BlackRock Capital Investment Corp
Form 40-APP
September 21, 2018

No. 812-

**U.S. SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

APPLICATION FOR AN ORDER PURSUANT TO SECTIONS 17(d) AND 57(i) OF THE INVESTMENT COMPANY ACT OF 1940 AND RULE 17d-1 UNDER THE ACT TO PERMIT CERTAIN JOINT TRANSACTIONS OTHERWISE PROHIBITED BY SECTIONS 17(d) AND 57(a)(4) OF THE ACT AND RULE 17d-1 UNDER THE ACT

**BLACKROCK CAPITAL INVESTMENT CORPORATION, BLACKROCK CREDIT STRATEGIES FUND, BLACKROCK CAPITAL INVESTMENT ADVISORS, LLC, BLACKROCK ADVISORS, LLC, MIDDLE MARKET SENIOR FUND, L.P., GORDON BROTHERS FINANCE COMPANY**

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## I. INTRODUCTION

A. Requested Relief

BlackRock Capital Investment Corporation, BlackRock TCP Capital Corp. and their related entities identified in section I.B. below, hereby request an order (the ***Order***) pursuant to Sections 17(d) and 57(i) of the Investment Company Act of 1940 (the ***Act***[1]) and Rule 17d-1 thereunder[2] authorizing certain joint transactions that otherwise would be prohibited by either or both of Sections 17(d) and 57(a)(4) as modified by the exemptive rules adopted by the U.S. Securities and Exchange Commission (the ***Commission***) under the Act.

In particular, the relief requested in this application (the ***Application***) would allow one or more Regulated Funds (including one or more BCIC Funds (as defined below)) and/or one or more Affiliated Funds (as defined below) to participate in the same investment opportunities through a proposed co-investment program (the ***Co-Investment Program***) where such participation would otherwise be prohibited under Section 17(d) or 57(a)(4) and the rules under the Act. All existing entities that currently intend to rely on the Order have been named as Applicants and any existing or future entities that may rely on the Order in the future will comply with its terms and conditions set forth in this application (the ***Conditions***).

The Order sought by this Application would supersede the exemptive orders issued by the Commission to BlackRock Capital Investment Corporation, et al. on January 16, 2018[3] under Sections 17(d) and 57(i) of the Act and Rule 17d-1 under the Act and to Tennenbaum Capital Partners, LLC, et al. on May 9, 2006[4] under Rule 17d-1 under the Act (the ***Prior Orders***), with the result that no person will continue to rely on the Prior Orders if the Order is granted.[5]

B. Applicants Seeking Relief:

BlackRock Capital Investment Corporation (***BCIC***), a closed-end, management investment company that has elected to be regulated as a BDC (defined below) under the Act;

Gordon Brothers Finance Company (***Gordon Brothers***), a subsidiary of BCIC, of which BCIC has sole control;

1 Unless otherwise indicated, all section references herein are to the Act.

2 Unless otherwise indicated, all rule references herein are to rules under the Act.

3 BlackRock Capital Investment Corporation, et al. (File No. 812-14582) Investment Company Act Rel. Nos. 32943 (December 19, 2017) (notice) and 32968 (January 16, 2018) (order).

4 Special Value Opportunities Fund, LLC, et al. (File No. 812-13068) Investment Company Act Release Nos. IC-27287 (April 11, 2006) (notice) and 27316 (May 9, 2006) (order).

5 On April 17, 2018, it was announced that Tennenbaum Capital Partners, LLC would be merged with and into a wholly-owned subsidiary of BlackRock Capital Investment Advisors, LLC with Tennenbaum Capital Partners, LLC being the surviving entity after the merger. The merger was consummated on August 1, 2018. As a result, Tennenbaum Capital Partners, LLC and SVOF/MM (which is majority-owned by Tennenbaum Capital Partners, LLC) are controlled by BlackRock Capital Investment Advisors, LLC and the Applicants (as defined below) are requesting the Order to supersede the Prior Orders and allow the Applicants to participate in Co-Investment Transactions (as defined below).

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BlackRock Credit Strategies Fund ( ***BCSF*** ), a closed-end non-diversified management investment company registered under the Act;

BlackRock TCP Capital Corp. ( ***TCPC*** ), a closed-end non-diversified management investment company that has elected to be regulated as a BDC under the Act;

Special Value Continuation Partners LLC ( ***SVCP*** ), a Wholly-Owned Investment Sub (as defined below) of TCPC;

TCPC Funding I, LLC ( ***TCPC Funding*** ), TCPC SBIC, LP ( ***TCPC SBIC*** ) and TCPC SBIC GP, LLC ( ***TCPC SBIC GP*** ), each of which is a Wholly-Owned Investment Sub of TCPC;

BlackRock Capital Investment Advisors, LLC ( ***BlackRock Capital Advisor*** ), an investment adviser registered under the Investment Advisers Act of 1940 (the ***Advisers Act*** ), and its successors[6];

Tennenbaum Capital Partners, LLC ( ***TCP*** ), an investment adviser registered under the Advisers Act, and its successors;

SVOF/MM, LLC ( ***SVOF/MM***, and together with BlackRock Capital Advisor and TCP, the ***Existing Advisers*** ), an investment adviser registered under the Advisers Act, and its successors; and

BlackRock Advisors, LLC ( ***BAL*** ), a primary investment adviser that is registered under the Advisers Act, and its successors;

The investment vehicles identified in Appendix A, each of which is a separate and distinct legal entity and would be an investment company but for Section 3(c)(1) or 3(c)(7) of the Act (the ***Existing Affiliated Funds***, and together with BCIC, BCSF, TCPC, SVCP, TCPC Funding, TCPC SBIC, TCPC SBIC GP, BlackRock Capital Advisor, BAL, TCP, and SVOF/MM, the ***Applicants*** ).

C. Defined Terms

***Adviser*** means any Existing Adviser and any Future Adviser (defined below); provided that an Adviser serving as a sub-adviser to an Affiliated Fund is included in this term only if such Adviser controls the Co-Investment Program of the entity.[7] The term Adviser does not include BAL or any other investment adviser to an Affiliated Fund or a Regulated Fund (defined below) whose sub-adviser is an Adviser, except that such investment adviser is deemed to be an Adviser for purposes of Conditions 2(c)(iv), 13 and 14 only. BAL and any investment adviser to an Affiliated Fund or a Regulated Fund whose sub-adviser is an Adviser will not source[8] any Potential Co-Investment Transactions under the requested Order.

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The term successor, as applied to an Adviser (as defined below), means an entity that results from a reorganization into another jurisdiction or change in the type of business organization.

