreign Depositories. The Custodian shall, directly or indirectly through Subcustodians, Depositories or Foreign Depositories, endeavor, to the extent feasible, to hold Securities in the country or other jurisdiction in which the principal trading market for such Securities is located, where such Securities are to be presented for cancellation and/or payment and/or registration or where such Securities are acquired. The Custodian at any time may cease utilizing any Subcustodian and/or may replace a Subcustodian with a different Subcustodian (a "Replacement Subcustodian"). In the event the Custodian selects a Replacement Subcustodian, the Custodian shall not utilize such Replacement Subcustodian until after the Fund's board or foreign custody manager has been provided by the Custodian with information reasonably necessary to determine such Replacement Subcustodian eligibility under Rule 17f-5 under the '40 Act, including a copy of the proposed agreement with such Replacement Subcustodian and has determined that utilization of such Replacement Subcustodian satisfies the requirements of Rule 17f-5 under the '40 Act.

(b) The Custodian shall exercise reasonable care in the selection or retention, monitoring and continued use of a Subcustodian in light of the agreed upon terms hereunder and the prevailing rules, terms, practices and procedures in the relevant market ("Required Care"). The Custodian shall be liable for repayment to the Fund of cash credited to an Account and cash credited to the Fund's or the Custodian's cash account at a Subcustodian that the Custodian is not able to recover from the Subcustodian (other than as a result of a Country Risk Event). With respect to any Losses incurred by the Fund as a result of an act or the failure to act by any Subcustodian ("Operational Losses"), the Custodian shall be liable for: (i) Operational Losses with respect to Securities or cash held by the Custodian with or through a BNY Mellon Affiliate to the extent the Custodian would be liable under this Agreement if the applicable act or failure to act was that of the Custodian; and (ii) Operational Losses with respect to Securities or cash held by the Custodian with or through a Subcustodian (other than a BNY Mellon Affiliate) to the extent that such Operational Losses were directly caused by failure on the part of the Custodian to exercise Required Care; provided that in no event shall the Custodian have any liability for Operational Losses arising out of or relating to a Country Risk Event. With respect to all other Operational Losses not covered by clauses (i) and (ii) (including the proviso)

above, the Custodian shall take appropriate action to recover such Operational Losses from the applicable Subcustodian and the Custodian's sole liability shall be limited to amounts recovered from such Subcustodian (exclusive of costs and expenses incurred by the Custodian).

(c) Unless the Custodian has received Instructions to the contrary, the Custodian shall hold Securities indirectly through a Subcustodian only if (i) the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such Subcustodian or its creditors or operators, including a receiver or trustee in bankruptcy or similar authority, except for a reasonable and customary claim of payment for the safe custody or administration of Securities on behalf of the Fund by such Subcustodian and (ii) beneficial ownership of the Securities is freely transferable without the payment of money or value other than for safe custody or administration.

(d) With respect to each Depository, the Custodian (i) shall exercise due care in accordance with reasonable commercial standards in discharging its duties as a securities intermediary to obtain and thereafter maintain Securities or financial assets deposited or held in such Depository and (ii) will provide, promptly upon request by the Fund, such reports as are available concerning the internal accounting controls and financial strength of the Custodian.

(e) With respect to each Foreign Depository, the Custodian shall exercise reasonable care, prudence and diligence (i) to provide the Fund with an analysis of the custody risks associated with maintaining assets with the Foreign Depository and (ii) to monitor such custody risks on a continuing basis and promptly notify the Fund of any material change in such risks. The Fund acknowledges and agrees that such analysis and monitoring shall be made on the basis of, and limited by, information gathered from Subcustodians or through publicly available information otherwise obtained by the Custodian, and shall not include any evaluation of Country Risk Events.

2.2 Depositories. The Custodian may deposit and/or maintain Securities held hereunder with a Depository or Foreign Depository in accordance with applicable SEC rules and regulations including Rule 17f-4 under the '40 Act. The Custodian shall have no liability whatsoever for the action or inaction of a Depository or a Foreign Depository or for any Losses resulting from the maintenance of assets with a Depository or a Foreign Depository. Notwithstanding the foregoing sentence, the Custodian shall be liable for repayment to the Fund of cash credited to the Fund's, the Custodian's or a Subcustodian's account at a Depository or a Foreign Depository that the Custodian is not able to recover from the Depository or Foreign Depository (other than as a result of a Country Risk Event).

2.3 Agents. The Custodian may appoint agents, including BNY Mellon Affiliates, on such terms and conditions as it deems appropriate to perform its services hereunder. Except as otherwise provided herein, no such appointment shall discharge the Custodian from its obligations hereunder.

2.4 Custodian Actions without Direction. With respect to Securities held hereunder, the Custodian shall:

a. Receive all eligible income, distributions and other payments due to the Accounts (including in respect of maturity or redemption of Securities);

b. Carry out any exchanges of Securities or other corporate actions not requiring discretionary decisions;

c. Facilitate access by the Fund or its designee to ballots or online systems to assist in the voting of proxies received by the Custodian in its capacity as custodian for eligible positions of Securities held in the Accounts (excluding bankruptcy matters);

d. Forward to the Fund or its designee information (or summaries of information) that the Custodian receives in its capacity as custodian from Depositories or Subcustodians concerning Securities in the Accounts (excluding bankruptcy matters);

e. Forward to the Fund or its designee an initial notice of bankruptcy cases relating to Securities held in the Accounts and a notice of any required action related to such bankruptcy cases as may be received by the Custodian in its capacity as custodian. No further action or notification related to the bankruptcy case shall be required;

f. Endorse for collection checks, drafts or other negotiable instruments; and

g. Execute and deliver, solely in its custodial capacity, certificates, documents or instruments incidental to the Custodian’s performance under this Agreement.

2.5 Custodian Actions with Direction. The Custodian shall take the following actions in the administration of the Accounts only pursuant to Authorized Instructions:

a. Settle purchases and sales of Securities and process other transactions, including free receipts and deliveries to a broker, dealer, future commission merchant or other third party specified in Instructions;

b. Take actions necessary to settle transactions in connection with futures or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments; and

c. Deliver Securities in an Account if an Authorized Person advises the Custodian that the Fund has entered into a separate securities lending agreement, provided that the Fund executes such agreements as the Custodian may require in connection with such arrangements.

2.6 Foreign Exchange Transactions. (a) For the purpose of settling Securities and foreign exchange transactions, the Fund shall provide the Custodian with sufficient immediately available funds for all transactions by such time and date as conditions in the relevant market dictate. As used herein, "sufficient immediately available funds" shall mean either (i) sufficient cash denominated in United States dollars to purchase the necessary foreign currency or (ii) sufficient applicable foreign currency, to settle the transaction. The Custodian shall provide the Fund with immediately available funds each day which result from the actual settlement of all sale transactions, based upon advices received by the Custodian from Subcustodians, Depositories and Foreign Depositories. Such funds shall be in United States dollars or such other currency as the Fund may specify to the Custodian.

(b) Any foreign exchange transaction effected by the Custodian in connection with this Agreement may be entered with the Custodian or a BNY Mellon Affiliate acting as a principal or otherwise through customary channels. The Fund may issue standing Instructions with respect to foreign exchange transactions, but the Custodian may establish rules or limitations concerning any foreign exchange facility made available to the Fund.

SECTION 3 – CORPORATE ACTIONS

3.1 Custodian Notification. The Custodian shall notify the Fund or its designee of rights or discretionary corporate actions as promptly as practicable under the circumstances, provided that the Custodian in its capacity as custodian has actually received notice of such right or discretionary corporate action from the relevant Subcustodian or Depository. Without actual receipt of such notice by the Custodian in its capacity as custodian the Custodian shall have no liability for failing to so notify the Fund.

3.2 Direction. Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the Fund's ownership of Securities, the Fund or its designee shall be responsible for making any decisions relating thereto and for directing the Custodian to act. In order for the Custodian to act, it must receive Instructions using the Custodian generated form or clearly marked as instructions for the decision at the Custodian's offices addressed as the Custodian may from time to time request, by such time as the Custodian shall advise the Fund or its designee. If the Custodian does not receive such Instructions by such deadline, the Custodian shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Securities.

3.3 Voting Rights. All voting rights with respect to Securities, however registered, shall be exercised by the Fund or its designee. The Custodian will make available to the Fund proxy voting services upon the request of, and for the jurisdictions selected by, the Fund in accordance with terms and conditions to be mutually agreed upon by the Custodian and the Fund.

3.4 Partial Redemptions, Payments, Etc. The Custodian shall promptly advise the Fund or its designee upon its notification in its capacity as custodian of a partial redemption, partial payment or other action with respect to a Security affecting fewer than all such Securities held within an Account. If the Custodian or any Subcustodian, Depository or Foreign Depository holds any Securities affected by one of the events described, the Custodian, Subcustodian, Depository or Foreign Depository may select the Securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

SECTION 4 – SETTLEMENT OF TRADES

4.1 Payments. Promptly after each purchase or sale of Securities by the Fund, an Authorized Person shall deliver to the Custodian Instructions specifying all information necessary for the Custodian to settle such purchase or sale. For the purpose of settling purchases of Securities, the Fund shall provide the Custodian with sufficient immediately available funds for all such transactions by such time and date as conditions in the relevant market dictate.

4.2 Contractual Settlement and Income. The Custodian may, as a matter of bookkeeping convenience, credit an Account with the proceeds

from the sale, redemption or other disposition of Securities or interest, dividends or other distributions payable on Securities prior to its actual receipt of final payment therefor. All such credits shall be conditional until the Custodian's actual receipt of final payment and may be reversed by the Custodian to the extent that final payment is not received. Payment with respect to a transaction will not be "final" until the Custodian shall have received immediately available funds that under applicable local law, rule and practice are irreversible and not subject to any security interest, levy or other encumbrance, and that are specifically applicable to such transaction.

4.3 Trade Settlement. Transactions will be settled using practices customary in the jurisdiction or market where the transaction occurs. The Fund understands that when the Custodian is instructed to deliver Securities against payment, delivery of such Securities and receipt of payment therefor may not be completed simultaneously. The Fund assumes full responsibility for all risks involved in connection with the Custodian's delivery of Securities pursuant to Authorized Instructions in accordance with local market practice.

SECTION 5 – DEPOSITS AND ADVANCES

5.1 Deposits. The Custodian may hold cash in Accounts or may arrange to have cash held by a BNY Mellon Affiliate or Subcustodian, or with a Depository or Foreign Depository. Where cash is on deposit with the Custodian, a Subcustodian or a BNY Mellon Affiliate, it will be subject to the terms of this Agreement and such deposit terms and conditions as may be issued by the Custodian or a BNY Mellon Affiliate or Subcustodian, to the extent applicable, from time to time, including rates of interest and deposit account access.

5.2 Sweep and Float. Cash may be swept as directed by the Fund or its investment adviser to investment vehicles offered by the Custodian or to other investment vehicles. Cash may be uninvested when it is received or reconciled to an Account after the deadline to be swept into a target vehicle, or when held for short periods of time related to transaction settlements. The Fund acknowledges that, as part of the Custodian's compensation, the Custodian will earn interest on cash balances held by the Custodian, including disbursement balances and balances arising from purchase and sale transactions, as disclosed in the Custodian's float policy.

5.3 Overdrafts and Indebtedness. The Custodian may, in its sole discretion, advance funds in any currency hereunder. If an overdraft occurs in an Account (including, without limitation, overdrafts incurred in connection with the settlement of securities transactions, funds transfers or foreign exchange transactions) or if the Fund is for any other reason indebted to the Custodian, the Fund agrees to repay the Custodian on demand or upon becoming aware of the amount of the advance, overdraft or indebtedness, plus accrued interest at a rate then charged by the Custodian to its institutional custody clients in the relevant currency. The Fund shall have access to review such amounts via electronic information delivery portals provided by BNY Mellon or such other means of communication as mutually agreed upon between the parties hereto.

5.4 Securing Repayment. In order to secure repayment of the Fund's obligations to the Custodian, the Fund hereby pledges and grants to the Custodian and agrees the Custodian shall have to the maximum extent permitted by law, a continuing lien and security interest in, and right of setoff against: (a) all of the Fund's right, title and interest in and to all Accounts in the Fund's name and the Securities, cash and other property now or hereafter held in such Accounts (including proceeds thereof) and (b) any other property at any time held by the Custodian for the Fund. The Fund represents, warrants and covenants that it owns the Securities in the Accounts free and clear of all liens, claims and security interests, and that the lien and security interest granted herein shall be subject to no setoffs, counterclaims or other liens prior to or on a parity with it in favor of any other party (other than specific liens granted preferred status by statute). Notwithstanding the foregoing, the Custodian hereby subordinates any such continuing lien and security interest in and to any Securities, cash and other property of the Fund held by in such Accounts (whether obtained by operation of law or contract), to the lien of any bank or other lending or financing institution of whatever nature ("Lender") from which the Fund borrows money for investment (including through a derivative contract) or for temporary or emergency purposes using Securities held by the Custodian hereunder as collateral for such borrowings, provided however that when assets in excess of the amount of collateral required to be pledged by the Fund to any Lender ("Excess Assets") are held in such Accounts, the Custodian shall have a priority security interest and right of setoff in such Excess Assets to secure any overdraft or indebtedness, provided that

Custodian notifies the Lender and the Fund in writing prior to exercising any of its rights against such Excess Assets as provided in Section 5.5 below. The Fund shall take any additional steps required to assure the Custodian of such security interest, including notifying third parties or obtaining their consent. The Custodian shall be entitled to collect from the Accounts sufficient cash for reimbursement, and if such cash is insufficient, to, with ten (10) days' prior written notice to the Fund (and any Lender, if applicable), sell the Securities in the Accounts to the extent necessary to obtain reimbursement. In this regard, the Custodian shall be entitled to all the rights and remedies of a pledgee and secured creditor under applicable laws, rules and regulations as then in effect.

5.5 Setoff. Upon ten (10) days' prior written notice to the Fund (and any Lender, if applicable), the Custodian has the right to debit any cash in the Accounts for any amount payable by the Fund in connection with any and all obligations of the Fund to the Custodian whether or not relating to or arising under this Agreement. In addition to the rights of the Custodian under applicable law and other agreements, at any time when the Fund shall not have honored any and all of its obligations to the Custodian, the Custodian shall have the right upon ten (10) days' prior written notice to the Fund to retain or set-off against such obligations of the Fund any cash the Custodian or a BNY Mellon Affiliate may directly or indirectly hold for the Fund, and any obligations (whether or not matured) that the Custodian or a BNY Mellon Affiliate may have to the Fund in any currency. Any such asset of, or obligation to, the Fund may be transferred to the Custodian and any BNY Mellon Affiliate in order to effect the above rights. Notwithstanding anything herein to the contrary, Custodian shall not exercise such right to debit, retain or set-off with respect to (a) any Securities, cash and other property of the Fund now or hereafter held in its Accounts to the extent not constituting Excess Assets, or (b) any amounts due and owing to the Custodian, whether or not relating to or arising under this Agreement, that are being contested in good faith by the Fund.

5.6 Bank Borrowings. If the Fund borrows money from any bank (including the Custodian if the borrowing is pursuant to a separate agreement) for investment or for temporary or emergency purposes using Securities held by the Custodian hereunder as collateral for such borrowings, the Fund shall deliver to the Custodian Instructions specifying with respect to each such borrowing: (a) the Series to which such borrowing

relates, (b) the name of the bank, (c) the amount of the borrowing, (d) the time and date, if known, on which the loan is to be entered into, (e) the total amount payable to the Fund on the borrowing date, (f) the Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities and (g) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the '40 Act and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in Instructions the specified collateral against payment by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Instructions. The Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in Instructions to collateralize further any transaction described in this Section 5.6. The Fund shall cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in Instructions the Series, the name of the issuer of the Securities to be delivered as collateral by the Custodian, or the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by the Custodian, the Custodian shall not be under any obligation to deliver any Securities.

SECTION 6 – SALE AND REDEMPTION OF SHARES

6.1 Sale of Shares. Whenever the Fund shall sell any shares issued by the Fund ("Shares") it shall deliver to the Custodian Instructions specifying the amount of cash and/or Securities to be received by the Custodian for the sale of such Shares and specifically allocated to an Account. Upon receipt of such cash, the Custodian shall credit such cash to the specified Account for which such cash was received.

6.2 Redemption of Shares. Except as provided hereinafter, whenever the Fund desires the Custodian to make payment out of the cash held by the Custodian hereunder in connection with a redemption of any Shares, it shall furnish to the Custodian Instructions specifying the total amount to be paid

for such Shares. The Custodian shall make payment of such total amount to the transfer agent specified in such Instructions out of the cash held in the specified Account.

6.3 Check Redemptions. Notwithstanding the above provisions regarding the redemption of any Shares, whenever any Shares are redeemed pursuant to any check redemption privilege which may from time to time be offered by the Fund, the Custodian, unless otherwise instructed by Instructions, shall, upon presentment of such check, charge the amount thereof against the cash held in the Account of the Fund (or Series) of the Shares being redeemed, provided, that if the Fund or its agent timely advises the Custodian that such check is not to be honored, the Custodian shall return such check unpaid.

SECTION 7 – PAYMENT OF DIVIDENDS AND DISTRIBUTIONS

7.1 Determination to Pay. Whenever the Fund shall determine to pay a dividend or distribution on Shares it shall furnish to the Custodian Instructions setting forth with respect to the Fund (or Series) specified therein the date of the declaration of such dividend or distribution, the total amount payable and the payment date.

7.2 Payment. Upon the payment date specified in such Instructions, the Custodian shall pay out of the cash held for the account of the Fund (or Series) the total amount payable to the dividend agent of the Fund specified therein.

SECTION 8 – TAXES, REPORTS AND RECORDS

8.1 Tax Obligations. The Fund shall be liable for all taxes, assessments, duties and other governmental charges, including interest and penalties, with respect to any cash and Securities held on behalf of the Fund and any transaction related thereto. To the extent that the Custodian has received relevant and necessary information with respect to an Account, the Custodian shall promptly as practicable under the circumstances perform the following services with respect to Tax Obligations:

a. The Custodian shall, upon receipt of sufficient information, file claims for exemptions or refunds with respect to withheld foreign (non-United States) taxes in instances in which such claims are appropriate;

b. The Custodian shall withhold appropriate amounts, as required by United States tax laws, with respect to amounts received on behalf of nonresident aliens upon receipt of Instructions; and

c. The Custodian shall provide to the Fund such information received by the Custodian (in its capacity as custodian) that could, in the Custodian's reasonable belief, assist the Fund or its designee in the submission of any reports or returns with respect to Tax Obligations. An Authorized Person shall inform the Custodian in writing as to which party or parties shall receive information from the Custodian.

8.2 Pricing and Other Data. In providing Market Data related to the Accounts in connection with this Agreement, the Custodian is authorized to use Data Providers. The Custodian may follow Authorized Instructions in providing pricing or other Market Data, even if such instructions direct the Custodian to override its usual procedures and Market Data sources. The Custodian shall be entitled to rely without inquiry on all Market Data (and all Authorized Instructions related to Market Data) provided to it, and the Custodian shall not be liable for any Losses incurred as a result of errors or omissions with respect to any Market Data utilized by the Custodian or the Fund hereunder. The Fund acknowledges that certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may be material. The Custodian shall not be required to inquire into the pricing of any Securities or other assets even though the Custodian may receive different prices for the same Securities or assets. Market Data may be the intellectual property of the Data Providers, which may impose additional terms and conditions upon the Fund's use of the Market Data. The additional terms and conditions can be found in the Data Terms Website. The Fund agrees to those terms as they are posted in the Data Terms Website from time to time. Certain Data Providers may not permit the Fund's directed price to be used. Performance measurement and analytic services may use different data sources than those used by the Custodian to provide Market Data for an Account, with the result that different prices and other Market Data may apply.

8.3 Statements and Reports. The Custodian shall make available to the Fund a monthly report of all transfers to or from the Accounts and a statement of all holdings in the Accounts as of the last Business Day of each

month. The Fund may elect to receive certain information electronically through the Internet to an email address specified by it for such purpose. By electing to use the Internet for this purpose, the Fund acknowledges that such transmissions are not encrypted and therefore are not secure. The Fund further acknowledges that there are other risks inherent in communicating through the Internet such as the possibility of virus contamination and disruptions in service, and agrees that the Custodian shall not be responsible for any Losses suffered or incurred by the Fund or any person claiming by or through the Fund as a result of the use of such methods.

8.4 Review of Reports. If, within ninety (90) days after the Custodian makes available to the Fund a statement with respect to the Accounts, the Fund has not given the Custodian written notice of any exception or objection thereto, the statement shall be deemed to have been approved, and in such case, the Custodian shall not be liable for any claims concerning such statement.

8.5 Books and Records. The books and records pertaining to the Fund which are in possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared and maintained as required by the '40 Act and the rules thereunder. The Fund, or its authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or its authorized representative. Upon the reasonable request of the Fund, the Custodian shall provide in hard copy or on computer disc any records included in any such delivery which are maintained by the Custodian on a computer disc, or are similarly maintained.

8.6 Required Disclosure. With respect to Securities issued in the United States, the Shareholder Communications Act of 1985 (the "Act") requires the Custodian to disclose to issuers, upon their request, the name, address and securities position of the Custodian's clients who are "beneficial owners" (as defined in the Act) of the issuer's Securities, unless the beneficial owner objects to such disclosure. The Act defines a "beneficial owner" as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security. The Fund represents that it is the beneficial owner of the Securities. As beneficial

owner it has designated below whether it objects to the disclosure of its name, address and securities position to any United States issuer that requests such information pursuant to the Act for the specific purpose of direct communications between such issuer and the Fund.

With respect to Securities issued outside the United States, the Custodian shall disclose information required by law, regulation, rules of a stock exchange or organizational documents of an issuer. The Custodian is also authorized to supply any information regarding the Accounts that is required or requested by governmental or regulatory authorities or by any law, regulation or rules now or hereafter in effect. The Fund agrees to supply the Custodian with any required information if it is not otherwise reasonably available to the Custodian.

Pursuant to this Section 8.6, as Beneficial Owner:

[ ] The Fund OBJECTS to disclosure

[ ] The Fund DOES NOT OBJECT to disclosure

IF NO BOX IS CHECKED, THE CUSTODIAN SHALL RELEASE SUCH INFORMATION UNTIL IT RECEIVES A CONTRARY INSTRUCTION FROM THE FUND.]

8.7 Tools. From time to time the Custodian may make available to the Fund or its agent(s) certain computer programs, products, services, reports or information (including, without limitation, information obtained by the Custodian from third parties and information reflecting the Custodian's input, evaluation and interpretation) (collectively, "Tools"). Tools may allow the Fund or its agent(s) to perform certain analytic, accounting, compliance, reconciliation and other functions with respect to an Account. By way of example, Tools may assist the Fund or its agent(s) in analyzing the performance of investment advisers appointed by the Fund, determining on a post-trade basis whether transactions for an Account comply with the Fund's investment guidelines, evaluating assets at risk and performing account reconciliations. Tools, as well as practices and processes developed by or for the Custodian in connection with the services provided to the Fund, (1) may be used only for the Fund's internal purposes and may not be resold, redistributed or otherwise made available to third parties and (2) are the sole and exclusive property of the Custodian (and its suppliers if applicable). The Fund may not reverse engineer or decompile any computer programs provided by the Custodian comprising, or provided as a part of, any Tools. Information supplied by third parties may be incorrect or incomplete, and any information, reports, analytics or other

services supplied by the Custodian that rely on information from third parties may also be incorrect or incomplete. All Tools are provided "AS IS", whether or not they are modified to meet specific needs of the Fund and regardless of whether the Custodian is compensated by the Fund for providing such Tools. ***THE CUSTODIAN DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE TOOLS, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE CUSTODIAN AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY LOSS, COST, EXPENSE, DAMAGE, LIABILITY OR CLAIM SUFFERED OR INCURRED BY THE FUND, ITS AGENT(S) OR ANY OTHER PERSON AS A RESULT OF USE OF, INABILITY TO USE OR RELIANCE UPON ANY TOOLS.***

SECTION 9 – PROVISIONS REGARDING THE CUSTODIAN

9.1 Standard of Care. In performing its duties under this Agreement, the Custodian shall exercise the standard of care and diligence that a professional custodian would observe in these affairs.

9.2 Limitation of Duties and Liability. Notwithstanding anything contained elsewhere in this Agreement, the Custodian's liability hereunder is limited as follows:

a. The duties of the Custodian shall only be those specifically undertaken pursuant to this Agreement and shall be subject to such other limits on liability as are set out herein;

b. The Custodian shall not be liable for any Losses that are not a direct result of the Custodian's negligence, willful misconduct or intentional breach of this Agreement;

c. The Custodian shall not be responsible for the title, validity or genuineness of any Securities or evidence of title thereto received by it or delivered by it pursuant to this Agreement or for Securities held hereunder being freely transferable or deliverable without encumbrance in any relevant market;

d. The Custodian shall not be responsible for the failure to receive payment of, or the late payment of, income or other payments due to an Account;

e. The Custodian shall have no duty to take any action to collect any amount payable on Securities in default or if payment is refused after due demand and presentment;

f. The Custodian may obtain the advice of outside counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice;

g. The Custodian shall have no duty or responsibility to inquire into, make recommendations, supervise or determine the suitability of any transactions affecting any Account and shall have no liability with respect to the Fund's or an Authorized Person's decision to invest in Securities or to hold cash in any currency;

h. The Custodian shall have no responsibility if the rules or procedures imposed by Depositories or Foreign Depositories, exchange controls, asset freezes or other laws, rules, regulations or orders at any time prohibit or impose burdens or costs on the transfer of Securities or cash to, by or for the account of the Fund; and

i. The Custodian shall have no liability for any Losses arising from the insolvency of any Person, including but not limited to a Subcustodian, Depository, Foreign Depository, broker, bank or counterparty to the settlement of a transaction or a foreign exchange transaction, except as provided in Section 2.1(b) and Section 2.2.

9.3 Losses. Under no circumstances shall the Custodian be liable to the Fund or any third party for indirect, consequential or special damages, or lost profits or loss of business, arising in connection with this Agreement, even if the Custodian has been advised of the possibility of such damages.

9.4 Gains. Where an error or omission has occurred under this Agreement, the Custodian may take such remedial action as it considers appropriate under the circumstances and, provided that the Fund is put in the same or equivalent position as it would have been in if the error or omission had not occurred, any favorable consequences of the Custodian's remedial action shall be solely for the account of the Custodian, without any duty to report to the Fund any loss assumed or benefit received by it as a result of taking such action.

9.5 Centralized Functions. The Bank of New York Mellon Corporation

is a global financial organization that provides services to clients through its affiliates and subsidiaries in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may centralize functions including audit, accounting, risk, legal, compliance, sales, administration, product communication, relationship management, storage, compilation and analysis of customer-related data, and other functions (the "Centralized Functions") in one or more affiliates, subsidiaries and third-party service providers. Solely in connection with the Centralized Functions, (i) the Fund consents to the disclosure of and authorizes the Custodian to disclose information regarding the Fund and the Accounts ("Customer-Related Data") to the BNY Mellon Group and to its third-party service providers who are subject to confidentiality obligations with respect to such information, and (ii) the Custodian may store the names and business addresses of the Fund's employees on the systems or in the records of the BNY Mellon Group or its service providers. The BNY Mellon Group may aggregate Customer-Related Data with other data collected and/or calculated by the BNY Mellon Group, and notwithstanding anything in this Agreement to the contrary the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Customer-Related Data with the Fund. The Fund confirms that it is authorized to consent to the foregoing and that the disclosure to and storage by the BNY Mellon Group of information as referenced above does not violate any relevant data protection legislation.

9.6 Force Majeure. Notwithstanding anything in this Agreement to the contrary, the Custodian shall not be responsible or liable for any failure to perform under this Agreement or for any Losses to any Account resulting from any event beyond the reasonable control of the Custodian.

9.7 Fees. The Fund shall pay to the Custodian the fees and charges as may be specifically agreed upon from time to time and such other fees and charges at the Custodian's standard rates for such services as may be applicable. The Fund shall also reimburse the Custodian for out-of-pocket expenses that are a normal incident of the services provided hereunder.

9.8 Indemnification. The Fund shall indemnify and hold harmless the Custodian from and against all Losses, including reasonable counsel fees and expenses in third party suits and in a successful defense of claims asserted by the Fund, relating to or arising out of the performance of the

Custodian's obligations under this Agreement, except to the extent resulting from the Custodian's negligence or willful misconduct. This provision shall survive the termination of this Agreement.

SECTION 10 – AMENDMENT; TERMINATION; ASSIGNMENT

10.1 Amendment. This Agreement may be amended only by written agreement between the Fund and the Custodian.

10.2 Termination.

(a) This Agreement shall be effective on the date first written above and, unless terminated pursuant to its terms, shall continue until 11:59 PM (Eastern time) on the date which is the third anniversary of such date (the "Initial Term"), at which time this Agreement shall terminate, unless renewed in accordance with the terms hereof.

(b) This Agreement shall automatically renew for successive terms of one (1) year each (each, a "Renewal Term"), unless the Fund or Custodian gives written notice to the other party of its intent not to renew and such notice is received by the other party not less than ninety (90) days prior to the expiration of the Initial Term or the then-current Renewal Term (a "Non-Renewal Notice"). In the event a party provides a Non-Renewal Notice, this Agreement shall terminate at 11:59 PM (Eastern time) on the last day of the Initial Term or Renewal Term, as applicable.

(c) If the Fund or Custodian materially breaches this Agreement (a "Defaulting Party") the other party (the "Non-Defaulting Party") may give written notice thereof to the Defaulting Party ("Breach Notice"), and if such material breach shall not have been remedied within thirty (30) days after the Breach Notice is given, then the Non-Defaulting Party may terminate this Agreement by giving written notice of termination to the Defaulting Party ("Breach Termination Notice"), in which case this Agreement shall terminate as of 11:59 PM (Eastern time) on the 30th day following the date the Breach Termination Notice is given, or such later date as may be specified in the Breach Termination Notice (but not later than the last day of the Initial Term or then-current Renewal Term, as appropriate). In all cases, termination by the Non-Defaulting Party shall not constitute a waiver by the Non-Defaulting Party of any other rights it might have under this Agreement or otherwise against the Defaulting Party.

(d) Upon termination hereof, the Fund shall pay to the Custodian such compensation as may be due to the Custodian, and shall likewise reimburse the Custodian for other amounts payable or reimbursable to the Custodian hereunder. The Custodian shall follow such reasonable

Instructions concerning the transfer of custody of records, Securities and other items as the Fund shall give; provided that (a) the Custodian shall have no liability for shipping and insurance costs associated therewith and (b) full payment shall have been made to the Custodian of its compensation, costs, expenses and other amounts to which it is entitled hereunder. If any Securities or cash remain in any Account after termination, the Custodian may deliver to the Fund such Securities and cash. Provisions authorizing the disclosure of information shall survive termination of this Agreement. Except as otherwise provided herein, all obligations of the parties to each other hereunder shall cease upon termination of this Agreement.

10.3 Successors and Assigns. Neither the Fund nor the Custodian may assign this Agreement without the prior written consent of the other party, except that the Custodian may assign this Agreement to any BNY Mellon Affiliate without the need for such consent. Any entity that shall by merger, consolidation, purchase or otherwise succeed to substantially all the institutional custody business of the Custodian shall, upon such succession and without any appointment or other action by the Fund, be and become successor custodian hereunder. The Custodian agrees to provide notice of such successor custodian to the Fund. This Agreement shall be binding upon, and inure to the benefit of, the Fund and the Custodian and their respective successors and permitted assigns.

SECTION 11 – ADDITIONAL PROVISIONS

11.1 Non-Custody Assets. As an accommodation to the Fund, the Custodian may provide consolidated recordkeeping services pursuant to which the Custodian reflects on statements securities and other assets not held by, or under the control of, the Custodian ("Non-Custody Assets"). Non-Custody Assets shall be designated on the Custodian's books as "shares not held" or by other similar characterization. The Fund acknowledges and agrees that it shall have no security entitlement against the Custodian with respect to Non-Custody Assets, that the Custodian shall rely, without independent verification, on information provided by the Fund, its designee or the entity having custody regarding Non-Custody Assets (including but not limited to positions and market valuations), and that the Custodian shall have no responsibility whatsoever with respect to Non-Custody Assets or the accuracy of any information maintained on the Custodian's books or set forth on account statements concerning Non-Custody Assets.

11.2 Appropriate Action. The Custodian is hereby authorized and empowered, in its sole discretion, to take any action with respect to an Account that it deems necessary or appropriate in carrying out the purposes of this Agreement.

11.3 Governing Law. This Agreement shall be construed in accordance with and governed by the substantive laws of the state of New York without regard to its conflicts of law provisions. The parties consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute hereunder. The Fund irrevocably waives any objection it may now or hereafter have to venue in such court and any claim that a proceeding brought in such court has been brought in an inconvenient forum. The parties hereby expressly waive, to the full extent permitted by applicable law, any right to trial by jury with respect to any judicial proceeding arising from or related to this Agreement. The parties agree that the establishment and maintenance of the Accounts, and all interests, duties and obligations with respect thereto, shall be governed by the laws of the state of New York.

11.4 Representations. Each party represents and warrants to the other party that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind such party to this Agreement, and that the Agreement constitutes a binding obligation of such party enforceable in accordance with its terms.

11.5 USA PATRIOT Act. The Fund hereby acknowledges that the Custodian is subject to federal laws, including the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Custodian must obtain, verify and record information that allows the Custodian to identify the Fund. Accordingly, prior to opening an Account hereunder, the Custodian will ask the Fund to provide certain information including, but not limited to, the Fund's name, physical address, tax identification number and other information that will help the Custodian to identify and verify the Fund's identity, such as organizational documents, certificate of good standing, license to do business or other pertinent identifying information. The Fund agrees that the Custodian cannot open an Account hereunder unless and until the Custodian verifies the Fund's identity in accordance with the Custodian's CIP.

11.6 Non-Fiduciary Status. The Fund hereby acknowledges and agrees that the Custodian is not a fiduciary by virtue of accepting and carrying out its obligations under this Agreement and has not accepted any fiduciary duties, responsibilities or liabilities with respect to its services hereunder.

11.7 Notices. Notices shall be in writing and shall be addressed to the Custodian or the Fund at the address set forth on the signature page or such other address as either party may designate in writing to the other party. All notices shall be effective upon receipt.

11.8 Entire Agreement. This Agreement and any related fee agreement constitute the entire agreement with respect to the matters dealt with herein, and supersede all previous agreements, whether oral or written, and documents with respect to such matters.

11.9 Necessary Parties. All of the understandings, agreements, representations and warranties contained herein are solely for the benefit of the Fund and the Custodian, and there are no other parties who are intended to be benefited by this Agreement.

11.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts when taken together shall constitute but one and the same instrument and may be sufficiently evidenced by one set of counterparts.

11.11 Captions. The captions of this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the latest date set forth below.

Authorized Signer of:

STONECASTLE FINANCIAL CORP.

By: _____
Name:
Title:
Date:

Address for Notice:
StoneCastle Financial Corp.
Legal Department
152 West 57th Street, 35th Floor
New York, NY 10019

Email: legal@stonecastle.com

Authorized Officer of:

THE BANK OF NEW YORK MELLON

By: _____
Name:
Title:
Date:

Address for Notice:
The Bank of New York Mellon
c/o BNY Mellon Asset Servicing
AIM 111-0900
Atlantic Terminal Office Tower
2 Hanson Place
Brooklyn, NY 11217

Attention: Closed-End/ETF Client Service Management

SCHEDULE I

N/A

Transfer Agency and Service Agreement

Between

StoneCastle Financial Corp.

and

Computershare Trust Company, N.A.

and

Computershare Inc.

AGREEMENT effective as of the day of , 2013 ("**Effective Date**") by and between StoneCastle Financial Corp., a Delaware corporation, having its principal office and place of business at 152 West 57th Street, 35th Floor, New York, New York 10019 ("**Company**"), and Computershare Inc., a Delaware corporation, and its fully owned subsidiary Computershare Trust Company, N.A., a federally chartered trust company, having its principal office and place of business at 250 Royall Street, Canton, Massachusetts 02021 (collectively, "**Transfer Agent**" or individually, "**Computershare**" and "**Trust Company**", respectively).

WHEREAS, Company desires to appoint Trust Company as its sole transfer agent and registrar, and administrator of any dividend reinvestment plan or direct stock purchase plan for Company, and Computershare as processor of all payments received or made by Company under this Agreement;

WHEREAS, Trust Company and Computershare will each separately provide specified services covered by this Agreement and, in addition, Trust Company may arrange for Computershare to act on behalf of Trust Company in providing certain of its services covered by this Agreement; and

WHEREAS, Trust Company and Computershare desire to accept such respective appointments and perform the services related to such appointments;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS.

1.1 "**Account**" means the account of each Shareholder which reflects any full or fractional Shares held by such Shareholder, outstanding funds, or reportable tax information.

1.2 "**Agreement**" means this agreement and any and all exhibits or schedules attached hereto and any and all amendments or modifications which may from time to time be executed by the parties hereto.

1.3 "**DSPP**" means direct stock purchase plan.

1.4 "**Plans**" means any dividend reinvestment plan, DSPP, or similar reinvestment or repurchase programs administered by Trust Company for Company, whether as of the Effective Date or at any time during the term of this Agreement.

1.5 "**Services**" means all services performed or made available or to be performed or made available by Transfer Agent pursuant to this Agreement.

1.6 "**Share**" means Company's common shares, par value $0.001 per share, and Company's preferred shares, par value $0.001 per share, authorized by Company's Certificate of Incorporation, and other classes of Company's shares to be designated by Company in writing and which Transfer Agent agrees to service under this Agreement.

1.7 "**Shareholder**" means a holder of record of Shares.

1.8 "**Shareholder Data**" means all information maintained on the records database of Transfer Agent concerning Shareholders.

2. APPOINTMENT OF AGENT.

2.1 Appointments. Company hereby appoints Trust Company to act as sole transfer agent and registrar for all Shares and as administrator of Plans in accordance with the terms and conditions hereof and appoints Computershare as the service provider to Trust Company and as processor of all payments received or made by or on behalf of Company under this Agreement, and Trust Company and Computershare accept the respective appointments.

2.2 Documents. In connection with the appointments herein, Company has provided or will provide the following appointment and corporate authority documents to Transfer Agent:

(a) Copies of resolutions appointing Trust Company as the transfer agent;

(b) If applicable, specimens of all forms of outstanding Share certificates, in forms approved by the Board of Directors of Company, with a certificate of the Secretary of Company as to such approval;

(c) Specimens of the signatures of the officers or other authorized persons of Company authorized to sign written instructions and requests and, if applicable, sign Share certificates;

(d) An opinion of counsel for Company addressed to both Trust Company and Computershare stating that:

(i) Company is duly organized, validly existing and in good standing under the laws of its state of organization;

(ii) All Shares issued and outstanding on the date hereof were issued as part of an offering that was registered under the Securities Act of 1933, as amended ("**1933 Act**") and any other applicable federal or state statute or that was exempt from such registration;

(iii) All Shares issued and outstanding on the date hereof are duly authorized, validly issued, fully paid and non-assessable; and

(iv) The use of facsimile signatures by Transfer Agent in connection with the countersigning and registering of Share certificates has been duly authorized by Company and is valid and effective.

(e) A certificate of Company as to the Shares authorized, issued and outstanding, as well as a description of all reserves of unissued Shares relating to the exercise of options;

(f) A completed Internal Revenue Service Form 2678; and

(g) A completed Form W-8 or W-9, as applicable.

In addition, upon any future original issuance of Shares for which Transfer Agent will act as transfer agent hereunder except for issuances under the Company's dividend reinvestment plan, Company shall deliver an opinion of counsel for Company addressed to both Trust Company and Computershare stating that such Shares (i) have been issued as part of an offering that was registered under the 1933 Act and any other applicable federal or state statute, or that was exempt from such registration, and (ii) are duly authorized, validly issued, fully paid and non-assessable.

2.3 Records. Transfer Agent may adopt as part of its records all Shareholder lists, Share ledgers, records, books, and documents which have been employed by Company or any of its agents and which are certified to be true, authentic and complete. Transfer Agent shall keep records relating to the Services, in the form and manner it deems advisable, but in any event consistent with the reasonable standards of the transfer agency industry. Transfer Agent agrees that all such records will be preserved, maintained and made available in accordance with requirements of law, and will be surrendered promptly to Company at the Company's written request.

2.4 Shares. Company shall, if applicable, inform Transfer Agent as soon as possible in advance as to (i) the existence or termination of any restrictions on the transfer of Shares, the application to or removal from any Share certificate of any legend restricting the transfer of such Shares (subject, in the case of removal of any such legend, to delivery of a legal opinion from counsel to Company in form and substance acceptable to Transfer Agent), or the substitution for such certificate of a certificate without such legend; (ii) any authorized but unissued Shares reserved for specific purposes; (iii) any outstanding Shares which are exchangeable for Shares and the basis for exchange; (iv) reserved Shares subject to options, warrants, convertible debt and other derivative securities issued by the Company and the details of such reservation; (v) any Share split or Share dividend; (vi) any other relevant event or special instructions which may affect the Shares; and (vii) any bankruptcy, insolvency or other proceeding regarding Company affecting the enforcement of creditors' rights.

2.5 Share Certificates. If applicable, Company shall provide Transfer Agent with (i) documentation required to print on demand Share certificates, or (ii) an appropriate supply of Share certificates which contain a signature panel for use by an authorized signor of Transfer Agent and state that such certificates are only valid after being countersigned and registered, whichever is applicable.

2.6 Company Responsibility. Company shall perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, documents, instruments and assurances as Transfer Agent may reasonably require in order to carry out or perform its obligations under this Agreement.

2.7 Scope of Agency.

(a) Transfer Agent shall act solely as agent for Company under this Agreement and owes no duties hereunder to any other person. Transfer Agent undertakes to perform the duties and only the duties that are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against Transfer Agent.

(b) Transfer Agent may rely upon, and shall be protected in acting or refraining from acting in reliance upon, (i) any communication from Company, any predecessor transfer agent or co-transfer agent or any registrar (other than Transfer Agent), predecessor registrar or co-registrar; (ii) any instruction, notice, request, direction, consent, report, certificate, opinion or other instrument, paper, document or electronic transmission believed by Transfer Agent to be genuine and to have been signed or given by the proper party or parties; (iii) any guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable "signature guarantee program" or insurance program in addition to, or in substitution for, the foregoing; or (iv) any instructions received through Direct Registration System/Profile. In addition, Transfer Agent is authorized to refuse to make any transfer that it determines in good faith not to be in good order.

(c) From time to time, Company may provide Transfer Agent with instructions concerning the Services. Further, Transfer Agent may apply to any officer or other authorized person of Company for instruction, and may consult with legal counsel for Transfer Agent or Company with respect to any matter arising in connection with the Services. Transfer Agent and its agents and subcontractors shall not be liable and shall be indemnified by Company under Section 9.2 of this Agreement for any action taken or omitted by Transfer Agent in reliance upon any Company instructions or upon the advice or opinion of such counsel. Transfer Agent shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from Company.

3. STANDARD SERVICES.

3.1 Share Services. Transfer Agent shall perform the Services set forth in the Fee and Service Schedule ("**Fee and Service Schedule**") attached hereto and incorporated herein. Further, Transfer Agent shall issue and record Shares as authorized, hold Shares in the appropriate Account, and effect transfers of Shares upon receipt of appropriate documentation.

3.2 Replacement Shares. Transfer Agent shall issue replacement Shares for those certificates alleged to have been lost, stolen or destroyed, upon receipt by Transfer Agent of an open penalty surety bond satisfactory to it and holding it and Company harmless, absent notice to Transfer Agent that such certificates have been acquired by a bona fide purchaser. Transfer Agent may, at its option, issue replacement Shares for mutilated certificates upon presentation thereof without such indemnity. Transfer Agent may, at its sole option, accept indemnification from Company to issue replacement Shares for those certificates alleged to have been lost, stolen or destroyed in lieu of an open penalty bond. Transfer Agent shall charge Shareholders an administrative fee for replacement of lost certificates, which shall be charged only once in instances where a single surety bond obtained covers multiple certificates. Transfer Agent may receive compensation, including in the form of surety premiums, for administrative services provided in connection with surety programs offered to Shareholders.

3.3 Internet Services. Transfer Agent shall make available to Company and Shareholders, through www.computershare.com ("**Web Site**"), online access to certain Account and Shareholder information and certain transaction capabilities ("**Internet Services**"), subject to Transfer Agent's security procedures and the terms and conditions set forth herein and on the Web Site. Transfer Agent provides Internet Services "as is," on an "as available" basis, and hereby specifically disclaims any and all representations or warranties, express or implied, regarding such Internet Services, including any implied warranty of merchantability or fitness for a particular purpose and implied warranties arising from course of dealing or course of performance.

3.4 Proprietary Information. Company agrees that the databases, programs, screen and report formats, interactive design techniques, Internet Services, software (including methods or concepts used therein, source code, object code, or related technical information) and documentation manuals furnished to Company by Transfer Agent as part of the Services are under the control and ownership of Transfer Agent or a third party (including its affiliates) and constitute copyrighted, trade secret, or other proprietary information (collectively, "**Proprietary Information**"). In no event shall Proprietary Information be deemed Shareholder Data. Company agrees that Proprietary Information is of substantial value to Transfer Agent or other third party and will treat all Proprietary Information as confidential in accordance with Section 11 of this Agreement. Company shall take reasonable efforts to advise its relevant employees and agents of its obligations pursuant to this Section 3.4.

3.5 Third Party Content. Transfer Agent may provide real-time or delayed quotations and other market information and messages ("**Market Data**"), which Market Data is provided to Transfer Agent by certain third parties who may assert a proprietary interest in Market Data disseminated by them but do not guarantee the timeliness, sequence, accuracy or completeness thereof. Company agrees and acknowledges that Transfer Agent shall not be liable in any way for any loss or damage arising from or occasioned by any inaccuracy, error, delay in, omission of, or interruption in any Market Data or the transmission thereof.

3.6 Lost Shareholders; In-Depth Shareholder Search.

(a) Transfer Agent shall conduct such database searches to locate lost Shareholders as are required by Rule 17Ad-17 under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), without charge to the Shareholder or additional charge to the Company. If a new address is so obtained in a database search for a lost Shareholder, Transfer Agent shall conduct a verification mailing and update its records for such Shareholder accordingly.

(b) To the extent not required under the Exchange Act (in which case clause (a) above shall apply), Transfer Agent may facilitate the performance of a more in-depth search for the purpose of (i) locating lost Shareholders for whom a new address is not obtained in accordance with clause (a) above, (ii) identifying Shareholders who are deceased (or locating the deceased Shareholder's estate representative, heirs or other party entitled to act with respect to such Shareholder's account ("**Authorized Representative**")), and (iii) locating Shareholders whose accounts contain an uncashed check older than 180 days, in each case using the services of a locating service provider selected by Transfer Agent, which service provider may be an affiliate of Computershare. Such provider may compensate Transfer Agent for processing and other services that Transfer Agent provides in connection with such in-depth search, including providing Computershare a portion of its service fees.

(c) Upon locating any Shareholder (or such Shareholder's Authorized Representative) pursuant to clause (b) above, the locating service provider shall clearly identify to such Shareholder (or such Shareholder's Authorized Representative) all assets held in such Shareholder's account. Such provider shall inform any such located Shareholders (or such Shareholder's Authorized Representative) that such Shareholder (or such Shareholder's Authorized Representative) may choose either (i) to contact Transfer Agent directly to obtain the assets in such account, at no charge other than any applicable fees to replace lost certificates, if applicable, or (ii) to use the services of such provider for a processing fee, which may not exceed 20% of the asset value of such Shareholder's property where the registered Shareholder is living, deceased, or not a natural person; provided that in no case shall such fee exceed the maximum statutory fee permitted by the applicable state jurisdiction. If Company selects a locating service provider other than one selected by Transfer Agent, then Transfer Agent shall not be responsible for the terms of any agreement between such provider and Company and additional fees may apply.

(d) Pursuant to Section 2.7(c) of this Agreement, Company hereby authorizes and instructs Transfer Agent to provide a Shareholder file or list of those Shareholders not located following the required Rule 17Ad-17 searches to any service provider administering any in-depth shareholder location program on behalf of Computershare or Company.

3.7 Compliance with Laws. Transfer Agent is obligated and agrees to comply with all applicable U.S. federal, state and local laws and regulations, codes, orders and government rules in the performance of its duties under this Agreement.

4. PLAN SERVICES.

4.1 Trust Company shall perform all services under the Plans, as the administrator and plan agent of such Plans, with the exception of payment processing for which Computershare has been appointed as agent by Company, and certain other services that Trust Company may subcontract to Computershare as permitted by applicable law (*e.g.*, ministerial services).

4.2 To the extent Company does not have a DSPP as of the Effective Date, Company agrees that Trust Company may implement and administer Trust Company's DSPP on behalf of Company at any time during the term of this Agreement, upon providing prior written notice to Company. In consideration of Trust Company receiving service and transaction fees from the DSPP participants in connection with its administration of the DSPP, Transfer Agent shall not charge any fees to Company for such administration.

4.3 Transfer Agent shall act as agent for Shareholders pursuant to the Plans in accordance with the terms and conditions of such Plans.

5. COMPUTERSHARE DIVIDEND DISBURSING AND PAYMENT SERVICES.

5.1 Declaration of Dividends. Upon receipt of written notice from the Chief Executive Officer, President, any Vice President, Chief Compliance Officer, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer of Company declaring the payment of a dividend, Computershare shall disburse such dividend payments provided that Company furnishes Computershare with sufficient funds one day in advance of the applicable payable date. The payment of such funds to Computershare for the purpose of being available for the payment of dividends from time to time is not intended by Company to confer any rights in such funds on Shareholders whether in trust, contract, or otherwise.

5.2 Stop Payments. Company hereby authorizes Computershare to stop payment of checks issued in payment of sales proceeds and of dividends, if applicable, but not presented for payment, when the payees thereof allege either that they have not received the checks or that such checks have been mislaid, lost, stolen, destroyed or, through no fault of theirs, are otherwise beyond their control and cannot be produced by them for presentation and collection, and Computershare shall issue and deliver duplicate checks in replacement thereof, and Company shall indemnify Transfer Agent against any loss or damage resulting from reissuance of the checks for which the original check has been timely stopped prior to reissuance pursuant to this Section 5.2.

5.3 Tax Withholding. Company hereby authorizes Computershare to deduct from all payments of sales proceeds and of dividends declared by Company and disbursed by Computershare, as dividend disbursing agent, if applicable, the tax required to be withheld pursuant to Sections 1441, 1442 and 3406 of the Internal Revenue Code of 1986, as amended, or by any federal or state statutes subsequently enacted, and to make the necessary returns and payment of such tax in connection therewith.

5.4 Plan Payments. If applicable, Company hereby authorizes Computershare to receive all payments made to Company (*i.e.*, optional cash purchases) or Transfer Agent under the Plans and make all payments required to be made under such Plans, including all payments required to be made to Company and payments of stock dividends.

5.5 Bank Accounts. Company acknowledges that the bank accounts maintained by Computershare in connection with the Services will be in Computershare's name as agent for Company and that Computershare may receive investment earnings in connection with the investment, at Computershare's risk and for its benefit, of funds held in those accounts from time to time.

6. INTENTIONALLY OMITTED.

7. FEES AND EXPENSES.

7.1 Fee and Service Schedules. Company agrees to pay Transfer Agent the reasonable fees and out-of-pocket expenses for Services performed pursuant to this Agreement as set forth in the Fee and Service Schedule, for the Initial Term (as defined below). At least sixty (60) days before the expiration of the Initial Term or a Renewal Term (as defined below), whichever is applicable, the parties to this Agreement will negotiate in good faith to agree upon a new fee schedule for the upcoming Renewal Term.

7.2 Out-of-Proof Funds. If applicable, conversion funding required by any out-of-proof condition caused by Company or a prior agent of Company shall be advanced to Transfer Agent upon discovery of such out-of-proof condition.

7.3 Invoices. Company agrees to pay all fees and reimbursable expenses within 30 days of the date of the respective billing notice, except for any fees or expenses that are subject to good faith dispute. In the event of such dispute, Company must promptly notify Transfer Agent of such dispute and may only withhold that portion of the fee or expense subject to such dispute. Company shall settle such disputed amounts within five (5) business days of the date on which the parties agree on the amount to be paid by payment of the agreed amount. If no agreement is reached, then such disputed amounts shall be settled as may be required by law or legal process.

7.4 Late Payments.

(a) If any undisputed amount in an invoice of Transfer Agent (for fees or reimbursable expenses) is not paid within 30 days after receipt of such invoice, Transfer Agent may charge Company interest thereon (from the due date to the date of payment) at a monthly rate equal to [one and a half percent (1.5%)] [**Note – this is Computershare's standard late payment charge, but may wish to consider trying to negotiate down.]**. Notwithstanding any other provision hereof, such interest rate shall be no greater than permitted under applicable law.

(b) The failure by Company to (i) pay the undisputed portion of an invoice within 90 days after receipt of such invoice or (ii) timely pay the undisputed portions of two consecutive invoices shall constitute a material breach pursuant to Section 12.2 below. Transfer Agent may terminate this Agreement for such material breach immediately and shall not be obligated to provide Company with 30 days to cure such breach.

