

Press Release

SEC Provides Temporary, Conditional Relief for Business Development Companies Making Investments in Small and Medium-sized Businesses

SEC Permits Business Development Companies to Issue Additional Securities and Invest Alongside Certain Affiliates In Order to Provide Additional Financial Support to their Portfolio Companies

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Washington D.C., April 8, 2020 — The Securities and Exchange Commission today announced that it is providing temporary, conditional exemptive relief for business development companies (BDCs) to enable them to make additional investments in small and medium-sized businesses, including those with operations affected by COVID-19. BDCs were created to provide capital to smaller domestic operating companies that otherwise may not be able to readily access the capital markets. Today's relief will provide additional flexibility for BDCs to issue and sell senior securities in order to provide capital to such companies, and to participate in investments in these companies alongside certain private funds that are affiliated with the BDC. Today's relief is subject to investor protection conditions, including specific requirements for obtaining an independent evaluation of the issuances' terms and approval by a majority of a BDC's independent board members.

“Many small and medium-sized businesses across the country are struggling due to the effect of COVID-19, and today's temporary, targeted action will enable BDCs to provide their businesses with additional financial support during these times,” said Chairman Jay Clayton. “The method for calculating the level of permitted financing and the other important conditions included in the order are designed to ensure that this temporary relief will both protect and benefit investors in the BDCs.”

Today's relief is the latest in a series of steps the Commission has taken to assist financial market participants in addressing the impacts of the coronavirus. The Commission's website provides [additional information](#) regarding its response. The Commission and its staff continue to assess impacts relating to the coronavirus on investors and market participants, and will consider additional relief from other regulatory requirements where necessary or appropriate. Firms and financial professionals affected by the coronavirus are encouraged to contact the staff with questions and concerns.

Division of Investment Management contact information:

For general questions or concerns related to impacts of the coronavirus on the operations or compliance of funds and advisers, please email IM-EmergencyRelief@sec.gov.

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