[7] With respect to BCSF, or any other entity where an Adviser is responsible for only a sleeve or portion of the entity s assets, controls the Co-Investment Program of the entity refers to only such sleeve or portion.

[8] As used herein, source means to be responsible for evaluating, and making investment and allocation decisions with respect to, a Potential Co-Investment Transaction.

***Affiliated Fund*** means any Existing Affiliated Fund or any entity (a) whose investment adviser or sub-adviser is an Adviser, (b) that would be an investment company but for Section 3(c)(1), 3(c)(5)(C) or 3(c)(7) of the Act, (c) that is not a BDC Downstream Fund, and (d) that intends to participate in the Co-Investment Program; provided that an entity sub-advised by an Adviser is included in this term only if such Adviser serving as sub-adviser controls the Co-Investment Program of the entity. No Existing Affiliated Fund is a BDC Downstream Fund.

***BCIC Fund*** means BCIC or any BCIC Downstream Fund.

***BCIC Downstream Fund*** means a BDC Downstream Fund that BCIC directly or indirectly controls. Currently, the only BCIC Downstream Fund is Gordon Brothers. BCIC owns 80% of the equity, and has sole control, of Gordon Brothers. Gordon Brothers is a commercial finance company that is excluded from investment company status under Section 3(a).

***BDC*** means a business development company under the Act.[9]

***BDC Downstream Fund*** means, either (a) with respect to BCIC, Gordon Brothers or (b) with respect to any Regulated Fund that is a BDC, an entity (i) that the BDC directly or indirectly controls, (ii) that is not controlled by any person other than the BDC (except a person that indirectly controls the entity solely because it controls the BDC), (iii) that would be an investment company but for Section 3(c)(1) or 3(c)(7) of the Act, (iv) whose investment adviser or sub-adviser is an Adviser, (v) that is not a Wholly-Owned Investment Sub and (vi) that intends to participate in the Co-Investment Program.

***Board*** means (i) with respect to a Regulated Fund other than a BDC Downstream Fund, the board of directors (or the equivalent) of the Regulated Fund and (ii) with respect to a BDC Downstream Fund, the Independent Party of the BDC Downstream Fund.

***Board-Established Criteria*** means criteria that the Board of a Regulated Fund may establish from time to time to describe the characteristics of Potential Co-Investment Transactions regarding which the Adviser to the Regulated Fund should be notified under Condition 1. The Board-Established Criteria will be consistent with the Regulated Fund s Objectives and Strategies. If no Board-Established Criteria are in effect, then the Regulated Fund s Adviser will be notified of all Potential Co-Investment Transactions that fall within the Regulated Fund s then-current Objectives and Strategies. Board-Established Criteria will be objective and testable, meaning that they will be based on observable information, such as industry/sector of the issuer, minimum EBITDA of the issuer, asset class of the investment opportunity or required commitment size, and not on characteristics that involve a discretionary assessment. The Adviser to the Regulated Fund may from time to time recommend criteria for the Board s consideration, but Board-Established Criteria will only become effective if approved by a majority of the Independent Directors. The Independent Directors of a Regulated Fund may at any time rescind, suspend or qualify their approval of any Board-Established Criteria, though Applicants anticipate that, under normal circumstances, the Board would not modify these criteria more often than quarterly.

[9] Section 2(a)(48) defines a BDC to be any closed-end investment company that operates for the purpose of making investments in securities described in Section 55(a)(1) through 55(a)(3) and makes available significant managerial assistance with respect to the issuers of such securities.

***Close Affiliate*** means the Advisers, the other Regulated Funds, the Affiliated Funds and any other person described in Section 57(b) (after giving effect to Rule 57b-1) in respect of any Regulated Fund (treating any registered investment company or series thereof as a BDC for this purpose) except for limited partners included solely by reason of the reference in Section 57(b) to Section 2(a)(3)(D).

***Co-Investment Transaction*** means any transaction in which a Regulated Fund (or its Wholly-Owned Investment Sub (defined below)) participated together with one or more Affiliated Funds and/or one or more other Regulated Funds in reliance on the Order.

***Disposition*** means the sale, exchange or other disposition of an interest in a security of an issuer.

***Eligible Directors*** means, with respect to a Regulated Fund and a Potential Co-Investment Transaction, the members of the Regulated Fund s Board eligible to vote on that Potential Co-Investment Transaction under Section 57(o) of the Act (treating any registered investment company or series thereof as a BDC for this purpose).

***Follow-On Investment*** means an additional investment in the same issuer, including, but not limited to, through the exercise of warrants, conversion privileges or other rights to purchase securities of the issuer.

***Future Adviser*** means any future investment adviser that (i) is controlled by BlackRock Capital Advisor, (ii) (a) is registered as an investment adviser under the Advisers Act or (b) is a relying adviser of an investment adviser that is registered under the Advisers Act and that is controlled BlackRock Capital Advisor, and (iii) is not a Regulated Fund or a subsidiary of a Regulated Fund.

***Future Regulated Fund*** means a closed-end management investment company (a) that is registered under the Act or has elected to be regulated as a BDC, (b) whose investment adviser or sub-adviser is an Adviser, and (c) that intends to participate in the Co-Investment Program.

***Independent Director*** means a member of the Board of any relevant entity who is not an interested person as defined in Section 2(a)(19) of the Act. No Independent Director of a Regulated Fund (including any non-interested member of an Independent Party) will have a financial interest in any Co-Investment Transaction, other than indirectly through share ownership in one of the Regulated Funds.

***Independent Party*** means, with respect to a BDC Downstream Fund, (i) if the BDC Downstream Fund has a board of directors (or the equivalent), the board or (ii) if the BDC Downstream Fund does not have a board of directors (or the equivalent), a transaction committee or advisory committee of the BDC Downstream Fund.

***JT No-Action Letters*** means SMC Capital, Inc., SEC No-Action Letter (pub. avail. Sept. 5, 1995) and Massachusetts Mutual Life Insurance Company, SEC No-Action Letter (pub. avail. June 7, 2000).

***Objectives and Strategies*** means (i) with respect to any Regulated Fund other than a BDC Downstream Fund, its investment objectives and strategies, as described in its most current registration statement on Form N-2, other current filings with the Commission under the Securities Act of 1933 (the ***Securities Act***) or under the Securities Exchange Act of 1934, as amended, and its most current report to stockholders, and (ii) with respect to any BDC Downstream Fund, those investment objectives and strategies described in its disclosure documents (including private placement memoranda and reports to equity holders) and organizational documents (including operating agreements).

***Potential Co-Investment Transaction*** means any investment opportunity in which a Regulated Fund (or its Wholly-Owned Investment Sub) could not participate together with one or more Affiliated Funds and/or one or more other Regulated Funds without obtaining and relying on the Order.

***Pre-Boarding Investments*** are investments in an issuer held by a Regulated Fund as well as one or more Affiliated Funds and/or one or more other Regulated Funds that were acquired prior to participating in any Co-Investment Transaction:

i.) in transactions in which the only term negotiated by or on behalf of such funds was price in reliance on one of the JT No-Action Letters; or

ii.) in transactions occurring at least 90 days apart and without coordination between the Regulated Fund and any Affiliated Fund or other Regulated Fund.

***Regulated Funds*** means BCIC, TCPC, the Future Regulated Funds and the BDC Downstream Funds.

***Related Party*** means (i) any Close Affiliate and (ii) in respect of matters as to which any Adviser has knowledge, any Remote Affiliate.

***Remote Affiliate*** means any person described in Section 57(e) in respect of any Regulated Fund (treating any registered investment company or series thereof as a BDC for this purpose) and any limited partner holding 5% or more of the relevant limited partner interests that would be a Close Affiliate but for the exclusion in that definition.

***Required Majority*** means a required majority, as defined in Section 57(o) of the Act.[10]

***SBA*** means the Small Business Administration.

***SBA Act*** means the Small Business Investment Act of 1958, as amended.

***SBIC Subsidiary*** means a wholly-owned consolidated subsidiary that is licensed by the SBA to operate under the SBA Act as a small business investment company.

[10] In the case of a Regulated Fund that is a registered closed-end fund, the Board members that make up the Required Majority will be determined as if the Regulated Fund were a BDC subject to Section 57(o). In the case of a BDC Downstream Fund with a board of directors (or the equivalent), the members that make up the Required Majority will be determined as if the BDC Downstream Fund were a BDC subject to Section 57(o). In the case of a BDC Downstream Fund with a transaction committee or advisory committee, the committee members that make up the Required Majority will be determined as if the BDC Downstream Fund were a BDC subject to Section 57(o) and as if the committee members were directors of the fund.

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***Tradable Security*** means a security that meets the following criteria at the time of Disposition:

(i) it trades on a national securities exchange or designated offshore securities market as defined in rule 902(b) under the Securities Act;

(ii) it is not subject to restrictive agreements with the issuer or other security holders; and

(iii) it trades with sufficient volume and liquidity (findings as to which are documented by the Advisers to any Regulated Funds holding investments in the issuer and retained for the life of the Regulated Fund) to allow each Regulated Fund to dispose of its entire position remaining after the proposed Disposition within a short period of time not exceeding 30 days at approximately the value (as defined by section 2(a)(41) of the Act) at which the Regulated Fund has valued the investment.

***Wholly-Owned Investment Sub*** means an entity (i) that is wholly-owned by a Regulated Fund (with such Regulated Fund at all times holding, beneficially and of record, directly or indirectly, 100% of the voting and economic interests); (ii) whose sole business purpose is to hold one or more investments on behalf of such Regulated Fund (and, in the case of an SBIC Subsidiary, maintain a license under the SBA Act and issue debentures guaranteed by the SBA); (iii) with respect to which such Regulated Fund s Board has the sole authority to make all determinations with respect to the entity s participation under the Conditions to this application; and (iv) that would be an investment company but for Section 3(c)(1) or 3(c)(7) of the Act.

## II. APPLICANTS

A. BCIC Funds

BCIC is a Delaware corporation organized as a closed-end management investment company that has elected to be regulated as a BDC under Section 54(a) of the 1940 Act. BCIC was organized on April 13, 2005 and gave notice of its intent to be regulated as a BDC by filing a Form N-54A with the Commission on July 22, 2005. On July 2, 2007, BCIC closed its initial public offering. BCIC s investment adviser is Blackrock Capital Advisor.

BCIC s Objectives and Strategies are to generate both current income and capital appreciation through debt and equity investments. BCIC invests primarily in middle-market companies in the form of senior and junior secured, unsecured and subordinated debt securities and loans, each of which may include an equity component, and by making direct preferred, common and other equity investments in such companies.

BCIC uses the term middle-market to refer to companies with annual revenues typically between $50 million and $1 billion and its targeted investment typically ranges between $10 million and $50 million, although the investment sizes may be more or less than the targeted range and the size of its investments may grow with its capital availability. BCIC generally seeks to invest in companies that operate in a broad variety of industries and that generate positive cash flows. Although most of BCIC s investments are in senior and junior secured, unsecured and subordinated loans to U.S. private and certain public middle-market companies, BCIC invests throughout the capital structure of its portfolio companies, which may include BCIC receiving common and preferred equity, options and warrants, credit derivatives, high-yield bonds, distressed debt and other structured securities, as part of an investment in a portfolio company.

BCIC is managed by a Board currently comprised of seven persons, six of whom are Independent Directors. BCIC has elected to be treated for federal income tax purposes as a regulated investment company ( ***RIC*** ) under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended (the ***Code*** ).

BCIC owns 80% of the equity, and has sole control, of Gordon Brothers, a BCIC Downstream Fund. Gordon Brothers is a commercial finance company that is excluded from investment company status under Section 3(a). If Applicants receive the requested Order, Gordon Brothers will be permitted to co-invest with other Regulated Funds and with Affiliated Funds.

B. BlackRock Credit Strategies Fund

BCSF is organized as a statutory trust under the laws of Delaware. The Fund was organized as a Delaware statutory trust on August 27, 2018, pursuant to a Certificate of Trust, governed by the laws of the State of Delaware. BCSF is registered as a non-diversified, closed-end management investment company under the 1940 Act.

BCSF s investment objective is to seek to provide high income and attractive risk-adjusted returns. Under normal conditions, the Fund intends to invest at least 80% of its Managed Assets[11] in fixed-income securities, with an emphasis on public and private corporate credit.

BCSF intends to invest across multiple credit sectors and employ multiple strategies. As part of its strategy, BCSF will seek to invest in select less liquid or illiquid private credit investments, generally to corporate borrowers, that its investment adviser believes present the potential for higher yield and capital appreciation versus more liquid portions of its portfolio.

BAL will serve as BCSF s investment adviser and BCIA will serve as one of BCSF s sub-advisers and will be responsible for the day-to-day management of a sleeve of BCSF s portfolio.

BCSF will be managed by a board of trustees. A majority of BCSF s trustees will be Independent Trustees. BCSF intends to elect to be treated and to qualify for federal income tax purposes as a RIC under Subchapter M of the Code.

C. TCPC, SVCP, TCPC Funding, TCPC SBIC, and TCPC SBIC GP

TCPC is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Delaware. Special Value Continuation Fund, LLC, TCPC s predecessor, was originally organized on July 17, 2006, commenced operations on July 31, 2006 and registered as a non-diversified closed-end management investment company under the Act. TCPC was originally formed as a limited liability company under the laws of the State of Delaware and converted to a Delaware corporation on April 2, 2012. TCPC elected to be regulated as a BDC on April 2, 2012. In connection with its initial public offering, TCPC filed a registration statement on Form N-2 (File No. 333-172669) under the Securities Act. TCPC completed an initial public offering of its common stock, par value $0.001, in April 2012, and has raised additional capital through subsequent debt and equity offerings from time to time, as well as through the use of revolving credit facilities.

[11] Managed Assets means the total assets of BCSF (including any assets attributable to money borrowed for investment purposes) minus the sum of BCSF s accrued liabilities (other than money borrowed for investment purposes).

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SVCP was originally formed as a limited partnership under the laws of the State of Delaware and converted to a limited liability company under the laws of the State of Delaware on August 2, 2018. SVCP elected to be regulated as a BDC at the same time as TCPC; however, pursuant to approval from TCPC s stockholders, withdrew its election to be regulated as a BDC on August 1, 2018. SVCP is a wholly-owned subsidiary of TCPC. SVCP has entered into a $100.0 million revolving, multi-currency credit facility.

TCPC Funding was formed as a limited liability company under the laws of the State of Delaware and is a wholly-owned subsidiary of SVCP. TCPC Funding has entered into a $350.0 million senior secured revolving credit facility.

TCPC s investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. It seeks to achieve this investment objective primarily through investments in debt securities of middle-market companies and its primary investment focus is investing in and originating leveraged loans to performing middle-market companies, which it typically defines as those with enterprise values between $100 million and $1.5 billion. While TCPC primarily focuses on privately negotiated investments in debt of middle-market companies, it makes investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with its debt investments.

TCPC has qualified and elected to be treated as a RIC under Subchapter M of the Code and intends to continue to qualify as a RIC in the future.

TCPC s business and affairs are managed under the direction of its Board. TCPC has an eight-member Board, six of whom are Independent Directors.

TCPC has entered into an investment management agreement (the ***TCPC Management Agreement*** ) with TCP, under which TCP, subject to the overall supervision of TCPC s Board, manages the day-to-day operations of, and provides investment advisory services to, TCPC. Series H of SVOF/MM serves as TCPC s administrator pursuant to an administration agreement (the ***TCPC Administration Agreement*** ).

TCPC SBIC was organized as a limited partnership under the laws of the state of Delaware on June 12, 2013, and submitted an application for a license to operate as an SBIC under the SBA Act with the SBA on June 28, 2013 and the application was accepted for filing on July 23, 2013 (the ***SBIC Application*** ). TCPC SBIC has the same investment objective and strategies as TCP, as summarized above. TCPC SBIC is an SBIC Subsidiary.

On April 17, 2014, TCPC SBIC received an SBIC license from the SBA. As a result, TCPC now has the ability to issue, through TCPC SBIC, debentures guaranteed by the SBA at favorable interest rates. TCPC SBIC will not be registered under the Act based on the exclusion from the definition of investment company contained in Section 3(c)(7). SVCP directly owns a 100% limited partnership interest in TCPC SBIC.

TCPC SBIC GP was organized as a limited liability company under the laws of the state of Delaware on June 12, 2013, and is a wholly-owned subsidiary of SVCP, which is the sole member of the TCPC SBIC GP. TCPC SBIC GP is the sole general partner of TCPC SBIC.

TCPC effectively controls TCPC SBIC because TCPC SBIC GP is a wholly-owned subsidiary of SVCP. TCPC s Board may remove the managers of TCPC SBIC GP with or without cause, subject to SBA approval. Moreover, SVCP owns all of the limited partnership interests of TCPC SBIC, and believes that its oversight of TCPC SBIC is appropriate to protect TCPC s interests. Accordingly, TCPC s Board effectively has the power to exercise authority and provide oversight with respect to TCPC SBIC and will in fact exercise such authority and provide such oversight.

Subject to the overall supervision of TCPC s Board, TCP serves as the investment adviser to TCPC SBIC pursuant to a management services agreement dated as of February 20, 2014 (as amended and re-approved from time to time by TCPC s Board, the ***SBIC Management Services Agreement,*** and together with the TCPC Management Agreement, the ***TCP Management Agreements***).

On February 7, 2014, TCPC, SVCP, TCPC SBIC, TCPC SBIC GP and TCP Adviser filed an application with the Commission for an order pursuant to Section 6(c) granting exemptions from Sections 18(a) and 61(a). On July 13, 2015, the Commission issued an order (the ***SBIC Order***[12]) permitting TCPC to adhere to a modified asset coverage requirement under Section 61 with respect to any direct or indirect wholly-owned subsidiary of TCPC that is an SBIC and relies on Section 3(c)(7) for an exemption from the definition of an investment company under the Act.

D. Blackrock Capital Advisor

BlackRock Capital Advisor is an indirect wholly-owned subsidiary of BlackRock, Inc., which is a New York based global investment management firm. BlackRock Capital Advisor is a Delaware limited liability company and an investment adviser that is registered with the Commission under the Advisers Act. BlackRock Capital Advisor serves as investment adviser to BCIC and will serve as investment adviser to Middle Market Senior Fund, L.P. and sub-adviser to BCSF. BlackRock Capital Advisor manages BCIC s portfolio in accordance with BCIC s Objectives and Strategies. BlackRock Capital Advisor makes investment decisions for BCIC, including placing purchase and sale orders for portfolio transactions and otherwise managing the day-to-day operations of BCIC, subject to the oversight of BCIC Board.

12 TCP Capital Corp. *et al*. Investment Company Act Release Nos. 31670 (June 15, 2015) (notice) and 31712 (July 13, 2015) (order).

E. Tennenbaum Capital Partners, LLC

TCP is a wholly-owned subsidiary of BlackRock Capital Advisor. TCP, a Delaware limited liability company registered under the Advisers Act, serves as the investment adviser to TCPC pursuant to the TCPC Management Agreement and TCPC SBIC pursuant to the SBIC Management Services Agreement. Subject to the overall supervision of TCPC s Board, TCP manages the day-to-day operations of, and provides investment advisory and management services to, such funds. Under the terms of the TCP Management Agreements, TCP determines the composition of each fund s portfolio, the nature and timing of the changes to each fund s portfolio, and the manner of implementing such changes; identifies, evaluates, and negotiates the structure of the investments each fund makes (including performing due diligence on each fund s prospective portfolio companies); closes, monitors and, when and where applicable, restructures the investments each fund makes; and determines the investments and other assets that each fund purchases, retains, or sells.

F. SVOF/MM, LLC

SVOF/MM is a wholly-owned subsidiary of BlackRock Capital Advisor. SVOF/MM is an investment adviser registered under the Advisers Act. Pursuant to the TCPC Administration Agreement, Series H of SVOF/MM furnishes TCPC with the facilities and administrative services necessary to conduct our day-to-day operations, including equipment, clerical, bookkeeping and recordkeeping services at such facilities. In addition, Series H of SVOF/MM assists TCPC in connection with the determination and publishing of TCPC s net asset value, the preparation and filing of tax returns and the printing and dissemination of reports to TCPC s stockholders. Certain classes and series of SVOF/MM also serve as managing member and/or investment adviser to certain Existing Affiliated Funds.

G. BlackRock Advisors, LLC

BAL, a Delaware limited liability company that is registered with the Commission as an investment adviser under the Advisers Act, will serve as the investment adviser to BCSF[13] and may serve as the investment adviser to Future Regulated Funds and Future Affiliated Funds that are sub-advised by an Adviser. BAL is an indirect wholly-owned subsidiary of BlackRock, Inc. As BlackRock, Inc. controls BAL, it may be deemed to control the Regulated Funds and the Affiliated Funds. However, BlackRock, Inc. is not a registered investment adviser and has not been included as an Applicant. BAL will not source any Potential Co-investment Transactions under the requested Order.

BCIA, as one of the sub-advisers to BCSF, will have the ability to monitor and comply with the Conditions of this Application in respect of BCSF s investments in the Co-Investment Program. However, as BAL is a Section 17 affiliate of the Existing Advisers, BAL has been added as an Applicant in order to be able to rely on the Order.

[13] For the avoidance of doubt, BAL will not be treated as an Adviser under the requested Order, but will be subject to
Conditions 2(c)(iv), 13 and 14.

H. Existing Affiliated Funds

TCP is the investment adviser to all the Existing Affiliated Funds, except for four, three of which has Series I of SVOF/MM as its investment adviser and the other of which has BlackRock Capital Advisor as its investment adviser. A complete list of the Existing Affiliated Funds is included in Appendix A.

## III. ORDER REQUESTED

The Applicants respectfully request an Order of the Commission under Sections 17(d) and 57(i) and Rule 17d-1 thereunder to permit, subject to the terms and Conditions set forth below in this Application, a Regulated Fund and one or more other Regulated Funds and/or one or more Affiliated Funds to enter into Co-Investment Transactions with each other.

The Regulated Funds and the Affiliated Funds seek relief to enter into Co-Investment Transactions because such Co-Investment Transactions would otherwise be prohibited by either or both of Section 17(d) or Section 57(a)(4) and the Rules under the Act without an exemptive order from the Commission. This Application seeks relief in order to (i) enable the Regulated Funds and Affiliated Funds to avoid, among other things, the practical commercial and/or economic difficulties of trying to structure, negotiate and persuade counterparties to enter into transactions while awaiting the granting of the relief requested in individual applications with respect to each Co-Investment Transaction that arises in the future and (ii) enable the Regulated Funds and the Affiliated Funds to avoid the significant legal and other expenses that would be incurred in preparing such individual applications.

Similar to precedent, Applicants seek relief that would permit Co-Investment Transactions in the form of initial investments, Follow-On Investments and Dispositions of investments in an issuer. In these cases, the terms and Conditions of this Application would govern the entire lifecycle of an investment with respect to a particular issuer, including both the initial investment and any subsequent transactions. Similar to certain precedents, the Applicants also seek the ability to make Follow-On Investments and to dispose of investments in issuers where the Regulated Funds and Affiliated Funds did not make their initial investments in reliance on the Order. The Applicants seek this flexibility because the Regulated Funds and Affiliated Funds may, at times, invest in the same issuer without engaging in a prohibited joint transaction but then find that subsequent transactions with that issuer would be prohibited under the Act. Through the proposed onboarding process, discussed below, the Applicants would, under certain circumstances, be permitted to rely on the Order to complete subsequent Co-Investment Transactions. In Section A.1. below, the Applicants first discuss the overall investment process that would apply to initial investments under the Order as well as subsequent transactions with issuers under the Order. In Sections A.3. and A.4. below, the Applicants discuss additional procedures that apply to Follow-On Investments and Dispositions, including the onboarding process that applies when initial investments were made without relying on the Order.

A. Overview

Applicants include multiple advisers that manage numerous funds and separate accounts with a wide variety of mandates and aggregate assets of approximately $10 billion as of June 30, 2018. These clients currently include three BDCs that are regulated under the Act. Each Adviser manages the assets entrusted to it by its clients in accordance with its fiduciary duty to those clients and, in the case of the BDCs, the Act.

The Advisers have established rigorous processes for ensuring compliance with the Prior Orders and for allocating initial investment opportunities, opportunities for subsequent investments in an issuer and dispositions of securities holdings reasonably designed to treat all clients fairly and equitably. As discussed below, these processes will be extended and modified in a manner reasonably designed to ensure that the additional transactions permitted under the Order will both (i) be fair and equitable to the Regulated Funds and the Affiliated Funds and (ii) comply with the Conditions contained in the Order.

1. The Investment Process

The investment process consists of three stages: (i) the identification and consideration of investment opportunities (including follow-on investment opportunities); (ii) order placement and allocation; and (iii) consideration by each applicable Regulated Fund s Board when a Potential Co-Investment Transaction is being considered by one or more Regulated Funds, as provided by the Order.

(a) Identification and Consideration of Investment Opportunities

The Advisers are organized and managed such that the individual portfolio managers, as well as the teams and committees of portfolio managers, analysts and senior management ( ***Investment Teams*** *and* ***Investment Committees*** ),[14] responsible for evaluating investment opportunities and making investment decisions on behalf of clients are promptly notified of the opportunities.

