

Capitala Finance Corp.  
Form 4  
September 16, 2015

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Alala Joseph B III

2. Issuer Name and Ticker or Trading Symbol  
Capitala Finance Corp. [CPTA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
09/15/2015

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
See Remarks

C/O CAPITALA FINANCE CORP., 4201 CONGRESS STREET, SUITE 360

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

CHARLOTTE, NC 28209

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Price				
				Code V	Amount				
Common Stock	09/15/2015		M	D	71,170 (1) (2) (3)	(1) (2) (5)	523,482.85 (5)	I	via Capitala Restricted Shares I, LLC
Common Stock	09/15/2015		M	A	25,102 (3) (4)	(1) (2) (5)	188,784 (5)	I	via Capitala Private Investments LLC
Common Stock						(5)	2,705 (5)	I	via Capitala Transaction Corp.

Common Stock	972 <sup>(5)</sup>	I	via CapitalSouth Corporation
Common Stock	100 <sup>(5)</sup>	I	via Capitala Investment Advisors, LLC

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pr Deriv Secur (Instr	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Awards	<u>(3)</u> <u>(4)</u>	09/15/2015		M	25,102	<u>(3)</u> <u>(4)</u>	<u>(3)</u> <u>(4)</u>	Common Stock, par value \$0.01 per share	25,102 <u>(3)</u> <u>(4)</u>
Awards	<u>(1)</u> <u>(2)</u> <u>(3)</u>	09/15/2015		M	71,170 <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(1)</u> <u>(2)</u> <u>(3)</u>	Common Stock, par value \$0.01 per share	71,170 <u>(1)</u> <u>(2)</u> <u>(3)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Alala Joseph B III C/O CAPITALA FINANCE CORP. 4201 CONGRESS STREET, SUITE 360 CHARLOTTE, NC 28209	X		See Remarks	

## Signatures

/s/ Richard G. Wheelahan, III,  
attorney-in-fact

09/16/2015

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On February 26, 2015, Capitala Restricted Shares I, LLC ("CRS") granted Awards with respect to the 594,598.85 shares of Capitala Finance Corp.'s (the "Issuer") common stock held by CRS, which is controlled by Mr. Alala and is an affiliate of Capitala Investment Advisors, LLC, to certain of Capitala Investment Advisors, LLC's employees pursuant to CRS's 2015 Equity Compensation Plan, dated February 26, 2015 (the "Plan"). The Plan was previously approved by the Issuer's Board of Directors.

(2) (Continued from footnote 1). On September 15, 2015, 10% of the Awards (or 20% in the case of Awards that were 0% vested as of February 26, 2015) vested and, as a result, CRS distributed an aggregate of 71,170 shares of the Issuer's common stock to certain of Capitala Investment Advisors, LLC's employees. The shares of the Issuer's common stock that may be deemed to have been disposed of were previously reported as beneficially owned by Mr. Alala due to his controlling interest in CRS. Additional Awards under the Plan are scheduled to vest as follows: 10% on September 25, 2016, 30% on September 25, 2017 and 40% on September 25, 2018. Upon settlement, the additional Awards will become payable on a one-for-one basis in shares of the Issuer's common stock.

(3) Pursuant to the SEC staff no-action letter to Babson Capital Management LLC (pub. Avail. Dec. 14, 2006), an employee benefit plan sponsored by an investment adviser (or an affiliated person of an investment adviser) to a closed-end investment company regulated under the Investment Company Act of 1940, as amended, that offers plan participants equity securities of such investment company is considered an "employee benefit plan sponsored by the issuer" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

(4) On February 26, 2015, Mr. Alala was granted Awards with respect to 185,510.85 shares of the Issuer's common stock held by CRS. On September 15, 2015, