

SBIC Annual Recertification of Institutional Investor Unfunded Commitments

by Larry Makel

The U.S. Small Business Administration (SBA) requires all licensed small business investment companies (SBICs) with outstanding Leverage, outstanding Leverage Commitments, or both, to annually recertify the collectability of unfunded commitments of Institutional Investors. The SBA requires this annual recertification to accurately assess an SBIC's level of Regulatory and Leverageable Capital. The SBA recently issued a memorandum reminding SBICs of this annual recertification requirement and providing a schedule of filing deadlines.

The SBA regulations provide that an SBIC with outstanding Leverage or outstanding Leverage Commitments may recertify the SBIC's Institutional Investor commitments by submitting to the SBIC's operations analyst:

1. A letter certifying that a review of the SBIC's unfunded commitments and Institutional Investors has occurred and no changes are required to the SBIC's most recent Capital Certificate filed with the SBA; or
2. A letter summarizing any changes to the status of the SBIC's Institutional Investors and a new Capital Certificate that reflects the changes to the SBICs Institutional Investors and/or Regulatory Capital.

No recertification is necessary in 2019 if the SBIC was licensed after October 1, 2018 or if all of the SBIC's private capital has already been funded in full.

The 2019 filing deadlines are based on the level of Regulatory Capital reflected on the last Capital Certificate submitted by an SBIC to the SBA, per the following schedule:

Unfunded Commitments	Filing Deadline
\$20,000,000 and above:	August 31, 2019
\$15,000,000 to \$19,999,999:	September 30, 2019
\$10,000,000 to \$14,999,999:	October 31, 2019

Related People

- Larry Makel

Related Capabilities

- Banking & Financial Institutions
- Investment Funds
- Investment Management

\$5,000,000 to \$9,999,999:	November 30, 2019
\$1 to \$4,999,999:	December 31, 2019

SBICs should upload any required documentation to SBIC-WEB prior to the appropriate filing deadline.

If you have any questions regarding annual recertification or the SBIC program in general, please contact one of the professionals listed below or your regular Dorsey counsel.

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