8. REPRESENTATIONS AND WARRANTIES.

8.1 Transfer Agent. Transfer Agent represents and warrants to Company that:

(a) Governance. Trust Company is a federally chartered trust company duly organized, validly existing, and in good standing under the laws of the United States and Computershare is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and each has all requisite power, authority and legal right to execute, deliver and perform this Agreement; and

(b) Compliance with Laws. The execution, delivery and performance of this Agreement by Transfer Agent has been duly authorized by all necessary action, constitutes the legal, valid and binding obligation of Transfer Agent enforceable against Transfer Agent in accordance with its terms (except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles), will not require the consent of any third party that has not been given, and will not violate, conflict with or result in the breach of any material term, condition or provision of (i) any existing law, ordinance, or governmental rule or regulation to which Transfer Agent is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or regulatory official, body or authority applicable to Transfer Agent, (iii) Transfer Agent's incorporation documents or by-laws, or (iv) any material agreement to which Transfer Agent is a party.

8.2 Company. Company represents and warrants to Transfer Agent that:

(a) Governance. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and it has all requisite power, authority and legal right to enter into and perform this Agreement;

(b) Compliance with Laws. The execution, delivery and performance of this Agreement by Company has been duly authorized by all necessary corporate action, constitutes the legal, valid and binding obligation of Company enforceable against Company in accordance with its terms (except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles), will not require the consent of any third party that has not been given, and will not violate, conflict with or result in the breach of any material term, condition or provision of (i) any existing law, ordinance, or governmental rule or regulation to which Company is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or regulatory official, body or authority applicable to Company, (iii) Company's incorporation documents or by-laws, (iv) any material agreement to which Company is a party, or (v) any applicable stock exchange rules; and

(c) Securities Laws. Registration statements under the 1933 Act and the Exchange Act have been filed and are currently effective, or will be effective prior to the sale of any Shares, and will remain so effective, and all appropriate state securities law filings have been made with respect to all Shares being offered for sale except for any Shares which are offered in a transaction or series of transactions which are exempt from the registration requirements of the 1933 Act, Exchange Act and state securities laws; Company will immediately notify Transfer Agent of any information to the contrary.

(d) Shares. The Shares issued and outstanding on the date hereof have been duly authorized, validly issued and are fully paid and are non-assessable; and any Shares to be issued hereafter, when issued, shall have been duly authorized, validly issued and fully paid and will be non-assessable.

(e) Facsimile Signatures. The use of facsimile signatures by Transfer Agent in connection with the countersigning and registering of Share certificates has been duly authorized by Company and is valid and effective.

9. INDEMNIFICATION AND LIMITATION OF LIABILITY.

9.1 Liability. Transfer Agent shall only be liable for any loss or damage resulting from Transfer Agent's gross negligence, willful misconduct, material breach of this Agreement or violation of applicable law.

9.2 Indemnity. Company shall indemnify and hold Transfer Agent harmless from and against, and Transfer Agent shall not be responsible for, any and all losses, claims, damages, costs, charges, reasonable counsel fees and expenses, payments, expenses and liability (collectively, "**Losses**") arising out of or attributable to Transfer Agent's duties under this Agreement or this appointment, including the reasonable costs and expenses of defending itself against any Loss or enforcing this Agreement, except for any liability of Transfer Agent as set forth in Section 9.1 above; provided, that in the case of litigation, Company shall only indemnify for reasonable counsel fees and expenses to the extent the Transfer Agent is the prevailing party in such action.

10. DAMAGES. Notwithstanding anything in this Agreement to the contrary, neither party shall be liable to the other for any incidental, indirect, special or consequential damages of any nature whatsoever, including, but not limited to, loss of anticipated profits, occasioned by a breach of any provision of this Agreement even if apprised of the possibility of such damages.

11. CONFIDENTIALITY.

11.1 Definition. "**Confidential Information**" shall mean any and all technical or business information relating to a party, including, without limitation, financial, marketing and product development information, Shareholder Data (including any non-public information of such Shareholder), Proprietary Information, and the terms and conditions (but not the existence) of this Agreement, that is disclosed or otherwise becomes known to the other party or its affiliates, agents or representatives before or during the term of this Agreement. Confidential Information constitutes trade secrets and is of great value to the owner (or its affiliates). Confidential Information shall not include any information that is: (a) already known to the other party or its affiliates at the time of the disclosure; (b) publicly known at the time of the disclosure or becomes publicly known through no wrongful act or failure of the other party;
(c) subsequently disclosed to the other party or its affiliates on a non-confidential

basis by a third party not having a confidential relationship with the owner and which rightfully acquired such information; or (d) independently developed by one party without access to the Confidential Information of the other.

11.2. Use and Disclosure. All Confidential Information of a party will be held in confidence by the other party with at least the same degree of care as such party protects its own confidential or proprietary information of like kind and import, but not less than a reasonable degree of care. Neither party will disclose in any manner Confidential Information of the other party in any form to any person or entity without the other party's prior written consent. However, each party may disclose relevant aspects of the other party's Confidential Information to its officers, affiliates, agents, subcontractors and employees to the extent reasonably necessary to perform its duties and obligations under this Agreement and such disclosure is not prohibited by applicable law. Without limiting the foregoing, each party will implement such physical and other security measures and controls as are necessary to protect (a) the security and confidentiality of Confidential Information; (b) against any threats or hazards to the security and integrity of Confidential Information; and (c) against any unauthorized access to or use of Confidential Information. To the extent that a party delegates any duties and responsibilities under this Agreement to an agent or other subcontractor, the party ensures that such agent and subcontractor are contractually bound to confidentiality terms consistent with the terms of this Section 11.

11.3. Required or Permitted Disclosure. In the event that any requests or demands are made for the disclosure of Confidential Information, other than requests to Transfer Agent for Shareholder records pursuant to standard subpoenas from state or federal government authorities (*e.g.*, divorce and criminal actions), the party receiving such request will promptly notify the other party to secure instructions from an authorized officer of such party as to such request and to enable the other party the opportunity to obtain a protective order or other confidential treatment, unless such notification is otherwise prohibited by law or court order. Each party expressly reserves the right, however, to disclose Confidential Information to any person whenever it is advised by counsel that it may be held liable for the failure to disclose such Confidential Information or if required by law or court order.

11.4 Unauthorized Disclosure. As may be required by law and without limiting any party's rights in respect of a breach of this Section 11, each party will promptly:

(a) notify the other party in writing of any unauthorized possession, use or disclosure of the other party's Confidential Information by any person or entity that may become known to such party;

(b) furnish to the other party full details of the unauthorized possession, use or disclosure; and

(c) use commercially reasonable efforts to prevent a recurrence of any such unauthorized possession, use or disclosure of Confidential Information.

11.5 Costs. Each party will bear the costs it incurs as a result of compliance with this Section 11.

12. TERM AND TERMINATION.

12.1 Term. The initial term of this Agreement shall be three (3) years from the date first stated above (the "**Initial Term**") unless terminated pursuant to the provisions of this Section 12. This Agreement will renew automatically from year to year (each a "**Renewal Term**"), unless a terminating party gives written notice to the other party not less than sixty (60) days before the expiration of the Initial Term or Renewal Term, whichever is in effect.

12.2 Termination for Cause. This Agreement may be terminated at any time by any party (i) upon a material breach of a representation, covenant or term of this Agreement by any other party which is not cured within thirty (30) days after receipt of written notice thereof from the terminating party or (ii) if any proceeding in bankruptcy, reorganization, receivership or insolvency is commenced by or against any other party, such other party shall become insolvent or shall cease paying its obligations as they become due or such other party shall make any assignment for the benefit of its creditors.

12.3 Costs and Expenses. Upon termination of this Agreement (a) for any reason other than termination by the Company for cause pursuant to Section 12.2, all fees earned and expenses incurred by Transfer Agent up to and including the date of such termination shall be immediately due and payable to Transfer Agent on or before

the effective date of such termination, and (b) for any reason, Company shall pay all costs and expenses associated with the movement of records, materials, and services to Company or the successor agent, including (i) all reasonable out-of-pocket costs and (ii) a conversion fee of $5,000.00 for the standard conversion services listed on Exhibit A attached to this Agreement. In the event any of the extended conversion services listed on Exhibit A are requested by Company, the fee for each extended conversion service will be $2,500.00.

12.4 Early Termination. Notwithstanding anything herein to the contrary, if this Agreement is terminated prior to the expiration of the then-current term (a) by Company for any reason other than pursuant to Section 12.2 above, including but not limited to, Company's liquidation, acquisition, merger or restructuring, or (b) by Agent pursuant to Section 12.2 above, then, in addition to the payments required in Section 12.3 above, Company shall pay to Transfer Agent all fees accelerated through the end of, and including all months that would have remained in, the then-current term at the time of termination. Such fees will be calculated using the rates, volumes, and Services in effect as of the termination date. If Company does not provide notice of early termination within the time period referenced in Section 12.1 above, Transfer Agent shall make a good faith effort, but cannot guarantee, to convert Company's records on the date requested by Company.

13. ASSIGNMENT. Neither this Agreement nor any rights or obligations hereunder may be assigned by Company or Transfer Agent without the written consent of the other; provided, however, that Transfer Agent may, without further consent of Company, assign any of its rights and obligations hereunder to any affiliated transfer agent registered under Rule 17Ac2-1 promulgated under the Exchange Act.

14. SUBCONTRACTORS AND UNAFFILIATED THIRD PARTIES.

14.1 Subcontractors. Transfer Agent may, without further consent of Company, subcontract with (a) any affiliates, or (b) unaffiliated subcontractors for such services as may be required from time to time (*e.g.*, lost shareholder searches, escheatment, telephone and mailing services); provided, however, that Transfer Agent shall be as fully responsible to Company for the acts and omissions of any subcontractor as it is for its own acts and omissions.

14.2 Unaffiliated Third Parties. Nothing herein shall impose any duty upon Transfer Agent in connection with or make Transfer Agent liable for the actions or omissions to act of unaffiliated third parties (other than subcontractors referenced in Section 14.1 of this Agreement) such as, by way of example and not limitation, airborne services, delivery services, the U.S. mails, and telecommunication companies, provided, if Transfer Agent selected such company, Transfer Agent exercised due care in selecting the same.

15. MISCELLANEOUS.

15.1 Notices. Any notice or communication by Transfer Agent or Company to the other pursuant to this Agreement is duly given if in writing and delivered in person or sent by overnight delivery service or first class mail, postage prepaid, to the other's address:

If to Company:
StoneCastle Financial Corp.
152 West 57th Street, 35th Floor
New York, New York 10019
Attn: [Chief Financial Officer]

If to Transfer Agent:
Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021
Attn: General Counsel

15.2 No Expenditure of Funds. No provision of this Agreement shall require Transfer Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it shall believe in good faith that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

15.3 Publicity. Neither party shall issue a news release, public announcement, advertisement, or other form of publicity concerning the existence of this Agreement or the Services to be provided hereunder without obtaining the prior written approval of the other party, which may be withheld in the other party's sole discretion; provided that Transfer Agent may use Company's name in its customer lists or otherwise as required by law or regulation.

15.4 Successors. All the covenants and provisions of this Agreement by or for the benefit of Company or Transfer Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

15.5 Amendments. This Agreement may be amended or modified by a written amendment executed by the parties hereto and, to the extent required, authorized by a resolution of the Board of Directors of Company.

15.6 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

15.7 Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the State of New York, without regard to principles of conflicts of law. The parties irrevocably (a) submit to the non-exclusive jurisdiction of any New York State court sitting in New York City or the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement, (b) waive, to the fullest extent they may effectively do so, any defense based on inconvenient forum, improper venue or lack of jurisdiction to the maintenance of any such action or proceeding, and (c) waive all right to trial by jury in any action, proceeding or counterclaim arising out of this Agreement or the transactions contemplated hereby. Transfer Agent shall not be required hereunder to comply with the laws or regulations of any country other than the United States of America or any political subdivision thereof. Transfer Agent may consult with foreign counsel, at Company's expense, to resolve any foreign law issues that may arise as a result of Company or any other party being subject to the laws or regulations of any foreign jurisdiction.

15.8 Force Majeure. Notwithstanding anything to the contrary contained herein, Transfer Agent shall not be liable for any delays or failures in performance resulting from acts beyond its reasonable control including, without limitation, acts of God, terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunction of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war, or civil unrest.

15.9 Third Party Beneficiaries. The provisions of this Agreement are intended to benefit only Transfer Agent, Company and their respective permitted successors and assigns. No rights shall be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries hereof.

15.10 Survival. All provisions regarding indemnification, warranty, liability and limits thereon, compensation and expenses and confidentiality and protection of proprietary rights and trade secrets shall survive the termination or expiration of this Agreement.

15.11 Priorities. In the event of any conflict, discrepancy, or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

15.12 Merger of Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof, whether oral or written.

15.13 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

15.14 Descriptive Headings. Descriptive headings contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

15.15 Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

[The remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by one of its officers thereunto duly authorized, all as of the date first written above.

Computershare Inc. and
Computershare Trust Company, N. A.
On Behalf of Both Entities:

By: _____
Name: Dennis V. Moccia
Title: Manager, Contract Administration

StoneCastle Financial Corp.

By: _____
Name:
Title:

[SIGNATURE PAGE TO TRANSFER AGENCY AND SERVICE AGREEMENT]

Exhibit A
Standard and Extended Conversion Services

Termination Phase	Standard Services. $5,000.00 Minimum Fee Per Termination	Extended Services. $2,500.00 for each of the individual Services listed below.
Test of Conversion Services	• Not applicable	• Test full audit extracts files (which are either transmitted to the agent or copied on to a protected CD); test Full Registered List, all classes Opened and/or Closed • Additional test audit extracts (includes all shareholder details. Control totals & codes sent w/extracts) • Test separate exchange lists for each class • Test certificate stop list • Test certificate legend list • Test RPO accounts • Test full transactions lists • Test ACH debit list including plan shares and reinvestment code • Test ACH credit list and secondary address list
Final Conversion Services	• Full audit extracts • Full registered list opened and closed • Certificate stop list • Certificate legend list • RPO accounts • End of year tax report* • Parallel processing for up to 4 days • Communications with new agent as applicable	• Separate exchange lists for each class • Full transactions list • ACH Debit including plan shares and reinvestment code* • ACH Credit list and secondary address list* • 1099D detailed report* • 1042S detailed report* • Parallel processing for more than 4 days (each additional day is considered one extended service)

Post Conversion Services	• Certification letter
	• Due Diligence statement
	• 3 months post conversion
	  • Check extract files
	  • Check reports
	  • Check reports and extracts to CDs
	• Communications with new agent as applicable
		• Not applicable

* Not applicable to terminations for non-dividend payers.

THE BANK OF NEW YORK MELLON

FUND ADMINISTRATION AND ACCOUNTING AGREEMENT

THIS AGREEMENT is made as of September 5, 2013, by and between StoneCastle Financial Corp., a Delaware corporation (the "Fund"), and The Bank of New York Mellon, a New York banking organization ("BNY Mellon").

W I T N E S S E T H:

WHEREAS, the Fund is a closed-end investment company registered under the Investment Company Act of 1940, as amended; and

WHEREAS, the Fund desires to retain BNY Mellon to provide the services described herein, and BNY Mellon is willing to provide such services, all as more fully set forth below;

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereby agree as follows:

1. Definitions.

Whenever used in this Agreement, unless the context otherwise requires, the following words shall have the meanings set forth below:

"1933 Act" means the Securities Act of 1933, as amended.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"1940 Act" means the Investment Company Act of 1940, as amended.

"Authorized Person" shall mean each person, whether or not an officer or an employee of the Fund, duly authorized by the Board to execute this Agreement and to give Instructions on behalf of the Fund as set forth in Exhibit A hereto and each Authorized Person's scope of authority may be limited by setting forth such limitation in a written document signed by BNY Mellon and the Fund. From time to time the Fund may deliver a new Exhibit A to add or delete any person and BNY Mellon shall be entitled to rely on the last Exhibit A actually received by BNY Mellon.

"BNY Mellon Affiliate" shall mean any office, branch or subsidiary of The Bank of New York Mellon Corporation.

"Board" shall mean the Fund's board of directors.

"Confidential Information" shall have the meaning given in Section 21 below.

"Documents" shall mean such documents, including but not limited to, Board resolutions, including resolutions of the Fund's Board authorizing the execution, delivery and performance of this Agreement by the Fund, as BNY Mellon may reasonably request from time to time, in connection with its provision of services under this Agreement.

"Instructions" shall mean written communications actually received by BNY Mellon by S.W.I.F.T., tested telex with signature of Authorized Person, letter, with signature of Authorized Person, secure email from Authorized Person, facsimile transmission with signature or other method or system specified by BNY Mellon as available for use in connection with the services hereunder, from an Authorized Person or person reasonably believed in good faith to be an Authorized Person.

"Investment Advisor" shall mean StoneCastle Asset Management, LLC, or such other entity identified in writing by the Fund to BNY Mellon as the entity having investment responsibility with respect to the Fund.

"Net Asset Value" shall mean the per share value of the Fund, calculated in the manner described in the Funds' Offering Materials.

"Offering Materials" shall mean the Fund's currently effective prospectus and most recently filed registration statement with the SEC relating to shares of the Fund.

"Organizational Documents" shall mean certified copies of the Fund's articles of incorporation, certificate of incorporation, certificate of formation or organization, bylaws, memorandum of association, material contracts, Offering Materials, all SEC exemptive orders issued to the Fund, required filings or similar documents of formation or organization, as applicable, delivered to and received by BNY Mellon.

"SEC" means the United States Securities and Exchange Commission.

"Securities Laws" means the 1933 Act, the 1934 Act and the 1940 Act.

"Shares" means the shares of beneficial interest of any series or class of the Fund.

2. Appointment.

The Fund hereby appoints BNY Mellon as its agent for the term of this Agreement to perform the services described herein. BNY Mellon hereby accepts such appointment and agrees to perform the duties hereinafter set forth.

3. Representations and Warranties.

The Fund hereby represents and warrants to BNY Mellon, which representations and warranties shall be deemed to be continuing in all material respects, that:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations and provide any consents hereunder;

(b) This Agreement has been duly authorized, executed and delivered by the Fund in accordance with all requisite action of the Board and constitutes a valid and legally binding obligation of the Fund, enforceable in accordance with its terms, subject to laws relating to or affecting creditors' rights and remedies, equitable principles and public policy;

(c) The Fund's Investment Advisor is in good standing and qualified to do business in each jurisdiction in which the nature or conduct of its business requires such qualification.

(d) It is conducting its business in compliance with all applicable laws and regulations, both state and federal, has made and will continue to make all necessary filings including tax filings and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted; there is no statute, regulation, rule, order or judgment binding on it and no provision of its Organizational Documents, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property which would prohibit its execution or performance of this Agreement;

(e) The method of valuation of securities and the method of computing the Net Asset Value shall be as set forth in the Offering Materials of the Fund. To the extent the performance of any services described in Schedule I attached hereto by BNY Mellon in accordance with the then effective Offering Materials for the Fund would violate any applicable laws or regulations, the Fund shall immediately so notify BNY Mellon in writing and thereafter shall either furnish BNY Mellon with the appropriate values of securities, Net Asset Value or other computation, as the case may be, or instruct BNY Mellon in writing to value securities and/or compute Net Asset Value or other computations in a manner the Fund specifies in writing, and either the furnishing of such values or the giving of such instructions shall constitute a representation by the Fund that the same is consistent with all applicable laws and regulations and with its Offering Materials, all subject to confirmation by BNY Mellon as to its capacity to act in accordance with the foregoing;

(f) The terms of this Agreement, the fees and expenses associated with this Agreement and any benefits accruing to BNY Mellon or to the Investment Advisor or sponsor of the Fund in connection with this Agreement, including but not limited to any fee waivers, conversion cost reimbursements, upfront payments, signing payments or periodic payments made or to be made by BNY Mellon to such Investment Advisor or sponsor or any affiliate of the Fund relating to this Agreement have been fully disclosed to the Board of the Fund and that, if required by applicable law, such Board has approved or will approve the terms of this Agreement, any such fees and expenses and any such benefits;

(g) Each person named on Exhibit A hereto is duly authorized by the Fund to be an Authorized Person hereunder;

(h) [Intentionally Omitted];

(i) The Fund shall promptly notify BNY Mellon in writing of any and all material legal proceedings or securities investigations filed or commenced against the Fund, the Investment Advisor or the Board; and

(j) The Fund acknowledges for itself and its users that certain information provided by BNY Mellon on its websites may be protected by copyrights, trademarks, service marks and/or other intellectual property rights, and as such, agrees that all such information

provided is for the sole and exclusive use of the Fund and its users. Certain information provided by BNY Mellon is supplied to BNY Mellon pursuant to third party licensing agreements which restrict the use of such information and protect the proprietary rights of the appropriate licensor ("Licensor") with respect to such information. Therefore, the Fund, on behalf of itself and its users, further agrees not to disclose, disseminate, reproduce, redistribute or republish information provided by BNY Mellon on its websites in any way without the express written permission of BNY Mellon and the Licensor. (Licensor permission to be obtained by BNY Mellon prior to BNY Mellon providing its permission.)

4. Delivery of Documents.

The Fund shall promptly provide, deliver or cause to be delivered from time to time to BNY Mellon the Fund's Organizational Documents, Documents and other materials used in the distribution of Shares and all amendments thereto as may be necessary for BNY Mellon to perform its duties hereunder. BNY Mellon shall not be deemed to have notice of any information (other than information supplied by BNY Mellon) contained in such Organizational Documents, Documents or other materials until they are actually received by BNY Mellon.

5. Matters Regarding BNY Mellon.

(a) Subject to the direction and control of the Fund's Board and the provisions of this Agreement, BNY Mellon shall provide to the Fund the administrative services and the valuation and computation services listed on Schedule I attached hereto.

(b) In performing hereunder, BNY Mellon shall provide, at its expense, office space, facilities, equipment and personnel.

(c) BNY Mellon shall not provide any services relating to the management, investment advisory or sub-advisory functions of the Fund, distribution of shares of the Fund or other services normally performed by the Fund's counsel or independent auditor and the services provided by BNY Mellon do not constitute, nor shall they be construed as constituting, legal advice or the provision of legal services for or on behalf of the Fund or any other person, and the Fund acknowledges that BNY Mellon does not provide public accounting or auditing services or advice and will not be making any tax filings, or doing any tax reporting on its behalf, other than those specifically agreed to hereunder. The scope of services provided by BNY Mellon under

this Agreement shall not be increased as a result of new or revised regulatory or other requirements that may become applicable with respect to the Fund, unless the Fund and BNY Mellon expressly agree in writing to any such increase in the scope of services.

(d) The Fund shall cause its officers, advisors, sponsor, distributor, legal counsel, independent auditors and accountants, transfer agent and any other service providers to cooperate with BNY Mellon and to provide BNY Mellon, upon request, with such information, documents and advice relating to the Fund as is within the possession or knowledge of such persons, and which in the opinion of BNY Mellon, is necessary in order to enable BNY Mellon to perform its duties hereunder. In connection with its duties hereunder, BNY Mellon shall not be responsible for, under any duty to inquire into, or be deemed to make any assurances with respect to, the accuracy, validity or propriety of any information, documents or advice provided to BNY Mellon by any of the aforementioned persons. BNY Mellon shall not be liable for any loss, damage or expense resulting from or arising out of the failure of the Fund to cause any information, documents or advice to be provided to BNY Mellon as provided herein and shall be held harmless by the Fund when acting in reliance upon such information, documents or advice relating to the Fund. All fees or costs charged by such persons shall be borne by the Fund, and BNY Mellon shall have no liability with respect to such fees or charges, including any increases in, or additions to, such fees or charges related directly or indirectly to the services described herein or the performance by BNY Mellon of its duties hereunder, unless such fees or costs arose due to BNY Mellon's gross negligence, willful misconduct or bad faith. BNY Mellon shall not bear, or otherwise be responsible for, any fees, costs or expenses charged by any third party service providers engaged by the Fund, or by any affiliate of the Fund or by any other third party service provider to the Fund. In the event that any services performed by BNY Mellon hereunder rely, in whole or in part, upon information obtained from a third party service utilized or subscribed to by BNY Mellon which BNY Mellon in its reasonable judgment deems reliable, BNY Mellon shall not have any responsibility or liability for, be under any duty to inquire into, or be deemed to make any assurances with respect to, the accuracy or completeness of such information.

(e) Nothing in this Agreement shall limit or restrict BNY Mellon, any BNY Mellon Affiliate or any officer or employee thereof from acting for or with any third parties, and providing services similar or identical to some or all of the services provided hereunder.

(f) The Fund shall furnish BNY Mellon with any and all instructions, explanations, information, specifications and documentation deemed necessary by BNY Mellon in the performance of its duties hereunder, including, without limitation, the amounts or written formula for calculating the amounts and times of accrual of Fund liabilities and expenses, and the value of any securities lending related collateral investment account(s). BNY Mellon shall not be required to include as Fund liabilities and expenses, nor as a reduction of Net Asset Value, any accrual for any federal, state or foreign income taxes unless the Fund shall have specified to BNY Mellon in Instructions the precise amount of the same to be included in liabilities and expenses or used to reduce Net Asset Value. The Fund shall also furnish BNY Mellon with bid, offer or market values of securities if BNY Mellon notifies the Fund that the same are not available to BNY Mellon from a security pricing or similar service utilized, or subscribed to, by BNY Mellon which the Fund directs BNY Mellon to utilize, and which BNY Mellon in its judgment deems reliable at the time such information is required for calculations hereunder. At any time and from time to time, the Fund also may furnish BNY Mellon with bid, offer or market values of securities and instruct BNY Mellon in Instructions to use such information in its calculations hereunder. BNY Mellon shall at no time be required or obligated to commence or maintain any utilization of, or subscriptions to, any securities pricing or similar service. In no event shall BNY Mellon be required to determine, or have any obligations with respect to, whether a market price represents any fair or true value, nor to adjust any price to reflect any events or announcements, including, without limitation, those with respect to the issuer thereof, it being agreed that all such determinations and considerations shall be solely for the Fund.

(g) BNY Mellon may apply to an Authorized Person of the Fund for Instructions with respect to any matter arising in connection with BNY Mellon's performance hereunder for the Fund, and BNY Mellon shall not be liable for any action taken or omitted to be taken by it in good faith without gross negligence or willful misconduct in accordance with such Instructions. Such application for Instructions may, at the option of BNY Mellon, set forth in writing any action proposed to be taken or omitted to be taken by BNY Mellon with respect to its duties or obligations under this Agreement and the date on and/or after which such action shall be taken. BNY Mellon shall not be liable for any action taken or omitted to be taken in accordance with a proposal included in any such application after the date such application is received by the Fund unless, prior to taking or omitting to take any such action, BNY Mellon has received Instructions from an Authorized Person in response to such application specifying the action to be taken or omitted.

(h) The Bank of New York Mellon Corporation is a global financial organization that provides services to clients through its affiliates and subsidiaries in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may centralize functions including audit, accounting, risk, legal, compliance, sales, administration, product communication, relationship management, storage, compilation and analysis of customer-related data, and other functions (the "Centralized Functions") in one or more affiliates, subsidiaries and third-party service providers. Solely in connection with the Centralized Functions, (i) the Fund consents to the disclosure of and authorizes BNY Mellon to disclose information regarding the Fund ("Customer-Related Data") to the BNY Mellon Group and to its third-party service providers who are subject to confidentiality obligations with respect to such information which are the same as or similar to the confidentiality obligations contained herein and (ii) BNY Mellon may store the names and business addresses of the Fund's employees on the systems or in the records of the BNY Mellon Group or its service providers who are subject to confidentiality obligations with respect to such information which are the same as or similar to the confidentiality obligations contained herein . The BNY Mellon Group may aggregate Customer-Related Data with other data collected and/or calculated by the BNY Mellon Group, and notwithstanding anything in this Agreement to the contrary the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Customer-Related Data with the Fund.

(i) BNY Mellon may consult with counsel to the Fund or its own counsel, at the Fund's expense if the communication was previously approved by the Fund or otherwise at its own expense, and shall be fully protected with respect to anything done or omitted by it in good faith in accordance with the advice or opinion of such counsel.

(j) Notwithstanding any other provision contained in this Agreement or Schedule I attached hereto, BNY Mellon shall have no duty or obligation with respect to, including, without limitation, any duty or obligation to determine, or advise or notify the Fund of: (i) the taxable nature of any distribution or amount received or deemed received by, or payable to, the Fund; (ii) the taxable nature or effect on the Fund or its shareholders of any

corporate actions, class actions, tax reclaims, tax refunds or similar events; (iii) the taxable nature or taxable amount of any distribution or dividend paid, payable or deemed paid, by the Fund to its shareholders; or (iv) the effect under any federal, state or foreign income tax laws of the Fund making or not making any distribution or dividend payment, or any election with respect thereto. Further, BNY Mellon is not responsible for the identification of securities requiring U.S. tax treatment that differs from treatment under U.S. generally accepted accounting principles. BNY Mellon is solely responsible for processing such securities, as identified by the Fund or its Authorized Persons, in accordance with U.S. tax laws and regulations.

(k) BNY Mellon shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement and Schedule I attached hereto, and no covenant or obligation shall be implied against BNY Mellon in connection with this Agreement.

(l) BNY Mellon, in performing the services required of it under the terms of this Agreement, shall be entitled to rely fully on the accuracy and validity of any and all Instructions, explanations, information, specifications, Documents and documentation furnished to it by the Fund by an Authorized Person and shall have no duty or obligation to review the accuracy, validity or propriety of such Instructions, explanations, information, specifications, Documents or documentation, including, without limitation, evaluations of securities; the amounts or formula for calculating the amounts and times of accrual of the Fund's or Series' liabilities and expenses; and the amounts receivable and the amounts payable on the sale or purchase of securities. In the event BNY Mellon's computations hereunder rely, in whole or in part, upon information, including, without limitation, bid, offer or market values of securities or other assets, or accruals of interest or earnings thereon, from a pricing or similar service utilized, or subscribed to, by BNY Mellon which the Fund directs BNY Mellon to utilize, and which BNY Mellon in its judgment deems reliable, BNY Mellon shall not be responsible for, under any duty to inquire into, or deemed to make any assurances with respect to, the accuracy or completeness of such information. Without limiting the generality of the foregoing, BNY Mellon shall not be required to inquire into any valuation of securities or other assets by the Fund or any third party described in this sub-section (l) even though BNY Mellon in performing services similar to the services provided pursuant to this Agreement for others may receive different valuations of the same or different securities of the same issuers.

(m) BNY Mellon, in performing the services required of it under the terms of this Agreement, shall not be responsible for determining whether any interest accruable to the Fund is or will be actually paid, but will accrue such interest until otherwise instructed by the Fund.

(n) BNY Mellon shall not be responsible for damages (including without limitation damages caused by delays, failure, errors, interruption or loss of data) which occur directly or indirectly by reason of circumstances beyond its reasonable control in the performance of its duties under this Agreement, including, without limitation, mechanical breakdowns, flood or catastrophe, acts of God, failures of transportation, interruptions, loss or malfunctions of utilities, action or inaction of civil or military authority, national emergencies, public enemy, war, terrorism, riot, sabotage, non-performance by a third party, failure of the mails, communications or computer (hardware or software) services or functions or malfunctions of the internet, firewalls, encryption systems or security devices caused by any of the above. BNY Mellon shall not be responsible for delays or failures to supply the information or services specified in this Agreement where such delays or failures are caused by the failure of any person(s) other than BNY Mellon and the vendors and affiliates specifically selected by BNY Mellon to supply any instructions, explanations, information, specifications or documentation deemed necessary by BNY Mellon in the performance of its duties under this Agreement.

(o) BNY Mellon shall enter into and shall maintain in effect with appropriate parties one or more agreements making reasonable provisions for emergency use of electronic data processing equipment to the extent appropriate equipment is available. In the event of equipment failures, BNY Mellon shall, at no additional expense to the Fund, take reasonable steps to minimize service interruptions. BNY Mellon shall have no liability with respect to the loss of data or service interruptions caused by equipment failure, provided such loss or interruption is not caused by BNY Mellon's own intentional misconduct, bad faith or reckless disregard in the performance of its duties under this Agreement. Upon reasonable request, BNY Mellon will provide Fund with a summary of its Business Continuity Plan and any updates to it.

6. Allocation of Expenses.

Except as otherwise provided herein, all costs and expenses arising or incurred in connection with the performance of this Agreement shall be paid by the Fund, including but not

limited to, organizational costs and costs of maintaining corporate existence, taxes, interest, brokerage fees and commissions, insurance premiums, compensation and expenses of the Fund's directors, officers or employees, legal, accounting and audit expenses, management, advisory, sub-advisory, administration and shareholder servicing fees, charges of custodians, transfer and dividend disbursing agents, expenses (including clerical expenses) incident to the issuance, redemption or repurchase of Fund shares or membership interests, as applicable, fees and expenses incident to the registration or qualification under the Securities Laws and state and other applicable securities laws of the Fund or its shares or membership interests, as applicable, costs (including printing and mailing costs) of preparing and distributing Offering Materials, reports, notices and proxy material to the Fund's shareholders or members, as applicable, all expenses incidental to holding meetings of the Fund's trustees, directors and shareholders, and extraordinary expenses as may arise, including litigation affecting the Fund and legal obligations relating thereto for which the Fund may have to indemnify its trustees, directors, officers, managers and/or members, as may be applicable.

7. Portfolio Compliance Services.

(a) If Schedule I contains a requirement for BNY Mellon to provide the Fund with portfolio compliance services, such services shall be provided pursuant to the terms of this Section 7 (the "Portfolio Compliance Services"). The precise compliance review and testing services to be provided shall be as directed by the Fund and as mutually agreed between BNY Mellon and the Fund, and the results of BNY Mellon's Portfolio Compliance Services shall be detailed in a portfolio compliance summary report (the "Compliance Summary Report") prepared on a periodic basis as mutually agreed. Each Compliance Summary Report shall be subject to review and approval by the Fund. BNY Mellon shall have no responsibility or obligation to provide Portfolio Compliance Services other that those services specifically listed in Schedule I.

(b) The Fund will examine each Compliance Summary Report delivered to it by BNY Mellon and notify BNY Mellon of any error, omission or discrepancy within thirty (30) days of its receipt. The Fund agrees to notify BNY Mellon promptly in writing if it fails to receive any such Compliance Summary Report. The Fund further acknowledges that unless it notifies BNY Mellon of any error, omission or discrepancy within thirty (30) days, such

Compliance Summary Report shall be deemed final and shall not be reissued. In addition, if the Fund learns of any out-of-compliance condition before receiving a Compliance Summary Report reflecting such condition, the Fund will notify BNY Mellon of such condition within one (1) business day after discovery thereof.

(c) While BNY Mellon will endeavor to identify out-of-compliance conditions, BNY Mellon does not and could not for the fees charged, make any guarantees, representations or warranties with respect to its ability to identify all such conditions. In the event of any errors or omissions in the performance of Portfolio Compliance Services not resulting from BNY Mellon's gross negligence, willful misconduct or willful breach of this Agreement, the Fund's sole and exclusive remedy and BNY Mellon's sole liability shall be limited to re-performance by BNY Mellon of the Portfolio Compliance Services affected and in connection therewith the correction of any error or omission, if practicable, and the preparation of a corrected report, at no cost to the Fund.

8. Rule 38a-1 and Regulatory Administration Services.

(a) If Schedule I contains a requirement for BNY Mellon to provide the Fund with compliance support services related to Rule 38a-1 promulgated under the 1940 Act and/or Regulatory Administration services, such services shall be provided pursuant to the terms of this Section 8 (such services, collectively hereinafter referred to as the "Regulatory Support Services").

(b) Notwithstanding anything in this Agreement to the contrary, the Regulatory Support Services provided by BNY Mellon under this Agreement are administrative in nature and do not constitute, nor shall they be construed as constituting, legal advice or the provision of legal services for or on behalf of the Fund or any other person.

(c) All work product produced by BNY Mellon as outlined at Schedule I in connection with its provision of Regulatory Support Services under this Agreement is subject to review and approval by the Fund and by the Fund's legal counsel. The Regulatory Support Services performed by BNY Mellon under this Agreement will be at the request and direction of the Fund and/or its chief compliance officer (the "Fund's CCO"), as applicable. BNY Mellon disclaims liability to the Fund, and the Fund is solely responsible, for the selection, qualifications and performance of the Fund's CCO and the adequacy and effectiveness of the Fund's compliance program.

9. Standard of Care; Indemnification.

(a) Except as otherwise provided herein, BNY Mellon and any BNY Mellon Affiliate shall not be liable for any costs, expenses, damages, liabilities or claims (including attorneys' and accountants' fees) incurred by or asserted against the Fund, unless those costs, expenses, damages, liabilities or claims arose out of BNY Mellon's own bad faith, gross negligence or willful misconduct. In no event shall BNY Mellon or any BNY Mellon Affiliate be liable to the Fund or any third party for any special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages and regardless of the form of action. BNY Mellon and any BNY Mellon Affiliate shall not be liable for any loss, damage or expense, including counsel fees and other costs and expenses of a defense against any claim or liability, resulting from, arising out of, or in connection with its performance hereunder, including its actions or omissions, the incompleteness or inaccuracy of any specifications or other information furnished by the Fund, or for delays caused by circumstances beyond BNY Mellon's reasonable control, unless such loss, damage or expense arises out of the bad faith, gross negligence or willful misconduct of BNY Mellon.

(b) The Fund shall indemnify and hold harmless BNY Mellon and any BNY Mellon Affiliate from and against any and all costs, expenses, damages, liabilities and claims (including claims asserted by the Fund), and reasonable attorneys' and accountants' fees relating thereto, which are sustained or incurred or which may be asserted against BNY Mellon or any BNY Mellon Affiliate, by reason of or as a result of any action taken or omitted to be taken by BNY Mellon or any BNY Mellon Affiliate without bad faith, gross negligence, willful misconduct or material breach of this Agreement, or in reliance upon (i) any law, act, regulation or interpretation of the same even though the same may thereafter have been altered, changed, amended or repealed, (ii) the Fund's Offering Materials or Documents (excluding information provided by BNY Mellon), (iii) any Instructions or (iv) any opinion of legal counsel for the Fund, or arising out of transactions or other activities of the Fund which occurred prior to the commencement of this Agreement; provided, that no Fund shall indemnify BNY Mellon nor any

BNY Mellon Affiliate for costs, expenses, damages, liabilities or claims for which BNY Mellon or any BNY Mellon Affiliate is liable under the preceding sub-section 9(a). This indemnity shall be a continuing obligation of the Fund, its successors and assigns, notwithstanding the termination of this Agreement. Without limiting the generality of the foregoing, the Fund shall indemnify BNY Mellon and any BNY Mellon Affiliate against and save BNY Mellon and any BNY Mellon Affiliate harmless from any loss, damage or expense, including counsel fees and other costs and expenses of a defense against any claim or liability, arising from any one or more of the following:

I. Errors in records or instructions, explanations, information, specifications or documentation of any kind, as the case may be, supplied to BNY Mellon by any third party, approved by the Fund or directed to be used by the Fund, described above or by or on behalf of the Fund;

II. Action or inaction taken or omitted to be taken by BNY Mellon or any BNY Mellon Affiliate pursuant to Instructions of the Fund or otherwise without gross negligence, willful misconduct or bad faith;

III. Any action taken or omitted to be taken by BNY Mellon in good faith in accordance with the advice or opinion of counsel for the Fund or its own counsel;

IV. Any improper use by the Fund or its agents, distributor or investment advisor of any valuations or computations supplied by BNY Mellon pursuant to this Agreement;

V. The method of valuation of the securities and the method of computing each Series' Net Asset Value, so long as such method was approved in advance by Authorized Person or provided in the Fund's Offering Materials or Documents; and

VI. Any valuations of securities or other assets so long as such valuation was approved by Authorized Person or provided in the Fund's Offering materials or Documents.

(c) Actions taken or omitted in reliance on Instructions or upon any information, order, indenture, stock certificate, membership certificate, power of attorney, assignment, affidavit or other instrument reasonably believed by BNY Mellon in good faith to be from an Authorized Person, received in accordance to this Agreement, or upon the opinion of legal counsel for the Fund, shall be conclusively presumed to have been taken or omitted in good faith.

10. Compensation.

For the services provided hereunder, the Fund agrees to pay BNY Mellon such compensation as is mutually agreed to in writing by the Fund and BNY Mellon from time to time and such out-of-pocket expenses (e.g., telecommunication charges, postage and delivery charges, costs of independent compliance reviews, record retention costs, reproduction charges and transportation and lodging costs) as are incurred by BNY Mellon in performing its duties hereunder. Except as hereinafter set forth, compensation shall be calculated and accrued daily and paid quarterly. The Fund authorizes BNY Mellon to debit the Fund's custody account for all amounts due and payable hereunder, other than indemnification payments, in accordance with the following procedure. The Fund shall deliver all valuation information to BNY Mellon within five (5) business days after each quarter-end date. BNY Mellon shall deliver to the Fund invoices for services rendered based upon such valuation information within five (5) business days after receiving such valuation information each quarter-end. Upon receiving BNY Mellon's invoice, the Fund shall review and approve each invoice within three (3) business days at which time BNY Mellon is authorized to debit the Fund's custody account for the approved invoice amount. If an invoice amount is disputed, the parties hereto agree to negotiate in good faith on a time is of the essence basis to reconcile and resolve any such dispute. Similarly, if adjustments are subsequently posted to the valuation information provided to BNY Mellon by the Fund, the parties hereto agree to revise and re-approve the necessary invoices in good faith on a time is of the essence basis to correct the impacted amounts previously debited to the Fund's custody account. Upon termination of this Agreement, the compensation for such part of a quarter shall be prorated according to the proportion which such period bears to the full quarterly period and shall be payable in accordance with the procedure outlined above substituting the effective date of termination of this Agreement as the quarter-end date. For the purpose of determining compensation payable to BNY Mellon, the Fund's Net Asset Value shall be computed at the times and in the manner specified in the Fund's Offering Materials.

11. Records; Visits.

(a) The books and records pertaining to the Fund and the Fund's Series which are in

the possession or under the control of BNY Mellon shall be the property of the Fund. The Fund and Authorized Persons and their respective accountants, attorneys and other agents shall have access to such books and records at all times during BNY Mellon's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by BNY Mellon to the Fund or to an Authorized Person, at the Fund's expense.

(b) BNY Mellon shall keep all books and records with respect to each Series' books of account, records of each Series' securities transactions and all other books and records as BNY Mellon is required to maintain pursuant to Rule 31a-1 of the 1940 Act in connection with the services provided hereunder.

12. Term of Agreement.

(a) This Agreement shall be effective on the date first written above and, unless terminated pursuant to its terms, shall continue until 11:59 PM (Eastern time) on the date which is the third anniversary of such date (the "Initial Term"), at which time this Agreement shall terminate, unless renewed in accordance with the terms hereof.

(b) This Agreement shall automatically renew for successive terms of two (2) years each (each, a "Renewal Term"), unless the Fund or BNY Mellon gives written notice to the other party of its intent not to renew and such notice is received by the other party not less than ninety (90) days prior to the expiration of the Initial Term or the then-current Renewal Term (a "Non-Renewal Notice"). In the event a party provides a Non-Renewal Notice, this Agreement shall terminate at 11:59 PM (Eastern time) on the last day of the Initial Term or Renewal Term, as applicable. If the last day does not fall upon a month-end date then this Agreement shall terminate at 11:59 PM (Eastern time) on the last day of the month.

(c) If (i) the Fund or BNY Mellon materially breaches this Agreement (a "Defaulting Party") or (ii) the Fund is in good faith dissatisfied with a material element of the service relationship contemplated hereunder, the other party (the "Non-Defaulting Party") may give written notice thereof to the Defaulting Party or BNY Mellon, as applicable ("Breach Notice"), and if such material breach or material element of the service relationship contemplated hereunder shall not have been remedied within thirty (30) days after the Breach Notice is given, then the Non-Defaulting Party may terminate this Agreement by giving written notice of termination to the Defaulting Party or BNY Mellon, as applicable ("Breach Termination

Notice"), in which case this Agreement shall terminate as of 11:59 PM (Eastern time) on the last day of the month following the date the Breach Termination Notice is given, or such later date as may be specified in the Breach Termination Notice (but not later than the last day of the month of the Initial Term or then-current Renewal Term, as appropriate). In all cases, termination by the Non-Defaulting Party shall not constitute a waiver by the Non-Defaulting Party of any other rights it might have under this Agreement or otherwise against the Defaulting Party.

(d) Notwithstanding anything contained in this Agreement to the contrary, (i) if in connection with a Change in Control (defined below) the Fund gives notice to BNY Mellon terminating this Agreement or terminating it as the provider of any of the services hereunder or (ii) if the Fund otherwise terminates this Agreement, except for a termination by the Fund pursuant to Section 12(c) above, or terminates any of the services hereunder, before the expiration of, as appropriate, the Initial Term or the then-current Renewal Term ("Early Termination"), the following terms shall apply:

(i) Before the effective date of the Early Termination and before any conversion of Fund records and accounts to a successor service provider, the Fund shall pay to BNY Mellon an amount equal to all fees and other amounts ("Early Termination Fee") calculated as if BNY Mellon were to provide all services hereunder until the expiration of, as appropriate, the Initial Term or the then-current Renewal Term. The Early Termination Fee shall be calculated using the average of the monthly fees and other amounts due to BNY Mellon under this Agreement during the last three calendar months before the date of the notice of Early Termination (or, if not given, the date services are terminated hereunder).

(ii) The Fund expressly acknowledges and agrees that the Early Termination Fee is not a penalty but reasonable compensation to BNY Mellon for the termination of services before the expiration of, as appropriate, the Initial Term or the then-current Renewal Term.

(iii) For the purposes of this Section 12(d), "Change in Control" means a merger, consolidation, adoption, acquisition, change in control, re-structuring or re-organization of or any other similar occurrence involving the Fund or a change in the Investment Advisor.

(iv) If the Fund gives notice of Early Termination (or an Early Termination without such notice occurs) after expiration of the notice period specified in Section 12(b) above, the references above to "expiration of, as appropriate, the Initial Term or the then-current Renewal Term" shall be deemed to mean "expiration of the Renewal Term immediately following, as appropriate, the Initial Term or the then-current Renewal Term."

(v) If any of the Fund's assets serviced by BNY Mellon under this Agreement are removed from the coverage of this Agreement ("Removed Assets") and are subsequently serviced by another service provider (including the Fund or an affiliate of the Fund): (i) the Fund will be deemed to have caused an Early Termination with respect to such Removed Assets as of the day immediately preceding the first such removal of assets and owe BNY Mellon an Early Termination Fee calculated as if the Removed Assets constituted a "Fund"; and (ii) at BNY Mellon's option, either (a) the Fund will also be deemed to have caused an Early Termination with respect to all non-Removed Assets as of a date selected by BNY Mellon resulting in the Fund owing BNY Mellon the Early Termination Fee, unless BNY Mellon is the Defaulting Party pursuant to the provisions in 12(c) or (b) this Agreement will remain in full force and effect with respect to all non-Removed Assets.

(e) Notwithstanding any other provision of this Agreement, a party hereto may in its sole discretion terminate this Agreement immediately by sending notice thereof to the other party hereto upon the happening of any of the following: (i) a party hereto commences as debtor any case or proceeding under any bankruptcy, insolvency or similar law, or there is commenced against such party any such case or proceeding; (ii) a party hereto commences as debtor any case or proceeding seeking the appointment of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property or there is commenced against such party any such case or proceeding; (iii) a party hereto makes a general assignment for the benefit of creditors; or (iv) a party hereto admits in any recorded medium, written, electronic or otherwise, its inability to pay its debts as they come due. A party hereto may exercise its termination right under this Section 12(e) at any time after the occurrence of any of the foregoing events notwithstanding that such event may cease to be continuing prior to such exercise, and any delay in exercising this right shall not be construed as a waiver or other extinguishment of that right. Any exercise by a party hereto of its termination right under this Section 12(e) shall be without any prejudice to any other remedies or rights available to such party and shall not be subject to any fee or penalty, whether monetary or equitable. Notwithstanding the provisions of Section 18 below, notice of termination under this Section 12(e) shall be considered given and effective when given, not when received.

13. Amendment.

This Agreement may not be amended, changed or modified in any manner except by a written agreement executed by BNY Mellon and the Fund to be bound thereby, and authorized or approved by the Fund's Board.

14. Assignment; Subcontracting.

(a) This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable or delegable by the Fund without the written consent of BNY Mellon, or by BNY Mellon without the written consent of the Fund.

(b) Notwithstanding the foregoing: (i) BNY Mellon may assign or transfer this Agreement to any BNY Mellon Affiliate or transfer this Agreement in connection with a sale of a majority or more of its assets, equity interests or voting control, provided that BNY Mellon gives the Fund thirty (30) days' prior written notice of such assignment or transfer and such assignment or transfer does not impair the provision of services under this Agreement in any material respect, and the assignee or transferee agrees to be bound by all terms of this Agreement in place of BNY Mellon; (ii) BNY Mellon may subcontract with, hire, engage or otherwise outsource to any BNY Mellon Affiliate with respect to the performance of any one or more of the functions, services, duties or obligations of BNY Mellon under this Agreement but any such subcontracting, hiring, engaging or outsourcing shall not relieve BNY Mellon of any of its liabilities hereunder; (iii) BNY Mellon may subcontract with, hire, engage or otherwise outsource to an unaffiliated third party with respect to the performance of any one or more of the functions, services, duties or obligations of BNY Mellon under this Agreement but any such subcontracting, hiring, engaging or outsourcing shall (A) require the prior written consent of the Fund and (B) limit BNY Mellon's liability such that BNY Mellon shall only be liable for failure to reasonably select such unaffiliated third party, and BNY Mellon shall have no liability for any acts or omissions to act of such unaffiliated third party; and (iv) BNY Mellon, in the course of providing certain additional services requested by the Fund, including but not limited to, Typesetting or eBoard Book services ("Vendor Eligible Services") as further described in Schedule I, may in its sole discretion, enter into an agreement or agreements with a financial printer or electronic services provider ("Vendor") to provide BNY Mellon with the ability to

generate certain reports or provide certain functionality. BNY Mellon shall not be obligated to perform any of the Vendor Eligible Services unless an agreement between BNY Mellon and the Vendor for the provision of such services is then-currently in effect, and shall only be liable for the failure to reasonably select the Vendor. Upon request, BNY Mellon will disclose the identity of the Vendor and the status of the contractual relationship, and the Fund is free to attempt to contract directly with the Vendor for the provision of the Vendor Eligible Services.

(c) As compensation for the Vendor Eligible Services rendered by BNY Mellon pursuant to this Agreement, the Fund will pay to BNY Mellon such fees as may be agreed to in writing by the Fund and BNY Mellon. In turn, BNY Mellon will be responsible for paying the Vendor's fees. For the avoidance of doubt, BNY Mellon anticipates that the fees it charges hereunder will be more than the fees charged to it by the Vendor, and BNY Mellon will retain the difference between the amount paid to BNY Mellon hereunder and the fees BNY Mellon pays to the Vendor as compensation for the additional services provided by BNY Mellon in the course of making the Vendor Eligible Services available to the Fund.

15. Governing Law; Consent to Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of New York, without regard to conflict of laws principles thereof. The Fund hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder, and waives to the fullest extent permitted by law its right to a trial by jury. To the extent that in any jurisdiction the Fund may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Fund irrevocably agrees not to claim, and it hereby waives, such immunity.

16. Severability; No Third Party Beneficiaries.

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances. A person who is not a party to this Agreement shall have no rights to enforce any provision of this Agreement. BNY Mellon shall not be

responsible for any costs or fees charged to the Fund or an affiliate of the Fund by consultants, counsel, auditors, public accountants or other service providers retained by the Fund or any such affiliate, provided, however, that such costs or fees may be included with the costs, expenses, damages and other amounts contemplated with regard to a breach of BNY Mellon's standard of care as more fully described at Section 9 above.

17. No Waiver.

Each and every right granted to either party hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of either party to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by such party of any right preclude any other or future exercise thereof or the exercise of any other right.

18. Notices.

All notices, requests, consents and other communications pursuant to this Agreement in writing shall be sent as follows:

if to the Fund, at

StoneCastle Financial Corp.
Legal Department
152 West 57th Street, 35th Floor
New York, NY 10019
Email: legal@stonecastle.com

if to BNY Mellon, at

BNY Mellon
103 Bellevue Parkway
Wilmington, Delaware 19809
Attention: Head of U.S. Fund Accounting

with a copy to (which shall not constitute notice hereunder):

The Bank of New York Mellon
One Wall Street
New York, New York 10286
Attention: Legal Dept. – Asset Servicing

or at such other place as may from time to time be designated in writing. Notices hereunder shall be effective upon receipt.

19. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute only one instrument.

20. Confidentiality.

BNY Mellon shall keep confidential any information relating to the Fund's business and the Fund shall keep confidential any information relating to BNY Mellon's business (each, "Confidential Information"), except as expressly agreed in writing by the protected party. Confidential Information shall include (a) any data or information that is competitively sensitive material, and not generally known to the public, including, but not limited to, information about product plans, marketing strategies, finances, operations, customer relationships, customer profiles, customer lists, sales estimates, business plans and internal performance results relating to the past, present or future business activities of the Fund or BNY Mellon and their respective subsidiaries and affiliated companies; (b) any scientific or technical information, design, process, procedure, formula or improvement that is commercially valuable and secret in the sense that its confidentiality affords the Fund or BNY Mellon a competitive advantage over its competitors; (c) all confidential or proprietary concepts, documentation, reports, data, specifications, computer software, source code, object code, flow charts, databases, inventions, know-how and trade secrets, whether or not patentable or copyrightable; and (d) anything designated as confidential. Notwithstanding the foregoing, as between BNY Mellon and the Fund information shall not be Confidential Information and shall not be subject to such confidentiality obligations if it: (a) is already known to the receiving party at the time it is obtained; (b) is or becomes publicly known or available through no wrongful act of the receiving party or its affiliates; (c) is rightfully received from a third party who, to the best of the receiving party's knowledge after due inquiry, is not under a duty of confidentiality to the Fund or BNY Mellon; (d) is released by the protected party to a third party without restriction; (e) is requested or required to be disclosed by the receiving party pursuant to a court order, subpoena, governmental or regulatory authority

request or law; (f) is relevant to the defense of any claim or cause of action asserted against the receiving party; (g) is Fund information provided by BNY Mellon in connection with an independent third party compliance or other review, solely to the extent used or provided by BNY Mellon for such purposes; (h) is released in connection with the provision of services under this Agreement in a manner contemplated by this Agreement; or (i) has been or is independently developed or obtained by the receiving party. Provisions authorizing the disclosure of information shall survive any termination of this Agreement. The obligations set forth in this Section 20 shall survive any termination of this Agreement for a period of one (1) year after such termination.