Opportunities for Potential Co-Investment Transactions may arise when investment advisory personnel of an Adviser become aware of investment opportunities that may be appropriate for one or more Regulated Funds and one or more Affiliated Funds. If the requested Order is granted, the Advisers will establish, maintain and implement policies and procedures reasonably designed to ensure that, when such opportunities arise, the Advisers to the relevant Regulated Funds are promptly notified and receive the same information about the opportunity as any other Advisers considering the opportunity for their clients. In particular, consistent with Condition 1, if a Potential Co-Investment Transaction falls within the then-current Objectives and Strategies and any Board-Established Criteria of a Regulated Fund, the policies and procedures will require that the relevant portfolio managers, Investment Teams and/or Investment Committees responsible for that Regulated Fund receive sufficient information to allow the Regulated Fund s Adviser to make its independent determination and recommendations under Conditions 1, 2(a), 6, 7, 8 and 9 (as applicable).[15] In addition, the policies and procedures will specify the individuals or roles responsible for carrying out the policies and procedures, including ensuring that the Advisers receive such information. After receiving notification of a Potential Co-Investment Transaction under Condition 1(a), the Adviser to each applicable Regulated Fund, working through the applicable portfolio manager, or in conjunction with any applicable Investment Team or Investment Committee, will then make an independent determination of the appropriateness of the investment for the Regulated Fund in light of the Regulated Fund s then-current circumstances.

[14] Investment Teams and Investment Committees responsible for an area of investment may include portfolio managers, analysts and senior management from among one or more of the Advisers.

[15] Representatives from each Adviser to a Regulated Fund are members of each Investment Team or Investment Committee, or are otherwise entitled to participate in each meeting of any Investment Team or Investment Committee, that is expected to approve or reject recommended investment opportunities falling within its Regulated Funds Objectives and Strategies and Board-Established Criteria. Accordingly, the policies and procedures may provide, for example, that the Adviser will receive the information required under Condition 1 in conjunction with its representatives participation in the relevant Investment Team or Investment Committee. The

Investment Teams and Investment Committees will keep minutes of their meetings, and such minutes will include reference to the specific investment opportunities considered at the meeting.

Applicants represent that, if the requested Order is granted, the investment advisory personnel of the Advisers to the Regulated Funds will be charged with making sure they identify, and participate in this process with respect to, each investment opportunity that falls within the Objectives and Strategies and Board-Established Criteria of each Regulated Fund. Applicants assert that the Advisers allocation policies and procedures are structured so that the relevant investment advisory personnel for each Regulated Fund will be promptly notified of all Potential Co-Investment Transactions that fall within the then-current Objectives and Strategies and Board-Established Criteria of such Regulated Fund and that the Advisers will undertake to perform these duties regardless of whether the Advisers serve as investment adviser or sub-adviser to the Regulated Fund or Affiliated Funds.

(b) Order Placement and Allocation

General. If the Adviser to a Regulated Fund deems the Regulated Fund s participation in any Potential Co-Investment Transaction to be appropriate, it will, working through the applicable portfolio manager or in conjunction with any applicable Investment Team or Investment Committee, formulate a recommendation regarding the proposed order amount for the Regulated Fund. In doing so, the Adviser and any applicable Investment Team or Investment Committee may consider such factors, among others, as investment guidelines, issuer, industry and geographical concentration, committed capital, availability of cash and other opportunities for which cash is needed, tax considerations, leverage covenants, regulatory constraints (such as requirements under the Act), investment horizon, potential liquidity needs, and the Regulated Fund s risk concentration policies.

Allocation Procedure. For each Regulated Fund and Affiliated Fund whose Adviser recommends participating in a Potential Co-Investment Transaction, the Adviser will formulate a proposed order amount. Prior to the External Submission (as defined below), each proposed order amount may be reviewed and adjusted, in accordance with the Advisers written allocation policies and procedures, by an allocation committee for the area in question (e.g., credit, private equity, real estate) on which senior management, legal and compliance personnel from that area participate or, in the case of issues involving multiple areas, an Adviser-wide allocation committee on which senior management, legal and compliance personnel for the Advisers participate.[16] The order of a Regulated Fund or Affiliated Fund resulting from this process is referred to as its ***Internal Order*** . The Internal Order will be submitted for approval by the Required Majority of any participating Regulated Funds in accordance with the Conditions and as discussed in Section III.A.1.c. below.

16 The reason for any such adjustment to a proposed order amount will be documented in writing and preserved in the records of the Advisers.

If the aggregate Internal Orders for a Potential Co-Investment Transaction do not exceed the size of the investment opportunity immediately prior to the submission of the orders to the underwriter, broker, dealer or issuer, as applicable (the ***External Submission*** ), then each Internal Order will be fulfilled as placed. If, on the other hand, the aggregate Internal Orders for a Potential Co-Investment Transaction exceed the size of the investment opportunity immediately prior to the External Submission, then the allocation of the opportunity will be made pro rata on the basis of the size of the Internal Orders.[17] If, subsequent to such External Submission, the size of the opportunity is increased or decreased, or if the terms of such opportunity, or the facts and circumstances applicable to the Regulated Funds or the Affiliated Funds consideration of the opportunity, change, the participants will be permitted to submit revised Internal Orders in accordance with written allocation policies and procedures that the Advisers will establish, implement and maintain; *provided* that, if the size of the opportunity is decreased such that the aggregate of the original Internal Orders would exceed the amount of the remaining investment opportunity, then upon submitting any revised order amount to the Board of a Regulated Fund for approval, the Adviser to the Regulated Fund will also notify the Board promptly of the amount that the Regulated Fund would receive if the remaining investment opportunity were allocated pro rata on the basis of the size of the original Internal Orders. The Board of the Regulated Fund will then either approve or disapprove of the investment opportunity in accordance with Condition 2, 6, 7, 8 or 9, as applicable.

Compliance. The Applicants represent that the Advisers allocation review process is a robust process designed as part of their overall compliance policies and procedures to ensure that every client is treated fairly and that the Advisers are following their allocation policies. The entire allocation process is monitored and reviewed by the compliance team, led by the chief compliance officer, and approved by the Board of each Regulated Fund as it applies to such Regulated Fund.

(c) Approval of Potential Co-Investment Transactions

A Regulated Fund will enter into a Potential Co-Investment Transaction with one or more other Regulated Funds and/or Affiliated Funds only if, prior to the Regulated Fund s participation in the Potential Co-Investment Transaction, the Required Majority approves it in accordance with the Conditions of this Order.

