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# 15 U.S. Code § 80a-60

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## Capital structure

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### **(a) Exceptions for business development company**

Notwithstanding the exemption set forth in section 80a-6(f) of this title, section 80a-18 of this title shall apply to a business development company to the same extent as if it were a registered closed-end investment company, except as follows:

(1) Except as provided in paragraph (2), the asset coverage requirements of subparagraphs (A) and (B) of section 80a-18(a)(1) of this title (and any related rule promulgated under this subchapter) applicable to business development companies shall be 200 percent.

(2) The asset coverage requirements of subparagraphs (A) and (B) of section 80a-18(a)(1) of this title and of subparagraphs (A) and (B) of section 80a-18(a)(2) of this title (and any related rule promulgated under this subchapter) applicable to a business development company shall be 150 percent if—

(A) not later than 5 business days after the date on which those asset coverage requirements are approved under subparagraph (D) of this paragraph, the business development company discloses that the requirements were approved, and the effective date of the approval, in—

- (i) any filing submitted to the Commission under section 78m(a) or 78o(d) of this title; and
- (ii) a notice on the website of the business development company;

(B) the business development company discloses, in each periodic filing required under section 78m(a) of this title—

- (i) the aggregate outstanding principal amount or liquidation preference, as applicable, of the senior securities issued by the business development company and the asset coverage percentage as of the date of the business development company's most recent financial statements included in that filing;
- (ii) that the business development company, under subparagraph (D), has approved the asset coverage requirements under this paragraph; and
- (iii) the effective date of the approval described in clause (ii);

(C) with respect to a business development company that is an issuer of common equity securities, each periodic filing of the company required under section 78m(a) of this title includes disclosures that are reasonably designed to ensure that shareholders are informed of—

- (i) the amount of senior securities (and the associated asset coverage ratios) of the company, determined as of the date of the most recent financial statements of the company included in that filing; and
- (ii) the principal risk factors associated with the senior securities described in clause (i), to the extent that risk is incurred by the company; and

(D) the company—

(i)

(I) through a vote of the required majority (as defined in section 80a-56(o) of this title), approves the

application of this paragraph to the company, to become effective on the date that is 1 year after the date of the approval; or

(II) obtains, at a special or annual meeting of shareholders or partners at which a quorum is present, the approval of more than 50 percent of the votes cast for the application of this paragraph to the company, to become effective on the first day after the date of the approval; and

(ii) if the company is not an issuer of common equity securities that are listed on a national securities exchange, extends, to each person that is a shareholder as of the date of an approval described in subclause (I) or (II) of clause (i), as applicable, the opportunity (which may include a tender offer) to sell the securities held by that shareholder as of that applicable approval date, with 25 percent of those securities to be repurchased in each of the 4 calendar quarters following the calendar quarter in which that applicable approval date takes place.

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