21. Non-Solicitation.

During the term of this Agreement and for one (1) year thereafter, the Fund shall not (with the exceptions noted in the immediately succeeding sentence) knowingly solicit or recruit for employment or hire any of BNY Mellon's employees, and the Fund shall cause the Fund's sponsor and any affiliates of the Fund to not (with the exceptions noted in the immediately succeeding sentence) knowingly solicit or recruit for employment or hire any of BNY Mellon's employees. To "knowingly" solicit, recruit or hire within the meaning of this provision does not include, and therefore does not prohibit, solicitation, recruitment or hiring of a BNY Mellon employee by the Fund, the Fund's sponsor or an affiliate of the Fund if the BNY Mellon employee was identified by such entity solely as a result of the BNY Mellon employee's response to a general advertisement by such entity in a publication of trade or industry interest or other similar general solicitation by such entity.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused the foregoing instrument to be executed by their duly authorized officers and their seals to be hereunto affixed, all as of the day and year first above written.

STONECASTLE FINANCIAL CORP.

By:

Name:

Title:

THE BANK OF NEW YORK MELLON

By: _____
Name:
Title:

EXHIBIT A

I, [Name] , of StoneCastle Financial Corp., a Delaware corporation (the "Fund"), do hereby certify that:

The following individuals serve in the following positions with the Fund, and each has been duly elected or appointed by the Board of the Fund to each such position and qualified therefor in conformity with the Fund's Organizational Documents, and the signatures set forth opposite their respective names are their true and correct signatures. Each such person is designated as an Authorized Person under the Fund Administration and Accounting Agreement dated as of September , 2013, between the Fund and The Bank of New York Mellon.

Name	Position	Signature

SCHEDULE I

Schedule of Services

All services provided in this Schedule of Services are subject to the review and approval of the appropriate Fund officers, Fund counsel and accountants of the Fund, as may be applicable. The services included on this Schedule of Services may be provided by BNY Mellon or a BNY Mellon Affiliate, collectively referred to herein as "BNY Mellon".

VALUATION SUPPORT AND COMPUTATION ACCOUNTING SERVICES

BNY Mellon shall provide the following valuation support and computation accounting services for the Fund:

- Journalize investment, capital share and income and expense activities;
- Maintain individual ledgers for investment securities;
- Maintain historical tax lots for each security;
- Reconcile cash and investment balances of the Fund with the Fund's custodian and provide the Fund's investment adviser, as applicable, with the beginning cash balance available for investment purposes upon request;
- Calculate various contractual expenses;
- Calculate capital gains and losses;
- Calculate daily distribution rate per share;
- Determine net income;
- Obtain security market quotes and currency exchange rates from pricing services approved by the Fund's investment adviser, or if such quotes are unavailable, then obtain such prices from the Fund's investment adviser, and in either case, calculate the market value of the Fund's investments in accordance with the Fund's valuation policies or guidelines; provided, however, that BNY Mellon shall not under any circumstances be under a duty to independently price or value any of the Fund's investments, including securities lending related cash collateral investments, itself or to confirm or validate any information or valuation provided by the investment adviser or any other pricing source, nor shall BNY Mellon have any liability relating to inaccuracies or otherwise with respect to such information or valuations;
- Calculate Net Asset Value in the manner specified in the Fund's Offering Materials (which, for the service described herein, shall include the Fund's Net Asset Value error policy);
- Transmit or make available a copy of the daily portfolio valuation to the Fund's investment adviser;
- Calculate yields and portfolio average dollar-weighted maturity as applicable; and
- Calculate portfolio turnover rate for inclusion in the annual and semi-annual shareholder reports.

FINANCIAL REPORTING

BNY Mellon shall provide the following financial reporting services for the Fund:

- *Financial Statement Preparation & Review*

- Prepare the Fund's annual and semi-annual shareholder reports[1] for shareholder delivery and for inclusion in Form N-CSR;
- Prepare the Fund's quarterly schedule of portfolio holdings[1] for inclusion in Form N-Q;
- Prepare and file (or coordinate the filing of) the Fund's Form N-SAR; and
- Provide financial reporting calendar that includes when drafts of the above will be available and the due dates for each.

- *Typesetting Services*
  - Create financial compositions for the applicable financial report and related EDGAR files;
  - Maintain country codes, industry class codes, security class codes and state codes;
  - Map individual general ledger accounts into master accounts to be displayed in the applicable financial reports;
  - Create components that will specify the proper grouping and sorting for display of portfolio information;
  - Create components that will specify the proper calculation and display of financial data required for each applicable financial report (except for identified manual entries, which BNY Mellon will enter);
  - Process, convert and load security and general ledger data; provide an extract of all general ledger data to Fund on a monthly basis in a format mutually agreed upon;
  - Include data in financial reports provided from external parties to BNY Mellon which includes, but is not limited to: shareholder letters, "Management Discussion and Analysis" commentary, notes on performance, notes to financials, report of independent auditors, Fund management listing, service providers listing and Fund spectrums;
  - Document publishing, including the output of print-ready PDF files and EDGAR html files (such EDGAR html files will be limited to one per the applicable financial report and unless mutually agreed to in writing between BNY Mellon and the Fund, BNY Mellon will use the same layout for production data for every successive reporting period);
  - Generate financial reports using the Vendor's capabilities which include the following:
    - front/back cover;
    - table of contents;
    - shareholder letter;
    - Management Discussion and Analysis commentary;
    - sector weighting graphs/tables;
    - disclosure of Fund expenses;
    - schedules of investments;
    - statement of net assets;
    - statements of assets and liabilities;
    - statements of operation;
    - statements of changes;

[1] Requires "Typesetting Services" as described herein.

- statements of cash flows;
- financial highlights;
- notes to financial statements;
- report of independent registered public accounting firm;
- tax information; and
- additional Fund information as mutually agreed in writing between BNY Mellon and the Fund.

- Unless mutually agreed in writing between BNY Mellon and the Fund, BNY Mellon will use the same layout and format for every successive reporting period for the typeset reports. At the request of the Fund and upon the mutual written agreement of BNY Mellon and the Fund as to the scope of any changes and additional compensation of BNY Mellon, BNY Mellon will, or will cause the Vendor to, change the format or layout of reports from time to time.

TAX SERVICES

BNY Mellon shall provide the following tax services for the Fund:

- *Tax Provision Preparation*
  - Prepare fiscal year-end tax provision analysis;
  - Process tax adjustments on securities identified by the Fund that require such treatment;
  - Prepare ROCSOP adjusting entries; and
  - Prepare financial statement footnote disclosures.
- *Excise Tax Distributions Calculations*
  - Prepare calendar year tax distribution analysis;
  - Process tax adjustments on securities identified by the Fund that require such treatment; and
  - Prepare annual tax-based distribution estimate for the Fund.
- *Other Tax Services*
  - Prepare for execution and filing, the federal and state income and excise tax returns;
  - Prepare year-end Investment Company Institute broker/dealer reporting and prepare fund distribution calculations disseminated to broker/dealers; and
  - Coordinate U.S.C. Title 26 Internal Revenue Code (“IRC”) §855 and excise tax distribution requirements.
- *Uncertain Tax Provisions*
  - Documentation of all material tax positions taken by the Fund with respect to specified fiscal years and identified to BNY Mellon (“Tax Positions”);
  - Review of the Fund’s: (i) tax provision work papers, (ii) excise tax distribution work papers, (iii) income and excise tax returns, (iv) tax policies and procedures and (v) Subchapter M compliance work papers;

- Determine whether Tax Positions have been consistently applied, and documentation of any inconsistencies;
- Review relevant statutory authorities;
- Review tax opinions and legal memoranda prepared by tax counsel or tax auditors to the Fund;
- Review standard mutual fund industry practices, to the extent such practices are known to, or may reasonably be determined by, BNY Mellon;
- Delivery of a written report to the Fund detailing such items; and
- Maintain a calendar that includes dates when drafts of the above will be available and the due dates for each.

FUND ADMINISTRATION SERVICES

BNY Mellon shall provide the following fund administration services for the Fund:

- In accordance with Instructions received from the Fund, and subject to portfolio limitations as provided by the Fund to BNY Mellon in writing from time to time, monitor the Fund's compliance, on a post-trade basis, with such portfolio limitations, provided that BNY Mellon maintains in the normal course of its business all data necessary to measure the Fund's compliance;
- Monitor the Fund's status as a regulated investment company under Subchapter M of the IRC (if required).
- Establish appropriate expense accruals and compute expense ratios, maintain expense files and coordinate the payment of Fund approved invoices;
- Calculate Fund approved income and per share amounts required for periodic distributions to be made by the Fund;
- Calculate total return information;
- Coordinate the Fund's annual audit;
- Supply various normal and customary portfolio and Fund statistical data as requested on an ongoing basis; and
- If the chief executive officer or chief financial officer of the Fund is required to provide a certification as part of the Fund's Form N-Q or Form N-CSR filing pursuant to regulations promulgated by the SEC under Section 302 of the Sarbanes-Oxley Act of 2002, provide a sub-certification in support of certain matters set forth in the aforementioned certification. Such sub-certification is to be in such form and relating to such matters as agreed to by BNY Mellon in advance. BNY Mellon shall be required to provide the sub-certification only during the term of this Agreement with respect to the Fund and only if it receives such cooperation as it may request to perform its investigations with respect to the sub-certification. For clarity, the sub-certification is not itself a certification under the Sarbanes-Oxley Act of 2002 or under any other law, rule or regulation.

REGULATORY ADMINISTRATION SERVICES

BNY Mellon shall provide the following regulatory administration services for the Fund:

- Maintain a regulatory calendar for the Fund listing various SEC filing and Board approval deadlines;
- Assemble and distribute board materials for quarterly meetings of the Board, including the drafting of agendas and resolutions for such quarterly meetings of the Board (with final selection of agenda items made by Fund counsel);
- Attend (in-person or telephonically) quarterly Board meetings and draft minutes thereof;
- As needed, prepare and coordinate the filing of annual post-effective amendments to the Fund's registration statement (not including the initial registration statement or related to the addition of one or more classes of shares or series);
- Prepare and coordinate the filing of Forms N-CSR, N-Q and N-PX, as applicable (with the Fund supplying the voting records in the format required by BNY Mellon);
- Assist the Fund in the handling of SEC examinations by providing requested documents in the possession of BNY Mellon that are on the SEC examination request list;
- Assist in the preparation of notices of annual meetings of shareholders and proxy materials relating to such meetings; and
- Assist with and/or coordinate such other filings, notices and regulatory matters on such terms and conditions as BNY Mellon and the Fund may mutually agree upon in writing from time to time.
- 38a-1 Compliance Support Services
    - Provide compliance policies and procedures related to services provided by BNY Mellon and, if mutually agreed, certain of the BNY Mellon Affiliates; summary procedures thereof; and periodic certification letters.

APPENDIX I

ELECTRONIC ACCESS SERVICES AGREEMENT

These Electronic Access Terms and Conditions (the "**Terms and Conditions**") set forth the terms and conditions under which The Bank of New York Mellon Corporation and/or its subsidiaries or joint ventures (collectively, "**BNY Mellon**") will provide the entities and its (their) affiliates listed on Schedule A ("**You**" and "**Your**") with access to and use of BNY Mellon's electronic information delivery site known as "BNY Mellon Connect" and/or other BNY Mellon-designated access portals ("**Electronic Access**"). Access to and use of Electronic Access by You is contingent upon and is in consideration for Your compliance with the terms and conditions set forth below. Electronic Access includes access to BNY Mellon web sites accessible via BNY Mellon Connect and/or other BNY Mellon-designated access portals ("**Sites**"), pursuant to which You are able to access products and services provided by BNY Mellon as well as data regarding Your accounts. You may amend Schedule A by delivering a revised version to BNY Mellon.

Any particular product or service accessed by You through Electronic Access may be subject to a separate written agreement between You and BNY Mellon with respect to such products and services (each a "**Services Agreement**"). In addition, terms and conditions and restrictions with respect to any particular product or service accessed through Electronic Access (such as privacy and internet security matters), together with any disclaimers related to the specific products or services, may be set forth on the Sites (hereinafter referred to as "**Terms of Use**") and are applicable to such products and services. You agree to the Terms and Conditions. By any of Your Users accessing the Sites, and the products and services available through Electronic Access, You agree to any Terms of Use and acknowledge and accept any disclaimers and disclosures included on the Sites and the restrictions concerning the use of proprietary data provided by Information Providers (as defined below) that are posted on the Data Terms Web Site (as defined below). For the avoidance of doubt, the execution of these Terms and Conditions will not alter or amend or otherwise affect any Services Agreement whether such Services Agreement is executed prior to or after the execution of these Terms and Conditions.

1. Access Administration:

a. To facilitate access to Electronic Access, You will furnish BNY Mellon with a written list of the names, and the extent of authority or level of access, of persons You are authorizing to access the Sites, products and services and to use the Electronic Access ("**Authorized Users**") on a read-only basis. In addition, You may also designate Authorized Users who will have authority to enter transactions and provide instructions to BNY Mellon that cause a change in or have an impact on assets held by BNY Mellon for Your accounts ("**Authorized Transactional Users**"). Where appropriate, Authorized Users and Authorized Transactional Users are collectively referred to herein as "**Users**." If You wish to allow any third party (such as an investment manager, consultant or third party service provider) or any employee of a third party to have access to Your account information through Electronic Access and be included as a "User" under these Terms and Conditions, You may designate a third party or employee of a third party as an Authorized User or Authorized Transactional User under these Terms and Conditions and any such third party or employee of a third party so designated by You (and, if a third party is so designated, any employee of such third party designated by such third party) will be included within the definition of Authorized User, Authorized Transactional User, and User as appropriate.

b. Upon BNY Mellon's approval of Users (which approval will not be unreasonably withheld), BNY Mellon will send You a user-id, temporary password and, where applicable, a security identification device for each User. You will be responsible for providing to Users the user-ids, temporary passwords and, where applicable, secure identification devices. You will ensure that any User receiving a secure identification device returns such device immediately following the termination of the User's authorization to access the products and services for which the secure identification device was provided to such User. You are solely responsible for Users' access to Electronic Access, and You and Users are solely responsible for the confidentiality of the user-ids and passwords and secure identification devices that are provided to them

and will remain responsible for each secure identification device until it is returned to BNY Mellon. You, on behalf of You and Your affiliates, acknowledge and agree that, BNY Mellon will have no duty or obligation to verify or confirm the actual identity of the person who accessed Electronic Access using a validly issued user-id and password (and, where applicable, security identification device) or that the person who accessed Electronic Access using such validly issued user-id and password (and, where applicable, security identification device) is, in fact, a User (whether an Authorized User or an Authorized Transactional User).

c. You shall not, and shall not permit any User or third party to, breach or attempt to breach any security measures used in connection with Electronic Access or Proprietary Software. Any attempt to circumvent or penetrate any application, network or other security measures used by BNY Mellon or its suppliers in connection with Electronic Access is strictly prohibited.

d. You are also solely responsible for ensuring that all Users comply with these Terms and Conditions and any Terms of Use included on the Sites, the Service Agreement for each product or services accessed through the Sites and their associated services and all applicable terms and conditions, restrictions on the use of such products and services and data obtained through the use of Electronic Access. BNY Mellon reserves the right to prohibit access or revoke the access of any User to Electronic Access whom BNY Mellon determines has violated or breached these terms and conditions or any Terms of Use on a Site accessed by the User, including the Data Terms Web Site (as defined below), or whose conduct BNY Mellon reasonably determines may constitute a criminal offense, violate any applicable local, state, national, or international law or constitute a security risk for BNY Mellon, a BNY Mellon's third party supplier ("**BNY Mellon's Supplier**"), BNY Mellon's clients or any Users of Electronic Access. BNY Mellon may also terminate access to all Users following termination of all Services Agreements between You and BNY Mellon.

2. **Proprietary Software**: Depending upon the products and services You elect to access through Electronic Access, You may be provided software owned by BNY Mellon or licensed to BNY Mellon by a BNY Mellon Supplier ("**Proprietary Software**"). You are granted a limited, non-exclusive, non-transferable license to install the Proprietary Software on Your authorized computer system (including mobile devices registered with BNY Mellon) and to use the Proprietary Software solely for Your own internal purposes in connection with Electronic Access and solely for the purposes for which it is provided to You. You and Your Users may make copies of the Proprietary Software for backup purposes only, provided all copyright and other proprietary information included in the original copy of the Proprietary Software are reproduced in or on such backup copies. You shall not reverse engineer, disassemble, decompile or attempt to determine the source code for, any Proprietary Software. Any attempt to circumvent or penetrate security of Electronic Access is strictly prohibited.

3. **Use of Data:**

a. Electronic Access may include information and data that is proprietary to the providers of such information or data ("**Information Providers**") or may be used to access Sites that include such information or data from Information Providers. This information and data may be subject to restrictions and requirements which are imposed on BNY Mellon by the Information Providers and which are posted on http://www.bnymellon.com/products/assetservicing/vendoragreement.pdf or any successor web site of which You are provided notice from time to time (the "**Data Terms Web Site**"). You will be solely responsible for ensuring that Users comply with the restrictions and requirements concerning the use of proprietary data that are posted on the Data Terms Web Site.

b. You consent to BNY Mellon, its affiliates and BNY Mellon's Suppliers disclosing to each other and using data received from You and Users and, where applicable, Your third parties in connection with these Terms and Conditions (including, without limitation, client data and personal data of Users) (1) to the extent necessary for the provision of Electronic Access; (2) in order for BNY Mellon and its affiliates to meet any of their obligations under these Terms and Conditions to provide Electronic Access; or (3) to the extent necessary for Users to access Electronic Access.

c. In addition, You permit BNY Mellon to aggregate data concerning Your accounts with other data collected and/or calculated by BNY Mellon. BNY Mellon will own such aggregated data, but will not distribute the aggregated data in a format that identifies You or Your data.

4. Ownership and Rights:

a. Electronic Access, including any database, any software (including for the avoidance of doubt, Proprietary Software) and any proprietary data, processes, scripts, information, training materials, manuals or documentation made available as part of the Electronic Access (collectively, the "**Information**"), are the exclusive and confidential property of BNY Mellon and/or BNY Mellon's suppliers. You may not use or disclose the Information except as expressly authorized by these Terms and Conditions. You will, and will cause Users and Your third parties and their users, to keep the Information confidential by using the same care and discretion that You use with respect to Your own confidential information, but in no event less than reasonable care.

b. The provisions of this paragraph will not affect the copyright status of any of the Information which may be copyrighted and will apply to all Information whether or not copyrighted.

c. Nothing in these Terms and Conditions will be construed as giving You or Users any license or right to use the trade marks, logos and/or service marks of BNY Mellon, its affiliates, its Information Providers or BNY Mellon's Suppliers.

d. Any Intellectual Property Rights and any other rights or title not expressly granted to You or Users under these Terms and Conditions are reserved to BNY Mellon, its Information Providers and BNY Mellon's Suppliers. "Intellectual Property Rights" includes all copyright, patents, trademarks and service marks, rights in designs, moral rights, rights in computer software, rights in databases and other protectable lists of information, rights in confidential information, trade secrets, inventions and know-how, trade and business names, domain names (including all extensions, revivals and renewals, where relevant) in each case whether registered or unregistered and applications for any of them and the goodwill attaching to any of them and any rights or forms of protection of a similar nature and having equivalent or similar effect to any of them which may subsist anywhere in the world.

5. Reliance:

a. BNY Mellon will be entitled to rely on, and will be fully protected in acting upon, any actions or instructions associated with a user-id or a secure identification device issued to a User until such time BNY Mellon receives actual notice in writing from You of the change in status of the User and receipt of the secure identification device issued to such User. You acknowledge that all commands, directions and instructions, including commands, directions and instructions for transactions issued by a User are issued at Your sole risk. You agree to accept full and sole responsibility for all such commands, directions and instructions and that BNY Mellon, will have no liability for, and you hereby release BNY Mellon from, any losses, liabilities, damages, costs, expenses, claims, causes of action or judgments (including attorneys fees and expenses) (collectively "**Losses**") incurred or sustained by you or any other party in connection with or as a result of BNY Mellon's reliance upon or compliance with such commands, directions and instructions.

b. All commands, directions and instructions involving a transaction entered by Authorized Transactional User will be treated as an authorized instruction under the applicable Services Agreement(s) between You and BNY Mellon covering accounts, products and services and products provided by BNY Mellon with respect to which Electronic Access is being used whether such Services Agreement is executed prior to or after the execution of these Terms and Conditions.

6. Disclaimers:

a. Although BNY Mellon uses reasonable efforts to provide accurate and up-to-date information through Electronic Access, BNY Mellon, its Content Providers and Information Providers make no warranties or representations under these Terms and Conditions as to accuracy, reliability or comprehensiveness of the content, information or data accessed through Electronic Access. Without limiting the foregoing, some of the content on Electronic Access may be provided by sources unaffiliated with BNY Mellon ("**Content Providers**") and by Information Providers. For that content BNY Mellon is a distributor and not a publisher of such content and has no control over it. Information provided by Information Providers has

not been independently verified by BNY Mellon and BNY Mellon makes no representation as to the accuracy or completeness of the content or information provided. Any opinions, advice, statements, services, offers or other information given or provided by Content Providers and Information Providers (including merchants and licensors) are those of the respective authors of such content and not that of BNY Mellon. BNY Mellon will not be liable to You or Users for such content or information in any way nor for any action taken in reliance on such information nor for direct or indirect damages resulting from the use of such information. For purposes of these Terms and Conditions, all information and data, including all proprietary information and materials and all client data, provided to You through Electronic Access are provided on an "AS-IS", "AS AVAILABLE" basis.

b. BNY Mellon makes no guarantee and does not warrant that Electronic Access or the information and data provided through the Electronic Access are or will be virus-free or will be free of viruses, worms, Trojan horses or other code with contaminating or destructive properties. BNY Mellon will employ commercially reasonable anti-virus software to its systems to protect its systems against viruses.

c. Some Sites accessed through the use of Electronic Access may include links to websites provided by parties that are not affiliated with BNY Mellon ("**Third Party Websites**"). BNY Mellon will not be liable to any person for the content found on such Third Party Websites. BNY Mellon will not be responsible for Third Party Websites that collect information from parties who visit their web sites through links on the Sites. BNY Mellon will not be liable or responsible for any loss suffered by any person as a result of their use of any Third Party Websites that are linked to the BNY Mellon Sites.

d. BNY Mellon retains complete discretion and authority to add, delete or revise in whole or in part Electronic Access, including its Sites, and to modify from time to time any Proprietary Software provided in conjunction with the use of Electronic Access and/or any of the Sites. To the extent reasonably possible, BNY Mellon will provide notice of such modifications. BNY Mellon may terminate, immediately and without advance notice, and without right of cure, any portion or component of Electronic Access or the Sites.

e. TO THE FULLEST EXTENT PERMITTED BY LAW, THERE IS NO WARRANTY OF MERCHANTABILITY, NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, NO WARRANTY OF QUALITY AND NO WARRANTY OF TITLE OR NONINFRINGEMENT. THERE IS NO OTHER WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, REGARDING ELECTRONIC ACCESS, THE SITES, ANY PROPRIETARY SOFTWARE, INFORMATION, MATERIALS OR CLIENT DATA.

f. Notwithstanding the prior paragraph, The Bank of New York Mellon or an Affiliate designated by it will defend You and pay any amounts agreed to by BNY Mellon in a settlement and damages finally awarded by a court of competent jurisdiction, in an action or proceeding commenced against You based on a claim that Electronic Access or the Proprietary Software infringe plaintiff(s)'s patent, copyright, or trade secret, provided that You (i) notify BNY Mellon promptly of any such action or claim (except that the failure to so notify BNY Mellon will not limit BNY Mellon's obligations hereunder except to the extent that such failure prejudices BNY Mellon); (ii) grant BNY Mellon or its designated Affiliate full and exclusive authority to defend, compromise or settle such claim or action; and (iii) provide BNY Mellon or its designated Affiliate all assistance reasonably necessary to so defend, compromise or settle. The foregoing obligations will not apply, however, to any claim or action arising from (i) use of the Proprietary Software Information or Electronic Access in a manner not authorized under these Terms and Conditions, the Terms of Use, or the Data Terms Web Site; or (ii) use of the Proprietary Software or Electronic Access in combination with other software or services not supplied by BNY Mellon.

7. Limitation of Liability:

a. IN NO EVENT WILL BNY MELLON, BNY MELLON'S SUPPLIERS OR ITS CONTENT PROVIDERS OR INFORMATION PROVIDERS BE LIABLE TO YOU OR ANYONE ELSE UNDER THESE TERMS AND CONDITIONS FOR ANY LOSSES, LIABILITIES, DAMAGES, COSTS OR EXPENSES INCLUDING BUT NOT LIMITED TO, ANY DIRECT DAMAGES, CONSEQUENTIAL DAMAGES, RELIANCE DAMAGES, EXEMPLARY DAMAGES, INCIDENTAL DAMAGES, SPECIAL DAMAGES, PUNITIVE DAMAGES, INDIRECT DAMAGES OR DAMAGES FOR LOSS OF

PROFITS, GOOD WILL, BUSINESS INTERRUPTION, USE, DATA, EQUIPMENT OR OTHER INTANGIBLE LOSSES (EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES) THAT RESULT FROM (1) THE USE OF OR INABILITY TO USE ELECTRONIC ACCESS (2) THE CONSEQUENCES OF ANY DECISION MADE OR ACTION OR NON-ACTION TAKEN BY YOU OR ANY OTHER PERSON, OR FOR ANY ERRORS BY YOU IN COMMUNICATING SUCH INFORMATION; (3) THE COST OF SUBSTITUTE ACCESS SERVICES; OR (4) ANY OTHER MATTER RELATING TO THE CONTENT OR ACCESS THROUGH ELECTRONIC ACCESS. BNY MELLON WILL NOT BE LIABLE FOR LOSS, DAMAGE OR INJURY TO PERSONS OR PROPERTY ARISING FROM ANY USE OF ANY PRODUCT, INFORMATION, PROCEDURE, OR SERVICE OBTAINED THROUGH ELECTRONIC ACCESS. BNY MELLON WILL NOT BE LIABLE FOR ANY LOSS, DAMAGE OR INJURY RESULTING FROM VOLUNTARY SHUTDOWN OF THE SERVER, ELECTRONIC ACCESS OR ANY OF THE SITES TO ADDRESS TECHNICAL PROBLEMS, COMPUTER VIRUSES, DENIAL-OF-SERVICE MESSAGES OR OTHER SIMILAR PROBLEMS.

b. BNY MELLON'S ENTIRE LIABILITY AND YOUR EXCLUSIVE REMEDY UNDER THESE TERMS AND CONDITIONS FOR ANY DISPUTE OR CLAIM RELATED TO THESE TERMS OF USE, ELECTRONIC ACCESS OR SITES, IS AS FOLLOWS: IF YOU REPORT A MATERIAL MALFUNCTION IN ELECTRONIC ACCESS THAT BNY MELLON IS ABLE TO REPRODUCE, BNY MELLON WILL USE REASONABLE EFFORTS TO CORRECT THE MALFUNCTION. IF BNY MELLON IS UNABLE TO CORRECT THE MALFUNCTION, YOU MAY CEASE ALL USE OF ELECTRONIC ACCESS AND RECEIVE A REFUND OF ANY FEES PAID IN ADVANCE, SPECIFICALLY FOR ELECTRONIC ACCESS, APPLICABLE TO PERIODS AFTER CESSATION OF SUCH USE. BECAUSE SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY FOR DAMAGES, IN SUCH JURISDICTIONS LIABILITY IS LIMITED TO THE FULLEST EXTENT PERMITTED BY LAW.

c. The limitation of liability set forth in this Limitation of Liability section and in other provisions in these Terms and Conditions is in addition to any limitation of liability provisions contained in any Services Agreements and will not supersede or be superseded by limitation of liability provisions contained in such Services Agreements, whether executed prior to or after the execution of these Terms and Conditions, except to the extent specifically set forth in such other Services Agreements containing a reference to these Terms and Conditions.

8. <u>Indemnification</u>:

a. You agree to indemnify, protect and hold BNY Mellon, BNY Mellon's Suppliers, Content Providers and Information Providers harmless from and against all liability, claims damages, costs and expenses, including reasonable attorneys' fees and expenses, resulting from a claim that arises out of (i) any breach by You or Users of these Terms and Conditions, the Terms of Use or the Data Terms Web Site and (ii) any person obtaining access to Electronic Access through You or Users or through use of any password, user-id or secure identification device issued to a User, whether or not You or a User authorized such access where such Electronic Access is due to actions or inactions of You or User. For the avoidance of doubt, and by way of illustration and not by way of limitation, the forgoing indemnity is applicable to disputes between the parties, including the enforcement of these Terms and Conditions. The rights and remedies conferred hereunder will be cumulative and the exercise or waiver of any such right or remedy will not preclude or inhibit the exercise of additional rights or remedies or the subsequent exercise of such right or remedy.

b. The indemnity provided in herein is in addition to any indemnity and other remedies contained in any Services Agreements and will not supersede or be superseded by such Services Agreements, whether executed prior to or after the execution of these Terms and Conditions, except to the extent specifically set forth in such other Services Agreements and expressly stating an intent to modify this Terms and Conditions. Nothing contained herein will, or be deemed to, alter or modify the rights and remedies of BNY Mellon as set forth in the Services Agreements.

9. <u>Choice of Law and Forum</u>: Unless otherwise agreed and specified herein, these Terms and Conditions are governed by and construed in accordance with the laws of the State of New York, without giving effect to any principles of conflicts of law; You expressly and irrevocably agree that exclusive jurisdiction and venue for any

claim or dispute with BNY Mellon, its employees, contractors, officers or directors or relating in any way to Your use of Electronic Access resides in the state or federal courts in New York City, New York; and You further irrevocably agree and expressly and irrevocably consent to the exercise of personal jurisdiction in those courts over any action brought with respect to these Terms and Conditions. BNY Mellon and You hereby waive the right of trial by jury in any action arising out of or related to the BNY Mellon or these Terms and Conditions.

10. Term and Termination:

a. Either BNY Mellon or You may terminate these Terms and Conditions and the Electronic Access upon thirty (30) days' written notice to the other party.

b. In the event of any breach of the provisions of these Terms and Conditions or a breach by any Authorized User of the Terms of Use or the restrictions and requirements concerning the use of Information Providers' proprietary data that are posted on the Data Terms Web Site, the non-breaching party may terminate these Terms and Conditions and the Electronic Access immediately upon written notice to the breaching party if any breach remains uncured after ten (10) days' written notice of the breach is sent to the breaching party.

c. BNY Mellon may immediately terminate access through an Authorized User's user-id and password and may, at its discretion, also terminate access by an Authorized User, without right of cure, in the event of an unauthorized use of an Authorized User's user-id or password, or where BNY Mellon believes there is a security risk created by such access.

d. BNY Mellon may terminate, without advance notice, Your access or the access of Users to any portion or component of Electronic Access or the Sites in the event a BNY Mellon Supplier, Content Provider or Information Provider prohibits BNY Mellon from permitting You or Users to have access to their information or services.

e. Promptly upon receiving or giving notice of termination, You will notify all Users of the effective date of the termination.

f. Upon termination of Your access to Electronic Access, You shall return of manuals, documentation, workflow descriptions and the like that are in Your possession or under Your control and all security identification devices.

g. The Reliance, Disclaimers, Limitation of Liability Indemnification and confidentiality provisions of the Terms and Conditions (and other provision of these Terms and Conditions containing disclaimers, limitation of liability and indemnification) shall survive the termination of these Terms and Conditions.

You represent and warrant to BNY Mellon that these Terms and Conditions and the indemnity contained herein have been duly authorized and accepted, that You have full authority to enter into these Terms and Conditions, both for the entities at Schedule A and for any affiliate with Electronic Access, and that these Terms and Conditions constitute a binding obligation enforceable in accordance with its terms.

SCHEDULE A
AFFILIATES

13

Exhibit k.3.

STAFFING AGREEMENT

THIS STAFFING AGREEMENT ("Agreement") is made and entered into as of the day of , 2013, by and among StoneCastle Partners, LLC ("SCP"), StoneCastle Cash Management, LLC ("SCCM" and, together with SCP, the "SCP Affiliates") and StoneCastle Asset Management LLC ("SAM").

WHEREAS, SCCM and SAM are registered investment advisers that are wholly-owned subsidiaries of SCP; and

WHEREAS, SAM is entering into a management agreement (the "Management Agreement") with StoneCastle Financial Corp., a newly organized Delaware corporation ("SCFC") established to continue and expand the business of SCP and its affiliates (including SCCM) making investments in community banks located throughout the United States; and

WHEREAS, SAM desires to utilize certain officers, employees and resources of the SCP Affiliates in order to conduct its operations and perform its duties and obligations to SCFC under the Management Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Parties agree as follows:

1. Term: The term of this Agreement shall commence on , 2013 ("Effective Date") and shall continue in effect for five (5) years through , 2018. This Agreement will automatically renew for consecutive one (1) year renewal terms unless either party provides written notice of its intent not to renew to the other party at least sixty (60) days in advance of a renewal term, or unless earlier terminated in accordance with Section 2 below.

2. Termination:

2.1 Either party may terminate this Agreement without cause upon one hundred eighty (180) days written notice to the other party.

2.2 If either party breaches a material provision of this Agreement, the other party may terminate upon thirty (30) days' written notice to the breaching party in the event that the breach is not cured within the thirty (30) day period.

2.3 In the event SAM is no longer under contractual obligation to provide investment advisory services to SCFC under the Management Agreement, this Agreement shall be automatically terminated.

3. Investment Personnel and Office Staff Services: The SCP Affiliates on a full-time basis employ a number of officers, senior management personnel and experienced investment professionals (together referred to as "Investment Personnel") and back office personnel and administrative personnel (together referred to as "Office Staff"). The SCP Affiliates shall provide, on a shared basis, the following Investment Personnel and Office Staff and services to SAM:

3.1 For such time per week as mutually agreed among SAM and the SCP Affiliates, each of the SCP Affiliates shall provide access to SAM to its Investment Personnel who shall provide investment services to SAM necessary for SAM to fulfill its duties and obligations to SCFC as described under Section 2 of the Management Agreement.

3.2 For such time per week as mutually agreed among SAM and the SCP Affiliates, each of the SCP Affiliates shall provide access to SAM to its Office Staff who shall provide administrative services to SAM necessary for SAM to fulfill its duties and obligations to SCFC as described under Section 3 of the Management Agreement.

3.3 For such time per week as mutually agreed among SAM and the SCP Affiliates, each of the SCP Affiliates shall provide access to SAM to its officers, management and employees (including without limitation the Investment Personnel and the Office Staff) who shall provide such other services to SAM necessary for SAM to conducts its business operations and activities, including without limitation maintaining its legal existence; maintaining its registration as an investment adviser with the Securities and Exchange Commission (the "SEC") pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act") and ensuring SAM's compliance with the rules and regulations of the SEC promulgated thereunder.

3.4 The SCP Affiliates shall provide such technological support, office space, office supplies, and other resources reasonably required by SAM in connection with the services to be provided by the Investment Personnel and the Office Staff to SAM.

4. Training: In order for the Investment Personnel and the Office Staff to be able to provide services hereunder, such Investment Personnel and Office Staff may be required to participate in various SCP training activities (e.g., compliance, credit, etc.). The parties agree that the Investment Personnel and Office Staff shall undergo such required training at mutually agreeable times at the expense of the SCP Affiliates.

5. Fee: In consideration of the Investment Personnel and the Office Staff being provided by the SCP Affiliates to SAM, SAM shall pay an annual services fee (the "Fee") in an amount to be mutually agreed by SCP and SAM immediately prior to the commencement of each year during the term of this Agreement

6. Insurance: The SCP Affiliates shall purchase (directly or indirectly) and keep in full force and effect at their own cost such following insurance coverage with companies of recognized responsibility and authorized to do business in New York as is standard and customary for businesses engaged in the provision of investment advisory services, which shall include:

6.1 Occurrence based Professional Liability insurance covering personal and bodily injury and contractual liability;

6.2 Occurrence based Commercial General Liability insurance, including coverage for bodily injury, personal injury, property damage (including loss of use thereof) and contractual liability;

6.3 Workers' Compensation, including Employer's Liability coverage and Disability Insurance at levels established by applicable State Laws for their respective employees.

7. Indemnity: Each party agrees to indemnify, defend and hold harmless the other party, its officers, directors, trustees, members, managers, contractors and employees, from and against any and all liability, suits, claims, losses, damages and expenses (including reasonable attorneys' fees) to the extent that they arise in connection with such person's performance of its duties and obligations under this Agreement and from any material breach by a party, its officers, directors, trustees, members, managers, contractors or employees of its obligations hereunder or from any negligent or willful misconduct by a party, its officers, directors, trustees, members, managers, contractors, or employees.

8. Confidential Information: All business and professional documents prepared or maintained by the SCP Affiliates in connection with the services performed on behalf of SAM are the sole property of the respective SCP Affiliate and constitute confidential information. SAM shall not, during or at any time after the term of this Agreement, in whole or in part, disclose to any person or entity, or, for SAM's own purposes or for the benefit of any other person or entity, make use of, any of the information contained in this Agreement, any confidential information concerning the nature or operations of any SCP Affiliate, or any information contained in any of the above-referenced business or professional for any reason or purpose whatsoever, unless pursuant to a court order that has been reviewed and verified by SCP's attorney, or in order to properly perform the SAM's duties under this Agreement. The covenants contained in this Section shall survive the termination of this Agreement.

9. Miscellaneous:

9.1 This Agreement contains the entire understanding of the parties with respect to the matters contained herein and supersedes all prior verbal and written agreements, negotiations, proposals, and representations and statements with respect thereto and may not be modified or amended except by an instrument in writing signed by the parties.

9.2 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. Neither party may assign this Agreement without the prior written consent of the other party.

9.3 It is understood that the parties are independent contractors engaged in the operation of their own respective business, and neither party is the agent or employee of the other party, and shall not have the authority to bind the other party. This Agreement is not intended and shall not be construed or deemed to create a partnership, joint venture, association taxable as a corporation, or agency relationship.

9.4 Each party reciprocally represents to the other that it will, at all times during the term hereof, fully comply with all federal, state, and local laws, rules, and regulations concerning the services contemplated hereunder.

9.5 All notices pertaining to this Agreement must be sent via confirmed facsimile, email or certified or registered mail to each of the parties hereto at the principal offices of such entity.

9.6 All questions concerning the validity and operation of this Agreement and the performance of the obligations imposed upon the parties hereunder shall be governed by the laws of the State of New York. The parties hereby consent to the jurisdiction and venue of the courts of the State of New York and the Federal District Court for the Southern District of New York with respect to any legal proceeding arising with respect to this Agreement.

9.7 Any provision prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall, as to such jurisdiction, be ineffective, without effecting any other provision hereof. To the extent that the provisions of any such law may be waived, they are hereby waived to the end that this Agreement be deemed to be a valid and binding agreement and enforceable in accordance with its terms.

9.8 This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized representatives as of the day and year first above written.

StoneCastle Cash Management, LLC

By: _____
Name:
Title:
Date:

StoneCastle Asset Management LLC

By: _____
Name:
Title:
Date:

StoneCastle Partners, LLC

By: _____
Name:
Title:
Date:

Exhibit k.4.

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT ("Agreement") is made as of September , 2013 ("Effective Date") by and between StoneCastle Partners, LLC, a Delaware limited liability company with a principal place of business located at 152 W 57th St., 35th Floor, New York, NY 10019 ("Licensor") and StoneCastle Financial Corp., a Delaware corporation, with a principal place of business located at 152 W 57th St., 35th Floor, New York, NY 10019 ("Licensee", with Licensor collectively the "Parties" and singularly a "Party").

WHEREAS, Licensor uses in Licensor's business of providing financial services using the common law trademarks "StoneCastle" and the StoneCastle design (each in the form as set forth on Exhibit A) and has filed application number 86/050427 with the United States Patent and Trademark Office relating to the federal registration of certain marks (collectively, the "Trademarks" and individually a "Trademark"); and

WHEREAS, Licensor desires to grant, and Licensee desires to obtain, a non-exclusive license to use the Trademarks in accordance with this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

Section 1. Term. This Agreement and the license hereby granted shall commence on the date hereof and, unless terminated pursuant to Section 7 below, shall continue until the date upon which the engagement of StoneCastle Asset Management LLC (or its successor, assign or affiliate) as the Licensee's investment advisor expires or is earlier terminated (the "Term").

Section 2. Grant of Rights. During the Term of this Agreement, and subject to the terms of this Agreement, Licensor hereby grants Licensee a non-exclusive personal license to display, reproduce and otherwise use the Trademarks. The foregoing notwithstanding, Licensor retains the right to use the Trademarks for any purpose. Other than as expressly set forth herein, Licensee expressly acknowledges and agrees that it has no right or claim to any intellectual property of Licensor and all rights thereto are reserved to Licensor. No right or license is granted hereby by implication or otherwise under any other trademark, service mark, trade name, copyrighted work or other intellectual property of Licensor. Nothing herein shall give to Licensee any right, title or interest in the Trademarks, express or implied, except the right to use them in accordance with the terms of this Agreement. All other rights are exclusively and expressly reserved to Licensor.

Section 3. The Trademarks.

(a) Licensee acknowledges that Licensor is the exclusive owner of all right, title and interest in and to the Trademarks in any form or embodiment thereof and is also the owner of the goodwill attached, or which shall become attached, to the Trademarks. Licensee agrees and disclaims any present or future right, title, or interest in the Trademarks and agrees to refrain from doing or causing to be done any act or thing contesting or in any way impairing or tending to impair any part of such right, title and interest, nor shall Licensee attack, dispute, or challenge, nor aid others to do so, Licensor's right, title, and interest in and to the Trademarks, or the validity or enforceability of the Trademarks. Licensee further acknowledges that the Trademarks have acquired or will acquire secondary meaning under the relevant trademark laws.

(b) Licensee shall not use (including use of any domain name), register, or attempt to register anywhere in the world any Trademark or any trademark, service mark, trade name, or other mark or name that contains, is the same as, or is confusingly similar to any of the Trademarks. Any rights that may be acquired by Licensee anywhere in the world by reason of the registration or use of any Trademark (including use of any domain name) shall inure to the benefit of Licensor, and title thereto shall be assigned to Licensor by Licensee upon request of Licensor. Licensee agrees that any use of a domain name utilizing any Trademark, or a trademark confusingly similar to any Trademark, after the expiration or termination of this Agreement shall be considered a use in bad faith as such term is defined in ICANN's Uniform Domain Name Dispute Resolution Policy and/or applicable law and shall entitle Licensor to possession of and title to any such domain name. Licensee shall not take any action or fail to take any action that may reduce the value of the Trademarks or detract from the reputation of Licensor.

(c) At Licensor's request, Licensee shall execute any documents reasonably required by Licensor to confirm Licensor's ownership of all rights in and to the Trademark and the respective rights of Licensor and Licensee pursuant to this Agreement. Licensee shall cooperate with Licensor at Licensor's expense in connection with the filing and prosecution by Licensor of applications in Licensor's name to register the Trademark and the maintenance and renewal of such registrations.

(d) In the event that Licensee learns of any infringement or imitation of a Trademark, or of any use by any person of a trademark or materials similar to a Trademark, it shall promptly notify Licensor thereof. Licensor thereupon may take such action as it deems advisable for the protection of its rights in and to the Trademark, and, if requested to do so by Licensor, Licensee shall cooperate with Licensor in all respects, including without limitation by being a plaintiff or co-plaintiff and by causing its officers to execute pleadings and other necessary documents. Licensor shall reimburse Licensee for any out-of-pocket expenses incurred by Licensee in connection therewith. In no event shall Licensor be required to take any action if it deems it inadvisable to do so and Licensee shall have no right to take any action with respect to the Trademark without Licensor's prior written approval. If any action or suit shall be brought against Licensee in connection with the Trademark for alleged infringement of the trademark of a third party through Licensee's use of the Trademark, Licensor shall have the right to control the defense of such action or suit. Licensor shall be entitled to any and all damages, awards, or proceeds recovered in any action regarding infringement of the Trademarks.

Section 4. Quality. The use of the shall at all times conform to standards set forth in this Section 4 (the "Quality Standards").

(a) Licensee shall perform its activities in a competent, diligent and professional manner that is at least consistent with the standards adhered to by reputable businesses in the private equity industry in the United States, and in all cases in accordance with the applicable law, rules and regulation of any foreign, federal, state or local authority. Licensee shall exercise its best efforts to safeguard the prestige and goodwill of the Trademarks and shall not use any of the Trademarks in any manner that does or would be reasonably likely to disparage Licensor or to cast Licensor or any Trademark into disrepute.

(b) Licensee shall use and display the Trademarks only in such form as set forth on Exhibit A or otherwise as Licensor may specify in writing from time to time. Licensee shall cause to appear on all such materials such legends, markings and notices as Licensor may reasonably request (i.e., ®, "™" or "SM").

(c) No Trademark shall be combined with, associated with, or used in conjunction with any other trademark, service mark, corporate name, or any trade name without the prior written approval of Licensor (which approval may be withheld in Licensor's sole discretion for any reason).

(d) In order to confirm that Licensee's use of the Trademarks complies with this Agreement, upon reasonable written notice, Licensee shall submit to Licensor or its representative samples of any materials bearing any Trademark.

Section 5. Warranties; Limitation of Liability. LICENSOR MAKES NO REPRESENTATION OR WARRANTY TO LICENSEE REGARDING THE TRADEMARKS AND/OR ANY MARKET, OPPORTUNITIES, SALES, OR PROFITS WITH RESPECT TO OR ARISING OUT OF THE USE OF THE TRADEMARKS AND LICENSOR LICENSES THE TRADEMARKS TO LICENSEE "**AS-IS**" and "**WITH ALL FAULTS**" LICENSOR EXPRESSLY DISCLAIMS, AND LICENSEE HEREBY EXPRESSLY WAIVES, ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND TITLE.

IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR RELIANCE DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS REGARDLESS OF THE FORM OF ACTION AND REGARDLESS OF WHETHER SUCH PARTY HAS REASON TO KNOW OR IN FACT KNOWS OF THE POSSIBILITY THEREOF.

Section 6. Indemnification. Licensee shall indemnify, defend and hold harmless Licensor and its subsidiaries and affiliates and each of their respective officers, directors, shareholders, managers, members, legal representatives, successors, agents and assigns (the "Indemnified Parties") from and against any and all any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (including punitive damages), diminution in value, fines, fees and penalties or other charge, (and including reasonable attorneys' fees, court costs and witness fees relating to any claim or necessary to enforce the Indemnified Party's rights under this Section 6) (collectively "Liability"), arising out of or related to (i) Licensee's use of any Trademark, or (ii) any breach by Licensee of any representation, warranty or covenant of Licensee in this Agreement, except for any such Losses that have been finally judicially determined to have resulted solely from action of the Licensor. Licensor shall have the right to select and control legal counsel for the defense of any such claim, suit, demand or cause of action and for any negotiations relating thereto.

Section 7. Termination.

(a) Licensor shall have the right to terminate this Agreement by written notice to Licensee if:

(i) Licensee shall fail to perform any provision hereof and does not cure such failure within ten (10) days after receipt of written notice thereof from Licensor,

(ii) (A) Licensee is adjudicated a bankrupt or insolvent, (B) a petition under any applicable bankruptcy or insolvency law is filed by Licensee, or if any such petition is filed against Licensee and is not dismissed with 60 days, (C) Licensee makes any assignment for the benefit of its creditors, (D) a receiver is appointed for Licensee, or (E) Licensee shall become insolvent, or

(iii) there is any attempted or actual sublicense, assignment, pledge or transfer by Licensee of this Agreement, in whole or in part (including without limitation should Licensee be a party to or otherwise involved in any merger, consolidation, reorganization, recapitalization, sale of all or substantially all of its assets, or other transaction involving or causing any transfer or assignment by operation of law).

(b) Upon any termination of this Agreement, all right, title or interest in or to the Trademarks shall automatically revert to Licensor and Licensee shall refrain from further use of the Trademarks or any other trademark, trade name or logo that is confusingly similar to any Trademark, or associated with any Trademark, in any way.

(c) It is expressly understood, that under no circumstances shall Licensee be entitled, directly or indirectly, to any form of compensation or indemnity from Licensor as a consequence of the termination of this Agreement in accordance with its terms. Without limiting the generality of the foregoing, by its execution of the present Agreement, Licensee hereby waives any claim that it has or that it may have in the future against Licensor arising from any alleged goodwill created by Licensee for the benefit of any or all of the Parties.

(d) Upon the expiration of the Term, Licensee shall file a Certificate of Amendment with the Secretary of State of the State of Delaware to change its corporate name to not include the word "StoneCastle" or any other word that may reasonably be misleading as to the association between Licensee and Licensor.

(e) Notwithstanding ay termination or expiration of this Agreement, the Parties' rights and obligations set forth in Sections 5, 6, 7(b), 7(c) and 8 shall survive.

Section 8. General.

(a) Assignment; Transfer; Sublicense. Except as otherwise provided herein, Licensee may not assign, transfer or sublicense its rights or obligations under this Agreement without the prior written consent of Licensor (which may be withheld in Licensor's sole discretion for any reason). For purposes of the foregoing any merger, consolidation, purchase of stock or securities, purchase of assets, reorganization, recapitalization or any transfer or assignment by operation of law or other similar transaction involving Licensee as a party shall be considered an assignment that requires the prior written consent of Licensor. Any assignment, transfer or sublicense made without the prior written consent of Licensor is void.

(b) Governing Law; Venue. Any and all claims or controversies arising out of or relating to Parties rights and responsibilities under this Agreement and/or the transaction contemplated thereby shall be governed by and construed in accordance with the laws of the State of New York, without regard to its principles of conflicts of laws, and shall be tried and litigated only in the state and federal courts located in New York, New York. Each Party hereby irrevocably submits to the personal and exclusive jurisdiction of such courts, waives any claim of inconvenient forum or other challenge to venue in such court, agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court and waives any right it may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement.

(c) Amendment; Waiver. This Agreement may be amended, or a Party's rights waived or modified, only by a written instrument signed by each of the Parties hereto.

(d) Status of Parties. There is no relationship of agency, partnership, joint venture, employment, or franchise between the Parties. Neither Party shall have any right, power or authority to obligate or bind the other in any manner whatsoever, and nothing herein contained shall give or is intended to give any rights of any kind to any third persons.

(e) Remedies. Each party hereby acknowledges and agrees that monetary damages would not be a sufficient remedy for, and that Licensor would be irreparably harmed by, any breach by Licensee of this Agreement and Licensor shall be entitled to specific performance and injunctive or other equitable relief, without payment of bond or security, as remedies for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available to Licensor at law or in equity.

(f) Negotiated Agreement. This Agreement is a negotiated document and the terms of this Agreement reflect the informed business decisions of sophisticated parties, and therefore no part of this Agreement should be construed more harshly against one party over the other.

(g) Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to its subject matter, supersedes all prior written and oral agreements and may not be explained or supplemented by course of dealing, usage of trade or course of performance. The transactions contemplated by this Agreement are made on the terms and conditions contained herein only, which take precedence over and may not be modified by any terms and conditions of any document or communication, whether verbal or written, sent by a party unless signed by the party to be charged.

(h) Construction and Severability. All references in this Agreement to the singular shall include the plural where applicable. If any part of this Agreement for any reason shall be declared invalid, void or unenforceable, such decision shall not affect the validity of any remaining portion, which shall remain in full force and effect. In the event that any material provision of this Agreement shall be stricken or declared invalid, Licensor reserves the right to terminate this Agreement.

(g) Notices. Any notices required or permitted to be given under this Agreement shall be deemed sufficiently given if mailed by registered mail, postage prepaid, addressed to the Party to be notified at its address first above written, or at such other address as may be furnished in writing to the notifying Party.

(h) Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party as of the Effective Date.

STONECASTLE PARTNERS, LLC, as Licensor

By: _____
Name:
Title:

STONECASTLE FINANCIAL CORP., as Licensee

By: _____
Name:
Title:

(Signature Page to Trademark License Agreement)

Exhibit A

Trademarks

STONECASTLE

FINANCIAL CORP.

STONECASTLE

FINANCIAL CORP.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of this 23rd day of August, 2013, by and between TARP Preferred Holdco I, LLC, TARP Preferred Holdco II, LLC, TARP Preferred Holdco III, LLC, TARP Preferred Holdco IV, LLC, TARP Preferred Holdco V, LLC, TARP Preferred Holdco VI, LLC, in each case, in their respective capacities as sellers (each a "Seller", and collectively, "Sellers") and StoneCastle Financial Corporation, a Delaware corporation ("Buyer", and together with the Sellers, collectively, the "Parties", and each a "Party").