In the case of a BDC Downstream Fund with an Independent Party consisting of a transaction committee or advisory committee, the individuals on the committee would possess experience and training comparable to that of the directors of the parent Regulated Fund and sufficient to permit them to make informed decisions on behalf of the applicable BDC Downstream Fund. The use of Independent Parties for BDC Downstream Funds results in a standard of approval that Applicants believe is equally as stringent as the standard of approval that a board of directors would apply. Most importantly, Applicants represent that the Independent Parties of the BDC Downstream Funds would be bound (by law or by contract enforceable by such Independent Party) by fiduciary duties comparable to those applicable to the directors of the parent Regulated Fund, including a duty to act in the best interests of their respective funds when approving transactions. These duties would apply in the case of all Potential Co-Investment Transactions, including transactions that could present a conflict of interest.

[17] The Advisers will maintain records of all proposed order amounts, Internal Orders and External Submissions in conjunction with Potential Co-Investment Transactions. Each applicable Adviser will provide the Eligible Directors with information concerning the Affiliated Funds and Regulated Funds order sizes to assist the Eligible Directors with their review of the applicable Regulated Fund s investments for compliance with the Conditions.

Further, Applicants believe that the existence of differing routes of approval between the BDC Downstream Funds and other Regulated Funds would not result in Applicants investing through the BDC Downstream Funds in order to avoid obtaining the approval of a Regulated Fund s Board. Each Regulated Fund and BDC Downstream Fund has its own Objectives and Strategies and may have its own Board-Established Criteria, the implementation of which depends on the specific circumstances of the entity s portfolio at the time an investment opportunity is presented. As noted above, consistent with its duty to its BDC Downstream Funds, the Independent Party must reach a conclusion on whether or not an investment is in the best interest of its relevant BDC Downstream Funds. An investment made solely to avoid an approval requirement at the Regulated Fund level should not be viewed as in the best interest of the entity in question and, thus, would not be approved by the Independent Party.

Applicants represent that the use of Independent Parties has been common practice in institutional funds for many years and sophisticated investors, including global institutional investors, have relied on their presence in fund structures to ensure equitable treatment. Moreover, although a traditional board of directors would not be required to approve Co-Investment Transactions for a BDC Downstream Fund, a Board of a Regulated Fund would be required, as part of the overall duty of care that it owes to that Regulated Fund and its shareholders, to monitor the Co-investment Transaction activity of the Regulated Fund s respective BDC Downstream Funds to ensure that no pattern of abuse was extant.

A Regulated Fund may participate in Pro Rata Dispositions and Pro Rata Follow-On Investments (as each term is defined below) without obtaining prior approval of the Required Majority in accordance with Conditions 6(c)(i) and 8(b)(i).

2. Delayed Settlement

All Regulated Funds and Affiliated Funds participating in a Co-Investment Transaction will invest at the same time, for the same price and with the same terms, conditions, class, registration rights and any other rights, so that none of them receives terms more favorable than any other. However, the settlement date for an Affiliated Fund in a Co-Investment Transaction may occur up to ten business days after the settlement date for the Regulated Fund, and vice versa, for one of two reasons. First, this may occur when the Affiliated Fund or Regulated Fund is not yet fully funded because, when the Affiliated Fund or Regulated Fund desires to make an investment, it must call capital from its investors to obtain the financing to make the investment, and in these instances, the notice requirement to call capital could be as much as ten business days. Accordingly, if a fund has called committed capital from its investors but the investors have not yet funded the capital calls, it may need to delay settlement during the notice period. Second, delayed settlement may also occur where, for tax or regulatory reasons, an Affiliated Fund or Regulated Fund does not purchase new issuances immediately upon issuance but only after a short seasoning period of up to ten business days. Nevertheless, in all cases, (i) the date on which the commitment of the Affiliated Funds and Regulated Funds is made will be the same even where the settlement date is not, and (ii) the earliest settlement date and the latest settlement date of any Affiliated Fund or Regulated Fund participating in the transaction will occur within ten business days of each other.

Applicants believe that an earlier or later settlement date does not create any additional risk for the Regulated Funds. As described above, the date of commitment will be the same and all other terms, including price, will be the same. Further, the investments by the Regulated Funds and the Affiliated Funds will be independent from each other, and a Regulated Fund would never take on the risk of holding more of a given security than it would prefer to hold in the event that an Affiliated Fund or another Regulated Fund did not settle as expected.

3. Permitted Follow-On Investments and Approval of Follow-On Investments

From time to time the Regulated Funds and Affiliated Funds may have opportunities to make Follow-On Investments in an issuer in which a Regulated Fund and one or more other Regulated Funds and/or Affiliated Funds previously have invested and continue to hold an investment. If the Order is granted, Follow-On Investments will be made in a manner that, over time, is fair and equitable to all of the Regulated Funds and Affiliated Funds and in accordance with the proposed procedures discussed above and with the Conditions of the Order.

The Order would divide Follow-On Investments into two categories depending on whether the Regulated Funds and Affiliated Funds holding investments in the issuer previously participated in a Co-Investment Transaction with respect to the issuer and continue to hold any securities acquired in a Co-Investment Transaction for that issuer. If such Regulated Funds and Affiliated Funds have previously participated in a Co-Investment Transaction with respect to the issuer and only such funds are participating in the Follow-On Investment, then the terms and approval of the Follow-On Investment would be subject to the process discussed in Section III.A.3.a. below and governed by Condition 8. These Follow-On Investments are referred to as Standard Review Follow-Ons. If such Regulated Funds and Affiliated Funds hold Pre-Boarding Investments and have not previously participated in a Co-Investment Transaction with respect to the issuer and only such funds are participating in the Follow-On Investment, then the terms and approval of the Follow-On Investment would be subject to the onboarding process discussed in Section III.A.3.b. below and governed by Condition 9. These Follow-On Investments are referred to as Enhanced Review Follow-Ons.

(a) Standard Review Follow-Ons

A Regulated Fund may invest in Standard Review Follow-Ons either with the approval of the Required Majority using the procedures required under Condition 8(c) or, where certain additional requirements are met, without Board approval under Condition 8(b).

A Regulated Fund may participate in a Standard Review Follow-On without obtaining the prior approval of the Required Majority if it is (i) a Pro Rata Follow-On Investment or (ii) a Non-Negotiated Follow-On Investment.

A ***Pro Rata Follow-On Investment*** is a Follow-On Investment (i) in which the participation of each Affiliated Fund and each Regulated Fund is proportionate to its outstanding investments in the issuer or security, as appropriate,[18] immediately preceding the Follow-On Investment, and (ii) in the case of a Regulated Fund, a majority of the Board has approved the Regulated Fund s participation in the pro rata Follow-On Investments as being in the best interests of the Regulated Fund. The Regulated Fund s Board may refuse to approve, or at any time rescind, suspend or qualify, their approval of Pro Rata Follow-On Investments, in which case all subsequent Follow-On Investments will be submitted to the Regulated Fund s Eligible Directors in accordance with Condition 8(c).