W I T N E S S E T H:

WHEREAS, each Seller desires to sell the principal amount of preferred securities issued under the TARP Capital Purchase Program identified opposite such Seller's name on Schedule 1 hereto (individually a "Security" and collectively, the "Securities"); and

WHEREAS, Buyer desires to buy such Securities; and

WHEREAS, the Buyer and an affiliate of Sellers have previously executed a letter of intent dated August 2, 2013 evidencing their mutual desire to enter into this Agreement ("LOI").

NOW, THEREFORE, in consideration of and subject to the mutual agreements, terms and conditions herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PURCHASE TRANSACTION

Subject to the conditions contained in this Agreement, on the Closing Date (as hereinafter defined), and in exchange for payment to each Seller by Buyer of the Adjusted Individual Security Purchase Price (as hereinafter defined), each Seller will sell, assign and transfer to Buyer, and Buyer will purchase from each Seller, all of such Sellers' right, title and interest in and to the Securities set forth opposite such Seller's name on Schedule I (as such number or amount of Securities may be reduced in accordance with Sections 1.c) and 1.d)). The sale of Securities shall be effected as follows:

a) With respect to Securities that will be delivered or held in definitive, certificated form, the original of the relevant certificate with respect to the related Securities will be delivered to Buyer, either (i) registered in the name of Buyer or (ii) in form suitable for transfer, with accompanying duly executed instruments of transfer or appropriate instruments of assignment executed in blank, transfer tax stamps, and any other documents or instruments reasonably necessary to effect and perfect a legally valid delivery of such Security to Buyer.

b) For purposes hereof, the term "Individual Security Purchase Price" with respect to a Security is the sum of 100% of the par amount of such Security plus all accrued dividends up to and including the Closing Date and the term "Adjusted Individual Security Purchase Price" with respect to a Security is the Individual Security Purchase Price as adjusted pursuant to and in accordance with Sections 1.c) and 1.d). Each Seller will provide (or will cause to be provided) the final Adjusted Individual Security Purchase Price for such Seller's Securities being sold hereunder on the date that is one business day prior to the Closing Date.

c) Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall in any way limit or prohibit (i) a Seller from (A) selling or proposing to sell the Securities owned by such Seller upon the occurrence of a Credit Event (as hereinafter defined), as determined by such Seller in its sole discretion, at a price that is less than the Individual Security Purchase Price of such Securities, and engaging in solicitations and negotiations in connection with such sales or proposed sales, or (B) responding and selling or proposing to sell the Securities owned by such Seller in connection with any unsolicited offer for such Securities at prices above the Individual Security Purchase Price for such Securities, *provided* that such Seller first complies with the Above Par ROFR (as hereinafter defined) or (ii) Buyer from electing not to purchase one or more of the Securities upon the occurrence of a Credit Event as determined by Buyer, in its sole discretion.

i. "Credit Event": As it relates to any Securities or all Securities, shall mean the occurrence of one or more material changes in the credit markets and/or the interest rate or the credit-worthiness of any issuer of a Security, including, but not limited to, the announcement by such issuer or a regulator of an intent to cause the deferral of dividend payments.

ii. "Above Par ROFR": In the event that during the term of this Agreement, a Seller or any of its affiliates receives an unsolicited offer from a third party to acquire all or part of the Securities owned by such Seller (for purposes of this clause, "Subject Securities"), at a price greater than the Individual Security Purchase Price for such Securities (such price, a "Above Par Price"), such Seller will provide Buyer prompt written notice describing the terms of such offer (an "Offer Notice"). At any time within one business day of receipt of an Offer Notice (the "ROFR Period"), Buyer shall be permitted to accept the terms of such offer by delivering written notice of same to such Seller. If (i) Buyer rejects an Offer Notice, (ii) fails to respond to an Offer Notice before the expiration of the ROFR Period or (iii) fails to close on the purchase of the Subject Securities within one business day following acceptance of an Offer Notice, such Seller shall be permitted to sell the Subject Securities at a price not less than the Above Par Price and otherwise on terms consistent with those described in the Offer Notice without any further obligations to Buyer. In such event, such Securities shall no longer be subject to the terms of this Agreement.

iii. The number or amount of Securities that (A) are sold or held for sale by a Seller to a buyer other than the Buyer on account of a Credit Event or following compliance with the Above Par ROFR, or (B) are not acquired by Buyer on account of a Credit Event, will no longer be subject to the terms of this Agreement and the Seller holding such Securities shall be free to trade such Securities without any obligation to Buyer hereunder or otherwise; provided that, in the case of Clause (A), Buyer shall remain obligated to acquire up to the maximum number or amount of Securities available, if any, after giving effect to any such sales (or contemplated sales) to third parties.

d) Adjusted Purchase Amount. Notwithstanding anything to the contrary contained herein, the exact amount of Securities that Buyer shall be obligated to purchase from each Seller under this Agreement shall be subject to adjustment as described below:

Each Seller acknowledges that Buyer intends to limit the amount of any individual Security to 20% of Buyer's total assets (with no more than one position exceeding 5% of its assets) and will permit Buyer to reduce the dollar amount to be purchased of any Security in order to comply with such limitation *provided* that Buyer shall acquire up to the maximum amount permissible under such limitations, subject to the conditions contained herein. In the event that pursuant to the terms of this Section 1.d), Buyer reduces the dollar amount of Securities that it will purchase from one or more Sellers, the dollar amount of Securities so reduced will no longer be subject to the terms of this Agreement and the Seller holding such dollar amount of Securities shall be free to trade such Securities without any obligation to Buyer hereunder or otherwise.

2. REPRESENTATIONS AND WARRANTIES

a) Each Party represents and warrants to the other as follows:

i. such Party has the full legal power and authority to enter into this Agreement and to perform the transactions contemplated hereby in accordance with its terms;

ii. the execution and delivery by such Party of this Agreement and the performance by such Party of this Agreement has been duly authorized by all necessary action on the part of such Party;

iii. such Party is duly formed and in good standing in its state of formation;

iv. such Party has not retained and is not required to pay a broker's or finder's commission or fee as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby;

v. this Agreement has been duly and validly executed and delivered by such Party and, assuming due execution and delivery of this Agreement by the other Parties hereto, constitutes the binding obligation of such Party enforceable against such Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity;

vi. the execution, delivery and performance by such Party of this Agreement will not, with or without the giving of notice or the lapse of time, or both, violate any provision of law to which such Party is subject, violate any order, judgment or decree applicable to such Party or conflict with, or result in a breach or default under, any term or condition of its certificate of incorporation or by-laws, certificate of limited partnership or partnership agreement, certificate of formation or limited liability company agreement or trust agreement, as applicable, or any material agreement or instrument to which such Party is a party. No consent, approval, authorization or order of any court, governmental authority or agency or of any third party which has not been obtained is required in connection with the execution, delivery and performance by such Party of this Agreement;

vii. neither such Party nor any of its representatives, agents or affiliates has, directly or indirectly, provided, made or received, or caused to be provided, made or received, any payments, or entered into any agreement or transaction with any third party, except in compliance with all applicable laws and rules of ethics, including 18 U.S.C. § 666, the United States Foreign Corrupt Practices Act (if it were applicable) and entering into this Agreement and all actions contemplated in connection herewith could not reasonably be expected to violate any of such laws;

viii. no investigation, proceeding, action, suit, court order or other legal proceeding of any kind or nature before any governmental authority or arbitrator is pending or, to such Party's knowledge, threatened, that in any case, may have the effect of making illegal the transactions contemplated by this Agreement.

b) Buyer represents and warrants to Sellers as follows:

i. At Closing, Buyer will be an institution or other entity (not an individual) that is an "accredited investor" (i) that meets the standards in Rule 501(a)(1), (2), (3) or (7) under the Act and (ii) that has total assets or assets under management of not less than $25,000,000;

ii. Buyer is a resident of the United States or an entity organized under the laws of one of the states of the United States or the District of Columbia;

iii. Buyer understands that the Securities have not been and will not be registered for offer or resale under the Securities Act of 1933 (the "Act") or any state securities laws and, accordingly, may be reoffered, resold, pledged or otherwise transferred only if exemptions from the Act and applicable state securities laws are available to it, and that none of the Sellers or any Securities issuer has made or is making any representation, warranty or covenant, express or implied, as to the availability of any exemption from registration under the Act or any applicable state securities laws for the reoffer, resale, pledge or other transfer of any Securities, or that any Securities purchased by it pursuant to this Agreement will ever be able to be lawfully reoffered, resold, pledged or otherwise transferred; and

iv. Buyer acknowledges that (i) each Security issuer is subject to extensive federal and state banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA") or the Savings and Loan Holding Company Act (the "SLHCA"), and federal and state banking regulations, and that such laws and regulations may impact the rights and obligations of holders of the Securities, including an issuer's ability to make payments in relation to, or redeem, the Securities and (ii) if the Securities were to become "voting securities" for the purposes of the BHCA or SLHCA, as applicable, whether because the issuer were to have missed six dividend or interest payments, as the case may be, and holders of the Securities having been granted the right to elect directors as a result, or for other reasons, (A) a holder of more than 25% (in the case of issuers subject to the BHCA) or 25% or more (in the case of issuers subject to the SLHCA) of the Securities, or a holder of a lesser percentage of the Securities that is deemed to exercise a "controlling influence" over an issuer, may become subject to regulation under the BHCA or SLHCA, as the case may be, (B) any bank holding company or foreign bank that is subject to the BHCA or the SLHCA may need approval to acquire or retain more than 5% of the then outstanding Securities, (c) any holder (or group of holders acting in concert) may need regulatory approval to acquire or retain 10% or more of the Securities. Further, the Buyer acknowledges that a holder or group of holders may also be deemed to control an issuer if it or they own one-third or more of an issuer's total equity, both voting and non-voting, aggregating all shares held by the investor across all classes of stock, and including, possibly, any subordinated debt securities issued by the issuer.

c) Each Seller represents and warrants that it has, or immediately prior to the Closing will have, good and valid title to the Securities owned by such Seller, free and clear of any and all liens other than those liens contained in the organizational documents relating to the issuer of such Securities and liens arising under applicable securities laws.

d) Each Seller agrees to provide the Buyer with full access to the information it possesses relating to the Securities owned by such Seller and will provide Buyer with such other information and documentation about such Securities which such Seller has in its possession, in each case, to the extent not contained at: http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cap/Pages/contracts.aspx.

e) Each Seller shall, to the extent it possesses such rights, assign to the Buyer all collateral rights related to the Securities, including, without limitation, all rights under any registration rights, investors' rights and shareholders' agreements.

f) Buyer acknowledges that neither the solicitation of an offer for, nor the sale of, Securities by any Seller has been registered under any securities laws. Buyer intends to acquire the Securities for its own benefit and account and is not acquiring the Securities with the intent of distributing such Securities in a manner that would violate any federal or state securities laws. At no time has Buyer been solicited by or through any public promotion in connection with the transactions contemplated by this Agreement.

g) Buyer is a sophisticated, experienced and knowledgeable purchaser of securities such as the Securities (with sufficient financial resources, technical expertise and personnel), is able to evaluate (and has in fact evaluated) the Securities for purchase and the merits and economic and other risks of acquiring and owning the Securities and Buyer's other obligations under this Agreement. In making its decision to enter into this Agreement and to consummate the transactions contemplated herein, Buyer (i) has satisfied itself, based upon the representations and warranties of Seller set forth in this Agreement and its own independent investigation, as to the Securities and the issuers thereof, (ii) has relied on no representations or warranties of any Seller (other than as expressly set forth in this Agreement) and otherwise has relied solely on its own independent investigation, evaluation, appraisal and judgment of the Securities, (iii) has, with its legal counsel and other advisers, carefully reviewed all of the provisions of this Agreement and (iv) fully understands the legal effects of this Agreement, including without limitation the meaning and effect of each provision of this Agreement.

h) BUYER ACKNOWLEDGES THAT NO SELLER HAS MADE, AND THAT EACH SELLER EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATION OR WARRANTY (OTHER THAN THOSE EXPRESS REPRESENTATIONS AND WARRANTIES MADE IN THIS AGREEMENT), WHETHER EXPRESS, STATUTORY, IMPLIED OR OTHERWISE.

3. CLOSING; TERMINATION

a) Subject at all times to Section 1.c) and 1.d) of this Agreement, the closing of the purchase and sale of Securities owned by each Seller to Buyer (the "Closing") shall take place on or before the Termination Date on the date that is three business days following the satisfaction or waiver of the conditions set forth in Section 4 (such date hereinafter referred to as the "Closing Date"). It is intended that the purchase and sale of the Securities shall occur at a single Closing on the same Closing Date. The Closing shall take place at a time and place to be agreed upon by the Parties.

b) Subject to the terms and conditions of this Agreement, including, without limitation Sections 1.c) and 1.d) hereof, each Party will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Agreement.

c) As it relates to each Security or all Securities, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing in the following manner:

i. by mutual written consent of any Seller(s) and Buyer; or

ii. by any Seller if the Closing with respect to such Seller's Securities has not occurred on or before the Termination Date, upon written notice delivered to Buyer; provided, however, that such Seller shall not be entitled to terminate this Agreement pursuant to this Section 3.c)(ii) in the event that Seller's actions have been the cause of the Closing failing to occur by such date; or

iii. by Buyer if the Closing has not occurred on or before the Termination Date, upon written notice delivered to any Seller(s); provided, however, that Buyer shall not be entitled to terminate this Agreement pursuant to this Section 3.c)(iii) in the event that Buyer's actions have been the cause of the Closing failing to occur by such date; or

iv. by any Seller(s), in the event that Buyer has breached any of its covenants under this Agreement or any of the representations and warranties of Buyer set forth in this Agreement have become inaccurate, which, in either case, (i) would result in a failure of the condition set forth in Section 4.a)(i) and/or 4.a)(ii) and (ii) are incapable of being cured or have not been cured within five days after Buyer receives written notice of such breach or violation from a Seller; provided, however, that such Seller is not then in material breach of its representations, warranties or covenants under the Agreement; or

v. by Buyer, in the event that a Seller has breached any of its covenants under this Agreement or any of the representations and warranties of such Seller set forth in this Agreement have become inaccurate, which, in either case, (i) would result in a failure of the condition set forth in Section 4.b)(i) and/or 4.b)(ii) and (ii) are incapable of being cured or have not been cured within five days after such Seller receives written notice of such breach or violation from Buyer; provided, however, that Buyer is not then in material breach of its representations, warranties or covenants under the Agreement; or

vi. As set forth in Sections 1.c) and 1.d).

d) In the event of the termination of this Agreement pursuant to Section 3.c) by any Seller, on the one hand, or Buyer, on the other, written notice thereof shall forthwith be given to the other Party specifying the provision hereof pursuant to which such termination is made, and this Agreement shall become void and have no effect, except that the agreements contained in this Section 3.d) and Section 5 shall survive the termination hereof. Nothing contained in this Section 3.d) shall relieve any Party from liability for damages actually incurred as a result of any breach of this Agreement including, without limitation, a breach of Section 3.b) of this Agreement.

e) For purposes hereof, the term "Termination Date" shall mean September 20, 2013 at 5:00 PM EST, unless extended by mutual agreement of the Parties.

4. CONDITIONS TO CLOSING

a) Subject at all times to Sections 1.c) and 1.d) of this Agreement, the obligation of each Seller hereunder to sell the Securities owned by such Seller to Buyer on the Closing Date is subject to the satisfaction, or waiver by such Seller, on or before the Closing Date, of each of the following conditions:

i. All the representations and warranties of Buyer contained herein shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date;

ii. Buyer shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by Buyer on or prior to the Closing Date;

iii. Buyer shall have delivered to such Seller such Seller's Adjusted Individual Security Purchase Price for the Securities being sold by such Seller; and

iv. Such Securities shall not have been redeemed or repurchased in whole or in part by the issuer thereof as may be permitted by the terms thereof.

b) Subject at all times to Sections 1.c) and 1.d) of this Agreement, the obligation of Buyer to purchase the Securities from each Seller on the Closing Date is subject to the satisfaction, or waiver by Buyer, on or before the Closing Date, of each of the following conditions:

i. All the representations and warranties of such Seller contained herein shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date;

ii. Such Seller shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by such Seller on or prior to the Closing Date; and

iii. If such Seller has any designees appointed to the board of directors or other governing body of any issuer of Securities owned by such Seller, such Seller shall cause the removal or resignation of such designee(s) and shall deliver a copy of such removal or resignation notice to Buyer;

iv. Buyer shall have consummated an initial public offering of its securities on or prior to the Termination Date; and

v. Such Seller shall have delivered the Securities to Buyer in the manner required by Section 1.a).

5. MISCELLANEOUS

a) Legal Expenses: Each party shall pay its own legal and accounting expenses, and any other expenses incident to the negotiation, execution and delivery of this Agreement and the transactions contemplated hereby, whether or not consummated.

b) No Third Party Benefit: This Agreement is intended only for the benefit of the parties or the benefit of their respective affiliates referred to herein, and nothing herein is intended to or will be construed as conferring upon any person or entity any rights or remedies under or by reason of, and no person or entity is entitled to rely in any way upon, this Agreement.

c) Entire Agreement: This Agreement contains the entire understanding among the parties hereto concerning the subject matter hereof and, except as expressly provided for herein, supersedes any and all prior representations, warranties, undertakings, covenants, and agreements between the parties and our respective affiliates including, without limitation, the LOI.

d) Governing Law: This Agreement (and all matters arising out of this Agreement under contract law, tort or any other law) shall be governed by and construed in accordance with the laws of the State of New York.

e) Submission to Jurisdiction; Service of Process. Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Agreement, or for recognition or enforcement of any judgment, and each party irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such State court or, to the fullest extent permitted by applicable law, in such Federal court. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

f) WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY REQUIREMENTS OF LAW, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE BETWEEN THEM, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, THE SECURITIES, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, ANY DEALINGS OR COURSE OF CONDUCT BETWEEN THEM, OR ANY STATEMENTS (WRITTEN OR ORAL) OR OTHER ACTIONS OF EITHER PARTY. NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

g) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either Party without the prior written consent of the other Party.

h) Notices. All notices, requests, demands and communications hereunder shall be in writing and shall be deemed given (i) if delivered personally or sent by facsimile transmission (receipt confirmed orally), on the date given, (ii) if delivered by a courier express delivery service, on the date of delivery, or (iii) if by certified or registered mail, postage prepaid, return receipt requested, three (3) days after mailing, to the Party hereto at such address as such Party may designate by written notice in the manner aforesaid.

i) Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the Parties hereto and their respective heirs, legal representatives, permitted successors and assigns.

j) Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof; *provided*, *however*, that the principal purpose of this Agreement shall be preserved and not be affected.

k) Further Assurances. Each Party agrees that it will execute and deliver, or cause to be executed and delivered, on or after the date of Closing, all such instruments and will take all such actions as the other party may reasonably request from time to time in order to effectuate the provisions and purposes of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

SELLER

TARP Preferred Holdco I, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

TARP Preferred Holdco II, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

TARP Preferred Holdco III, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

TARP Preferred Holdco IV, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

TARP Preferred Holdco V, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

TARP Preferred Holdco VI, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

BUYER

STONECASTLE FINANCIAL CORPORATION

By: /s/ George Shilowitz
Name: George Shilowitz
Title: President

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

SELLER

TARP Preferred Holdco I, LLC
TARP Preferred Holdco II, LLC
TARP Preferred Holdco III, LLC
TARP Preferred Holdco IV, LLC
TARP Preferred Holdco V, LLC
TARP Preferred Holdco VI, LLC

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Authorized Person

BUYER

STONECASTLE FINANCIAL CORPORATION

By: /s/ George Shilowitz
Name: George Shilowitz
Title: President

Exhibit n.1

Certified
Public
Accountants

Rothstein Kass
4 Becker Farm Road
Roseland, NJ 07068
tel 973.994.6666
fax 973.994.0337
www.rkco.com

Beverly Hills
Boston
Dallas
Denver
Grand Cayman
New York
Roseland
San Francisco
Walnut Creek

Rothstein Kass

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form N-2 of our report dated September 12, 2013, relating to the financial statements of StoneCastle Financial Corp. appearing in the Prospectus, which is part of such Registration Statement.

We also consent to the reference to our Firm under the caption “Independent Registered Public Accounting Firm” in such Registration Statement.

Rothstein Kass

Roseland, New Jersey
September 12, 2013

Stone Castle Financial Corp.

Code of Ethics
September 10, 2013

INTRODUCTION

Stone Castle Financial Corp. (the "**Company**") and its investment advisor, Stone Castle Asset Management LLC (the "**Advisor**") are committed to the highest ethical standards and to conducting their business with the highest level of integrity. All Employees are responsible for maintaining this level of integrity and for complying with the policies contained in this Code of Ethics (the "**Code**"). Capitalized terms not defined in the body of the text of this Code are defined at the end of the Code.

This Code has been adopted by the Board of Directors (the "**Board**") of the Company, including a majority of the Independent Directors, in accordance with Rule 17j-1(c) under the Investment Company Act. Rule 17j-1 generally describes fraudulent or manipulative practices with respect to purchases or sales of Securities held or to be acquired by an investment company registered under the Investment Company Act if effected by Access Persons.

All Employees must acknowledge in writing that they have received, understand, and will abide by the policies and procedures contained in this Code, upon commencement of employment, annually and upon any material change to this Code.

This Code includes certain forms that Employees can use to make disclosures or seek pre-clearances. In some situations it may be impractical for an Employee to print, execute, and submit a paper form. In these instances Employees may generally complete, sign, and submit the form electronically, inserting "/s/ NAME" in the signature line.

Purpose of this Code

This Code is intended to help the Company, the Advisor and Employees:

- comply with Federal Securities Laws;
- recognize ethical issues and take the appropriate steps to resolve those issues;
- deter ethical violations to avoid any abuse of a position of trust and responsibility;
- report unethical or illegal conduct; and
- reaffirm and promote the Company's commitment to a corporate culture that values honesty, integrity and accountability.

Further, it is the policy of the Company that no affiliated person of its organization nor (if applicable) the Company's principal underwriter, shall, in connection with the purchase and sale, directly or indirectly, by such person of any Security Held or to be Acquired by the Company:

- employ any device, scheme or artifice to defraud the Company;
- make any untrue statement of a material fact or omit to state to the Company a material fact in order to make the statement made, in light of the circumstances under which it was made, not misleading;
- engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Company; or
- engage in any manipulative practices with respect to our business activities.

Fiduciary Standards and Compliance with the Federal Securities Laws

At all times, the Company and its Advisor and their Employees must comply with the spirit and the letter of the Federal Securities Laws and the rules governing the capital markets. The CCO administers the Code. All questions regarding the Code should be directed to the CCO. Employees must cooperate to the fullest extent reasonably requested by the CCO to enable: (i) the Company to comply with all applicable Federal Securities Laws and (ii) the CCO to discharge her duties under the Code.

All Employees will act with competence, dignity, integrity, and in an ethical manner, when dealing with Clients, the public, prospects, third-party service providers and fellow Employees. Employees must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting the Company, and engaging in other professional activities.

Reporting Violations

Improper actions by the Company, the Advisor and their Employees could have severe negative consequences for Investors, the Company, its Advisor and its Employees. Impropriety, or even the appearance of impropriety, could negatively impact all Employees, including people who had no involvement in the problematic activities.

Employees must promptly report any improper or suspicious activities, including any suspected violations of the Code, to the CCO. Issues can be reported to the CCO in person, or by telephone, email, or written letter. Reports of potential issues may be made anonymously. Any reports of potential problems will be thoroughly investigated by the CCO, who will report directly to the President/CEO on the matter. Any problems identified during the review will be addressed in ways that reflect the fiduciary duty of the Advisor and its affiliates to their Clients and to the Investors.

Violations of the Code may warrant sanctions including, without limitation, requiring that personal trades be reversed, requiring the disgorgement of profits or gifts, issuing a letter of caution or warning, suspending personal trading rights, imposing a fine, suspending employment (with or without compensation), making a civil referral to the SEC, making a criminal referral, terminating employment for cause, and/or a combination of the foregoing. Violations may also subject an Employee to civil, regulatory or criminal sanctions. No Employee will determine whether he or she committed a violation of the Code, or impose any sanction against himself or herself. All sanctions and other actions taken will be in accordance with applicable employment laws and regulations.

Distribution of the Code and Acknowledgement of Receipt

The Company and the Advisor will distribute this Code to each Employee upon the commencement of employment, annually, and upon any material change thereto.

All Employees must acknowledge that they have received, read, understood, and agree to comply with the Code. Each Employee should complete the attached *Compliance Manual Acknowledgement Form* and submit the completed form to the CCO upon commencement of employment, annually and following any material change to the Code. The CCO may use the attached *Code of Ethics Acknowledgement Log* to track Employees' acknowledgements of the Code.

Personal Securities Transactions

Employee trades should be executed in a manner consistent with the fiduciary obligations of the Advisor and its affiliates to its Clients and the Investors. Trades should avoid actual improprieties, as well as the appearance of impropriety. Employee trades must not be timed to precede orders placed for the Company, nor should trading activity be so excessive as to conflict with the Employee's ability to fulfill daily job responsibilities.

This policy applies to all accounts holding any Securities over which Employees have any beneficial ownership interest, which typically includes accounts held by immediate family members sharing the same household. Immediate family members include children, step-children, grandchildren, parents, step-parents, grandparents, spouses, domestic partners, siblings, parents-in-law, and children-in-law, as well as adoptive relationships that meet the above criteria.

It may be possible for Employees to exclude accounts held personally or by immediate family members sharing the same household if the Employee does not have any direct or indirect influence or control over the accounts, or if the Employee can rebut the presumption of beneficial ownership over family members' accounts. Employees should consult with the CCO before excluding any accounts held by immediate family members sharing the same household.

Pre-clearance Procedures

Access Persons must pre-clear all personal securities transactions, except as provided in Rule 17j-1 (*e.g.*, money market funds, open-end "mutual" funds and accounts over which an Access Person has no direct or indirect influence or control). The Company may disapprove any proposed transaction, particularly if the transaction poses or appears to pose a conflict of interest or otherwise appears improper.

Access Persons must use the attached *Trade Pre-clearance Form* to seek pre-clearance. All pre-clearance requests must be submitted to the CCO or a designee. The CCO will use the attached *Trading Pre-clearance Request Log* to track pre-clearance requests.

Reporting

The Company must collect information regarding the personal trading activities and holdings of all Access Persons. Access Persons must submit quarterly reports regarding Securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts.

Quarterly Transaction Reports

Each quarter, Access Persons and any Independent Director deemed to be an Access Person under this Code must report all Covered Securities transactions in accounts in which they have a Beneficial Interest. Access Persons and any Independent Director deemed to be an Access Person under this Code must also report any accounts opened during the quarter that hold any Securities (including Securities excluded from the definition of a Covered Security). Reports regarding Securities transactions and newly opened accounts must be submitted to the CCO within 30 days of the end of each calendar quarter.

Access Persons and any Independent Director deemed to be an Access Person under this Code may utilize the attached *Quarterly Reporting Forms* to fulfill quarterly reporting obligations. Alternately, Access Persons may instruct the institution hosting their accounts to send the CCO or a designee (including the Company's administrator) duplicate account statements. The CCO or its designee (including the Company's administrator) must receive all such statements within 30 days of the end of each calendar quarter. Any trades that did not occur through a broker-dealer, such as the purchase of a private fund, must be reported on the *Quarterly Reporting Forms*.

If an Access Person did not have any transactions or account openings to report, this should be indicated on the *Quarterly Reporting Forms* within 30 days of the end of each calendar quarter.

Initial and Annual Holdings Reports

Access Persons must periodically report the existence of any account that holds any Securities (including Securities excluded from the definition of a Covered Security), as well as all Covered Securities holdings. Reports regarding accounts and holdings must be submitted to the CCO on or before February 14th of each year, and within 10 days of an individual first becoming an Access Person. Annual reports must be current as of December 31st; initial reports must be current as of a date no more than 45 days prior to the date that the person became an Access Person. Initial and annual holdings reports should be submitted using the attached *Periodic Holdings Reporting Forms*.

In lieu of completing the Covered Securities section of the *Periodic Holdings Reporting Form*, Access Persons may submit copies of account statements that contain all of the same information that would be required by the form and that are current as of the dates noted above. Access Persons should sign and date each such statement before submitting it to the CCO. Any Covered Securities not appearing on an attached account statement must be reported directly on the Covered Securities section of the *Periodic Holdings Reporting Form*.

If an Access Person does not have any holdings and/or accounts to report, this should be indicated on the *Periodic Holdings Reporting Form* within 10 days of becoming an Access Person and by February 14th of each year.

Exceptions from Reporting Requirements

There are limited exceptions from certain reporting requirements. Specifically, an Access Person is not required to submit:

- Quarterly reports for any transactions effected pursuant to an Automatic Investment Plan; or
- Any reports with respect to Securities held in accounts over which the Access Person had no direct or indirect influence or control, such as an account managed by an investment adviser on a discretionary basis.

Any investment plans or accounts that may be eligible for either of these exceptions should be brought to the attention of the CCO who will, on a case-by-case basis, determine whether the plan or account qualifies for an exception. In making this determination, the CCO may ask for supporting documentation, such as a copy of the Automatic Investment Plan, a copy of the discretionary account management agreement, and/or a written certification from an unaffiliated investment adviser.

Personal Trading and Holdings Reviews

The Company's *Personal Securities Transactions* policies and procedures are designed to mitigate any potential material conflicts of interest associated with Access Persons' personal trading activities. Accordingly, the CCO will closely monitor Access Persons' investment patterns to detect the following potentially abusive behavior:

- Frequent and/or short-term trades in any Security, with particular attention paid to potential market-timing of mutual funds;
- Trading opposite of Company trades;
- Trading ahead of the Company; and
- Trading that appears to be based on Material Non-Public Information.

The CCO will review all reports submitted pursuant to the *Personal Securities Transactions* policies and procedures for potentially abusive behavior, and will compare Access Person trading with the Company's trades as necessary. Upon review, the CCO will initial and date each report received, and will attach a written description of any issues noted. Any personal trading that appears abusive may result in further inquiry by the CCO and/or sanctions, up to and including dismissal.

The CFO will monitor the CCO's personal Securities transactions for compliance with the *Personal Securities Transactions* policies and procedures.

Reports to the Board

The CCO shall report to the Board at each meeting regarding the following matters (to the extent not previously reported to the Board):

- Issues arising under this Code, including but not limited to material violations of this Code, violations that are material in the aggregate, and any sanctions imposed.
- With respect to any transaction not required to be reported to the Board by operation of the immediately preceding sentence that the CCO believes nonetheless may evidence violation of this Code.
- The Board shall consider reports made hereunder and upon discovering that a violation of this Code has occurred, the Board may impose such sanctions and penalties as they deem appropriate, including, among other things, a letter of sanction, suspension or termination of the employment of the violator.

The CCO shall report to the Board on an annual basis concerning existing personal investing procedures, violations during the prior year and any recommended changes in existing restrictions or procedures.

The Board shall review this Code and the operation of these policies at least annually.

Recordkeeping

The Company shall maintain the following records at its principal office:

This Code and any related procedures, and any Code that has been in effect during the past five years shall be maintained in an easily accessible place;

A record of any violation of the Code and of any action taken as a result of the violation, to be maintained in an easily accessible place for at least five years after the end of the fiscal year in which the violation occurs;

A copy of each report under this Code by (or duplicate brokerage statements and/or confirmations for the account of) an Access Person, to be maintained for at least five years after the end of the fiscal year in which the report is made or the information is provided, the first two years in an easily accessible place;

A record of all persons, currently or within the past five years, who are or were required to make or to review reports made pursuant to Section 4, to be maintained in an easily accessible place;

A copy of each report by the CCO to the Board, to be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place; and

A record of any decision, and the reasons supporting the decision, to approve an acquisition by an Investment Person of securities offered in an IPO or in a Private Placement, to be maintained for at least five years after the end of the fiscal year in which the approval is granted.

Approval Requirements

This Code and any material changes to this Code must be approved by the Board. Each such approval must be based on a determination that this Code contains provisions reasonably necessary to prevent Access Persons from engaging in any conduct prohibited by Rule 17j-1. Before approving this Code or any amendment thereto, the Board must receive a certification from the relevant entity that it has adopted procedures reasonably necessary to prevent its Access Persons from violating this Code. Before initially retaining the Advisor, the Board must approve the Code of Ethics of the Advisor, and must approve any material change to the Advisor's Code of Ethics within six months after the adoption of the change. For the avoidance of doubt, the Company's officers may make such non-material changes to this Code as they may determine necessary or appropriate, provided that the amended Code shall be reviewed with the Board at the next regularly scheduled meeting.

Definitions

The following defined terms are used throughout this Code. Other capitalized terms are defined within specific sections of the Code.

- **Access Person** – An Access Person is any director, officer, partner, employee or Advisory Person (as defined below) of the Company; provided, however, that the term "Access Person" will not include any Independent Director *unless* the Independent Director knew, or, in the course of his or her duties as a director of the Company, should have known, that within the 15 day period immediately before or after such Independent Director's transaction in a Covered Security, the Company purchased or sold the Covered Security or the Advisor considered purchasing or selling the Covered Security.
- **Advisers Act** – The Investment Advisers Act of 1940, as amended.
- **Advisory Person** – An Advisory Person of the Company means: (i) any director, officer or employee of the Company or the Advisor or of any company in a Control relationship with the Company, who, in connection with his or her regular duties, makes, participates in or obtains information regarding the purchase or sale of a Covered Security by the Company, or whose functions relate to the making of any recommendations with respect to such purchases or sales; (ii) any Natural Person in a Control relationship to the Company who obtains information concerning recommendations made to the Company with regard to the purchase or sale of a Covered Security and (iii) any Employee who has access to non-public information regarding the Company's trading, who is involved in making Securities recommendations to the Company, or who has access to non-public Securities recommendations. All of the Advisor's officers and partners are presumed to be Access Persons. The term "Advisory Person" shall not include an Independent Director (as defined below).
- **Automatic Investment Plan** – A program in which regular trades are made automatically in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.
- **Beneficial Interest** – An individual has a Beneficial Interest in a Security if he or she can directly or indirectly profit from the Security. An individual generally has a Beneficial Interest in all Securities held directly or indirectly, as well as those owned directly or indirectly by family members sharing the same household.
- **CCO** – the Company's chief compliance officer, currently Rachel Schatten.

- **CFO -** the Company's chief financial officer, currently Erik Minor.
- **Clients** – Individuals and entities (excluding the Investors) for which the Advisor and its affiliates provide investment advisory services.
- **Control -** Control has the same meaning as set forth in Section 2(a)(9) of the Investment Company Act.
- **Covered Security** – Covered Security means a security as defined in Section 2(a)(36) of the Investment Company Act, except that it does not include: (i) direct obligations of the government of the United States; (bankers' acceptances, bank certificates or deposit, commercial paper and high quality short-term debt instruments including repurchase agreements; and (ii) shares issued by registered open-end investment companies (i.e. mutual funds); however, exchange traded funds structured as unit investment trusts or open-end funds are considered Covered Securities. Any questions about whether an instrument is a Security or a Covered Security for purposes of the Federal Securities Laws should be directed to the CCO.
- **Employees** – Access Persons, Advisory Persons and other employees of the Company and its Advisor.
- **ERISA** – The Employee Retirement Income and Savings Act of 1974.
- **Exchange Act** – The Securities Exchange Act of 1934.
- **Federal Securities Laws** – The Federal Securities Laws include the Securities Act, the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to investment companies and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.
- **Independent Director** – An Independent Director of the Company means a director of the Company who is not an "interested person" of the Company within the meaning of Section 2(a)(19) of the Investment Company Act.
- **Investor** – A shareholder in the Company.
- **Investment Company Act** – The Investment Company Act of 1940, as amended.
- **Insider Trading** – Trading personally or on behalf of others on the basis of Material Non-Public Information, or improperly communicating Material Non-Public Information to others.
- **IPO** – An initial public offering. An IPO is an offering of Securities registered under the Securities Act where the issuer, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Exchange Act.
- **Material Non-Public Information** – Information that (i) has not been made generally available to the public, and that (ii) a reasonable investor would likely consider important in making an investment decision. Employees should consult with the Advisor's CCO about any questions as to whether information constitutes Material Non-Public Information.
- **Natural Person** – A human being, as opposed to a legal entity.
- **Private Placement** – Also known as a "Limited Offering." An offering that is exempt from registration pursuant to sections 4(a)(2) or 4(6) of the Securities Act, or pursuant to Rules 504, 505, or 506 of Regulation D.

- **Purchase or Sale of a Covered Security** – Purchase or Sale of a Covered Security is any transaction involving a Covered Security, including, among other things, the writing of an option to purchase or sell a Covered Security, or the use of a derivative product to take a position in a Covered Security.
- **SEC** – The Securities and Exchange Commission.
- **Securities Act** – The Securities Act of 1933, as amended.
- **Security** – Stocks, bonds, certificates of deposit, options, interests in Private Placements, futures contracts on other securities, participations in profit-sharing agreements, and interests in oil, gas, or other mineral royalties or leases, among other things. "Security" also includes any instrument commonly known as a security. Any questions about whether an instrument is a security for purposes of the Federal Securities Laws should be directed to the CCO.
- **Security Held or to be Acquired by the Company** – A "Security Held or to be Acquired by the Company" means: (i) any Covered Security which, within the most recent 15 days (a) is or has been held by the Company or (b) is being or has been considered by the Company or the Advisor for purchase by the Company or (ii) any option to purchase or sell, and any Security convertible into or exchangeable for, a Covered Security described in subsection (i) of this definition.

StoneCastle Asset Management, LLC

Code of Ethics
September 10, 2013

INTRODUCTION

Stone Castle Asset Management, LLC (the "**Advisor**") is committed to the highest ethical standards and to conducting its business with the highest level of integrity. All Employees are responsible for maintaining this level of integrity and for complying with the policies contained in this Code of Ethics (the "**Code**"). Capitalized terms not defined in the body of the text of this Code are defined at the end of the Code.

All Employees must acknowledge in writing that they have received, understand, and will abide by the policies and procedures contained in this Code, upon commencement of employment, annually and upon any material change to this Code.

This Code includes certain forms that Employees can use to make disclosures or seek pre-clearances. In some situations it may be impractical for an Employee to print, execute, and submit a paper form. In these instances Employees may generally complete, sign, and submit the form electronically, inserting "/s/ NAME" in the signature line.

Background

Investment advisers are fiduciaries that owe their undivided loyalty to their clients. Investment advisers are trusted to represent clients' interests in many matters, and advisers must hold themselves to the highest standard of fairness in all such matters.

Rule 204A-1 under the Advisers Act requires each registered investment adviser to adopt and implement a written code of ethics that contains provisions regarding:

- The adviser's fiduciary duty to its clients;
- Compliance with all applicable Federal Securities Laws;
- Reporting and review of personal Securities transactions and holdings;
- Reporting of violations of the code; and
- The provision of the code to all supervised persons.

Risks

In developing these policies and procedures, the Advisor considered the material risks associated with administering the *Code of Ethics*. This analysis includes risks such as:

- Employees do not understand the fiduciary duty that they, and the Advisor, owe to Clients;
- Employees and/or the Advisor fail to identify and comply with all applicable Federal Securities Laws;
- Employees do not report personal Securities transactions;
- Employees trade personal accounts ahead of Client accounts; and
- Violations of the Federal Securities Laws, the *Code of Ethics*, or the policies and procedures set forth in the Advisor's Regulatory Compliance Manual, are not reported to the CCO and/or appropriate supervisory personnel;

The Advisor has established the following guidelines to mitigate these risks.

Fiduciary Standards and Compliance with the Federal Securities Laws

At all times, the Advisor and its Employees must comply with the spirit and the letter of the Federal Securities Laws and the rules governing the capital markets. The CCO administers the *Code of Ethics* (or the "*Code*"). All questions regarding the *Code* should be directed to the CCO. Employees must cooperate to the fullest extent reasonably requested by the CCO to enable (i) the Advisor to comply with all applicable Federal Securities Laws and (ii) the CCO to discharge her duties under the Advisor's Regulatory Compliance Manual.

All Employees will act with competence, dignity, integrity, and in an ethical manner, when dealing with Clients, the public, prospects, third-party service providers and fellow Employees. Employees must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting the Advisor's services, and engaging in other professional activities.

We expect all Employees to adhere to the highest standards with respect to any potential conflicts of interest with Clients. As a fiduciary, the Advisor must act in its Clients' best interests. Neither the Advisor, nor any Employee should ever benefit at the expense of any Client. Notify the CCO promptly about any practice that creates, or gives the appearance of, a material conflict of interest.

Employees are generally expected to discuss any perceived risks, or concerns about the Advisor's business practices, with their direct supervisor. However, if an Employee is uncomfortable discussing an issue with their supervisor, or if they believe that an issue has not been appropriately addressed, they should bring the matter to the CCO's attention. Supervisors are expected to discuss perceived risks or concerns about the Advisor's business practices directly with the CCO.

Reporting Violations

Improper actions by the Advisor or its Employees could have severe negative consequences for the Advisor, its Clients, and its Employees. Impropriety, or even the appearance of impropriety, could negatively impact all Employees, including people who had no involvement in the problematic activities.

Employees must promptly report any improper or suspicious activities, including any suspected violations of the *Code of Ethics*, to the CCO. Issues can be reported to the CCO in person, or by telephone, email, or written letter. Reports of potential issues may be made anonymously. Any reports of potential problems will be thoroughly investigated by the CCO, who will report directly to the Advisor's most senior executive officer on the matter. Any problems identified during the review will be addressed in ways that reflect the Advisor's fiduciary duty to its Clients.

An Employee's identification of a material compliance issue will be viewed favorably by the Advisor's senior executives. Retaliation against any Employee who reports a violation of the *Code of Ethics* in good faith is strictly prohibited and will be cause for corrective action, up to and including dismissal. If an Employee believes that he or she has been retaliated against, he or she should notify the President/CEO directly.

Violations of this *Code of Ethics*, or the other policies and procedures set forth in the Advisor's Regulatory Compliance Manual, may warrant sanctions including, without limitation, requiring that personal trades be reversed, requiring the disgorgement of profits or gifts, issuing a letter of caution or warning, suspending personal trading rights, imposing a fine, suspending employment (with or without

compensation), making a civil referral to the SEC, making a criminal referral, terminating employment for cause, and/or a combination of the foregoing. Violations may also subject an Employee to civil, regulatory or criminal sanctions. No Employee will determine whether he or she committed a violation of the *Code of Ethics*, or impose any sanction against himself or herself. All sanctions and other actions taken will be in accordance with applicable employment laws and regulations.

Distribution of the Code and Acknowledgement of Receipt

The Advisor will distribute the *Code of Ethics* to each Employee upon the commencement of employment, annually and upon any material change to the *Code of Ethics*.

All Employees must acknowledge that they have received, read, understood, and agree to comply with the *Code of Ethics*. Each Employee should complete the attached *Code of Ethics Acknowledgement Form* and submit the completed form to the CCO upon commencement of employment, annually and following any material change to the *Code of Ethics*. The CCO may use the attached Code of Ethics Acknowledgement Log to track Employees' Code of Ethics acknowledgements.

Conflicts of Interest

Conflicts of interest may exist between various individuals and entities, including the Advisor, Employees, and current or prospective Clients. Any failure to identify or properly address a conflict can have severe negative repercussions for the Advisor, its Employees and/or Clients. In some cases the improper handling of a conflict could result in litigation and/or disciplinary action.

The Advisor's policies and procedures have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. However, written policies and procedures cannot address every potential conflict, so Employees must use good judgment in identifying and responding appropriately to actual or apparent conflicts. Conflicts of interest that involve the Advisor and/or its Employees on one hand, and Clients on the other hand, will generally be fully disclosed and/or resolved in a way that favors the interests of Clients over the interests of the Advisor and its Employees. If an Employee believes that a conflict of interest has not been identified or appropriately addressed, that Employee should promptly bring the issue to the CCO's attention.

In some instances conflicts of interest may arise between Clients. Responding appropriately to these types of conflicts can be challenging, and may require robust disclosures if there is any appearance that one or more Clients have been unfairly disadvantaged. Employees should notify the CCO promptly if it appears that any actual or apparent conflict of interest between Clients has not been appropriately addressed.

It may sometimes be beneficial for the Advisor to be able to retroactively demonstrate that it carefully considered particular conflicts of interest. The CCO may use the attached *Conflicts of Interest Log* to document the Advisor's assessment of, and response to, such conflicts.

Personal Securities Transactions

Employee trades should be executed in a manner consistent with our fiduciary obligations to our Clients: trades should avoid actual improprieties, as well as the appearance of impropriety. Employee trades must not be timed to precede orders placed for any Client, nor should trading activity be so excessive as to conflict with the Employee's ability to fulfill daily job responsibilities.

Accounts Covered by the Policies and Procedures

The Advisor's *Personal Securities Transactions* policies and procedures apply to all accounts holding any Securities over which Employees have any beneficial ownership interest, which typically includes accounts held by immediate family members sharing the same household. Immediate family members include children, step-children, grandchildren, parents, step-parents, grandparents, spouses, domestic partners, siblings, parents-in-law, and children-in-law, as well as adoptive relationships that meet the above criteria.

It may be possible for Employees to exclude accounts held personally or by immediate family members sharing the same household if the Employee does not have any direct or indirect influence or control over the accounts, or if the Employee can rebut the presumption of beneficial ownership over family members' accounts. Employees should consult with the CCO before excluding any accounts held by immediate family members sharing the same household.

Reportable Securities

The Advisor requires Employees to provide periodic reports regarding transactions and holdings in all "Reportable Securities," which include any Security, **except**:

- Direct obligations of the Government of the United States;
- Bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments, including repurchase agreements;
- Shares issued by money market funds;
- Shares issued by open-end investment companies registered in the U.S., other than funds advised or underwritten by the Advisor or an affiliate;
- Interests in 529 college savings plans; and
- Shares issued by unit investment trusts that are invested exclusively in one or more open-end registered investment companies, none of which are advised or underwritten by the Advisor or an affiliate.

Exchange-traded funds, or ETFs are somewhat similar to open-end registered investment companies. However, ETFs are Reportable Securities and are subject to the reporting requirements contained in the Advisor's *Personal Securities Transactions* policy.

Pre-clearance Procedures

Employees must pre-clear all personal securities transaction, except as provided in Rule 204A-1 under the Advisers Act (e.g., money market funds, open-end mutual funds not advised by the Advisor and its affiliates and accounts over which an Employee has no direct influence or control). The Advisor may disapprove any proposed transaction, particularly if the transaction poses or appears to pose a conflict of interest or otherwise appears improper.

Employees must use the attached *Trade Pre-clearance Form* to seek pre-clearance. All pre-clearance requests must be submitted to the CCO or a designee. The CCO will use the attached *Trading Pre-clearance Request Log* to track pre-clearance requests.

Reporting

The Advisor must collect information regarding the personal trading activities and holdings of all Employees. Employees must submit quarterly reports regarding Securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts.

Quarterly Transaction Reports

Each quarter, Employees must report all Reportable Securities transactions in accounts in which they have a Beneficial Interest. Employees must also report any accounts opened during the quarter that hold any Securities (including Securities excluded from the definition of a Reportable Security). Reports regarding Securities transactions and newly opened accounts must be submitted to the CCO within 30 days of the end of each calendar quarter.

Employees may utilize the attached *Quarterly Reporting Forms* to fulfill quarterly reporting obligations. Alternately, Employees may use the attached *Letter to a Broker-Dealer* to instruct the institution hosting their accounts to send the CCO or a designee duplicate account statements. The CCO must receive all such statements within 30 days of the end of each calendar quarter. Any trades that did not occur through a broker-dealer, such as the purchase of a private fund, must be reported on the *Quarterly Reporting Forms*.

If an Employee did not have any transactions or account openings to report, this should be indicated on the *Quarterly Reporting Forms* within 30 days of the end of each calendar quarter.

Initial and Annual Holdings Reports

Employees must periodically report the existence of any account that holds any Securities (including Securities excluded from the definition of a Reportable Security), as well as all Reportable Securities holdings. Reports regarding accounts and holdings must be submitted to the CCO on or before February 14th of each year, and within 10 days of an individual first becoming an Employee. Annual reports must be current as of December 31st; initial reports must be current as of a date no more than 45 days prior to the date that the person became an Employee. Initial and annual holdings reports should be submitted using the attached *Periodic Holdings Reporting Forms*.

Initial and annual reports must disclose the existence of all accounts that hold any Securities, even if none of those Securities fall within the definition of a "Reportable Security."

In lieu of completing the Reportable Securities section of the *Periodic Holdings Reporting Form* Employees may submit copies of account statements that contain all of the same information that would be required by the form and that are current as of the dates noted above. Employees should sign and date each such statement before submitting it to the CCO. Any Reportable Securities not appearing on an attached account statement must be reported directly on the Reportable Securities section of the *Periodic Holdings Reporting Form*.

If an Employee does not have any holdings and/or accounts to report, this should be indicated on the *Periodic Holdings Reporting Form* within 10 days of becoming an Employee and by February 14th of each year.

Exceptions from Reporting Requirements

There are limited exceptions from certain reporting requirements. Specifically, an Employee is not required to submit:

- Quarterly reports for any transactions effected pursuant to an Automatic Investment Plan; or
- Any reports with respect to Securities held in accounts over which the Employee had no direct or indirect influence or control, such as an account managed by an investment adviser on a discretionary basis.

Any investment plans or accounts that may be eligible for either of these exceptions should be brought to the attention of the CCO who will, on a case-by-case basis, determine whether the plan or account qualifies for an exception. In making this determination, the CCO may ask for supporting documentation, such as a copy of the Automatic Investment Plan, a copy of the discretionary account management agreement, and/or a written certification from an unaffiliated investment adviser.

Personal Trading and Holdings Reviews

The Advisor's *Personal Securities Transactions* policies and procedures are designed to mitigate any potential material conflicts of interest associated with Employees' personal trading activities. Accordingly, the CCO will closely monitor Employees' investment patterns to detect the following potentially abusive behavior:

- Frequent and/or short-term trades in any Security, with particular attention paid to potential market-timing of mutual funds;
- Trading opposite of Client trades;
- Trading ahead of Clients; and
- Trading that appears to be based on Material Non-Public Information.

The CCO will review all reports submitted pursuant to the *Personal Securities Transactions* policies and procedures for potentially abusive behavior, and will compare Employee trading with Clients' trades as necessary. Upon review, the CCO will initial and date each report received, and will attach a written description of any issues noted. Any personal trading that appears abusive may result in further inquiry by the CCO and/or sanctions, up to and including dismissal.

The CFO will monitor the CCO's personal Securities transactions for compliance with the *Personal Securities Transactions* policies and procedures.

Disclosure of the Code of Ethics

The Advisor will describe its *Code of Ethics* in Part 2A of Form ADV and, upon request, furnish Clients with a copy of the *Code of Ethics*. All Client requests for the Advisor's *Code of Ethics* should be directed to the CCO. The Advisor's Code of Ethics is disclosed publicly on the SEC's website as part of the Closed-End Fund's registration statement.

Closed-End Fund

The Advisor serves as investment adviser the Closed-End Fund. As the Closed-End Fund is subject to the rules and regulations of the Investment Company Act, separate compliance procedures may apply to the Closed-End Fund which will not apply to the Adviser with respect to its non-registered clients (i.e., private investment funds and managed accounts, if any). Any separate policies and procedures that apply to the Closed-End Fund that are not included herein will be set forth in the Closed-End Fund's compliance manual.

The Closed-End Fund is also required to, and has, adopted a code of ethics pursuant to Rule 17j-1 under the IC Act. The code of ethics of the Closed-End Fund is disclosed publicly on the SEC's website as part of the Closed-End Fund's SEC registration statement.

Definitions

The following defined terms are used throughout this Code. Other capitalized terms are defined within specific sections of the Code.

- **Advisers Act** – The Investment Advisers Act of 1940, as amended.
- **Automatic Investment Plan** – A program in which regular trades are made automatically in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.
- **Beneficial Interest** – An individual has a Beneficial Interest in a Security if he or she can directly or indirectly profit from the Security. An individual generally has a Beneficial Interest in all Securities held directly or indirectly, as well as those owned directly or indirectly by family members sharing the same household.
- **CCO** – the Advisor's chief compliance officer, currently Rachel Schatten.
- **CFO** – the Advisor's chief financial officer, currently Rachel Schatten.
- **Clients** – Individuals and entities for which the Adviser provides investment advisory services.
- **Closed-End Fund** – StoneCastle Financial Corp.
- **Employees** – The Advisor's officers, directors, principals and employees.
- **ERISA** – The Employee Retirement Income and Savings Act of 1974.
- **Exchange Act** – The Securities Exchange Act of 1934.
- **Federal Securities Laws** – The Federal Securities Laws include the Securities Act, the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to investment companies and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.
- **Investment Company Act** – The Investment Company Act of 1940, as amended.
- **IPO** – An initial public offering. An IPO is an offering of Securities registered under the Securities Act where the issuer, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Exchange Act.
- **Material Non-Public Information** – Information that (i) has not been made generally available to the public, and that (ii) a reasonable investor would likely consider important in making an investment decision. Employees should consult with the Advisor's CCO about any questions as to whether information constitutes Material Non-Public Information.
- **Private Placement** – Also known as a "Limited Offering." An offering that is exempt from registration pursuant to sections 4(a)(2) or 4(6) of the Securities Act, or pursuant to Rules 504, 505, or 506 of Regulation D.
- **SEC** – The Securities and Exchange Commission.
- **Securities Act** – The Securities Act of 1933, as amended.

- **Security** – Stocks, bonds, certificates of deposit, options, interests in Private Placements, futures contracts on other securities, participations in profit-sharing agreements, and interests in oil, gas, or other mineral royalties or leases, among other things. “Security” also includes any instrument commonly known as a security. Any questions about whether an instrument is a security for purposes of the Federal Securities Laws should be directed to the CCO.