[18] *See* note 33, below.

16

A ***Non-Negotiated Follow-On Investment*** is a Follow-On Investment in which a Regulated Fund participates together with one or more Affiliated Funds and/or one or more other Regulated Funds (i) in which the only term negotiated by or on behalf of the funds is price and (ii) with respect to which, if the transaction were considered on its own, the funds would be entitled to rely on one of the JT No-Action Letters.

Applicants believe that these Pro Rata and Non-Negotiated Follow-On Investments do not present a significant opportunity for overreaching on the part of any Adviser and thus do not warrant the time or the attention of the Board. Pro Rata Follow-On Investments and Non-Negotiated Follow-On Investments remain subject to the Board s periodic review in accordance with Condition 10.

(b) Enhanced Review Follow-Ons

One or more Regulated Funds and/or one or more Affiliated Funds holding Pre-Boarding Investments may have the opportunity to make a Follow-On Investment that is a Potential Co-Investment Transaction in an issuer with respect to which they have not previously participated in a Co-Investment Transaction. In these cases, the Regulated Funds and Affiliated Funds may rely on the Order to make such Follow-On Investment subject to the requirements of Condition 9. These enhanced review requirements constitute an onboarding process whereby Regulated Funds and Affiliated Funds may utilize the Order to participate in Co-Investment Transactions even though they already hold Pre-Boarding Investments. For a given issuer, the participating Regulated Funds and Affiliated Funds need to comply with these requirements only for the first Co-Investment Transaction. Subsequent Co-Investment Transactions with respect to the issuer will be governed by Condition 8 under the standard review process.

4. Dispositions

The Regulated Funds and Affiliated Funds may be presented with opportunities to sell, exchange or otherwise dispose of securities in a transaction that would be prohibited by Rule 17d-1 or Section 57(a)(4), as applicable. If the Order is granted, such Dispositions will be made in a manner that, over time, is fair and equitable to all of the Regulated and Affiliated Funds and in accordance with procedures set forth in the proposed Conditions to the Order and discussed below.

The Order would divide these Dispositions into two categories: (i) if the Regulated Funds and Affiliated Funds holding investments in the issuer have previously participated in a Co-Investment Transaction with respect to the issuer and continue to hold any securities acquired in a Co-Investment Transaction for such issuer, then the terms and approval of the Disposition (hereinafter referred to as ***Standard Review Dispositions***) would be subject to the process discussed in Section III.A.4.a. below and governed by Condition 6; and (ii) if the Regulated Funds and Affiliated Funds have not previously participated in a Co-Investment Transaction with respect to the issuer, then the terms and approval of the Disposition (hereinafter referred to as ***Enhanced Review Dispositions***) would be subject to the same onboarding process discussed in Section III.A.4.b. above and governed by Condition 7.

(a) Standard Review Dispositions

A Regulated Fund may participate in a Standard Review Disposition either with the approval of the Required Majority using the standard procedures required under Condition 6(d) or, where certain additional requirements are met, without Board approval under Condition 6(c).

A Regulated Fund may participate in a Standard Review Disposition without obtaining the prior approval of the Required Majority if (i) the Disposition is a Pro Rata Disposition or (ii) the securities are Tradable Securities and the Disposition meets the other requirements of Condition 6(c)(ii).

A ***Pro Rata Disposition*** is a Disposition (i) in which the participation of each Affiliated Fund and each Regulated Fund is proportionate to its outstanding investment in the security subject to Disposition immediately preceding the Disposition;[19] and (ii) in the case of a Regulated Fund, a majority of the Board has approved the Regulated Fund s participation in pro rata Dispositions as being in the best interests of the Regulated Fund. The Regulated Fund s Board may refuse to approve, or at any time rescind, suspend or qualify, their approval of Pro Rata Dispositions, in which case all subsequent Dispositions will be submitted to the Regulated Fund s Eligible Directors.

In the case of a Tradable Security, approval of the required majority is not required for the Disposition if: (x) the Disposition is not to the issuer or any affiliated person of the issuer;[20] and (y) the security is sold for cash in a transaction in which the only term negotiated by or on behalf of the participating Regulated Funds and Affiliated Funds is price. Pro Rata Dispositions and Dispositions of a Tradable Security remain subject to the Board s periodic review in accordance with Condition 10.

(b) Enhanced Review Dispositions

One or more Regulated Funds and one or more Affiliated Funds that have not previously participated in a Co-Investment Transaction with respect to an issuer may have the opportunity to make a Disposition of Pre-Boarding Investments in a Potential Co-Investment Transaction. In these cases, the Regulated Funds and Affiliated Funds may rely on the Order to make such Disposition subject to the requirements of Condition 7. As discussed above, with respect to investment in a given issuer, the participating Regulated Funds and Affiliated Funds need only complete the onboarding process for the first Co-Investment Transaction, which may be an Enhanced Review Follow-On or an Enhanced Review Disposition.[21] Subsequent Co-Investment Transactions with respect to the issuer will be governed by Condition 6 or 8 under the standard review process.

19 *See* note 31, below.

20 In the case of a Tradable Security, Dispositions to the issuer or an affiliated person of the issuer are not permitted so that funds participating in the Disposition do not benefit to the detriment of Regulated Funds that remain invested in the issuer. For example, if a Disposition of a Tradable Security were permitted to be made to the issuer, the issuer may be reducing its short term assets (i.e., cash) to pay down long term liabilities.

21 However, with respect to an issuer, if a Regulated Fund s first Co-Investment Transaction is an Enhanced Review Disposition, and the Regulated Fund does not dispose of its entire position in the Enhanced Review Disposition, then before such Regulated Fund may complete its first Standard Review Follow-On in such issuer, the Eligible Directors must review the proposed Follow-On Investment not only on a stand-alone basis but also in relation to the total economic exposure in such issuer (i.e., in combination with the portion of the Pre-Boarding Investment not disposed of in the Enhanced Review Disposition), and the other terms of the investments. This additional review is required because such findings were not required in connection with the prior Enhanced Review Disposition, but they would have been required had the first Co-Investment Transaction been an Enhanced Review Follow-On.

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5. Use of Wholly-Owned Investment Subs

A Regulated Fund may, from time to time, form one or more Wholly-Owned Investment Subs. Such a subsidiary may be prohibited from investing in a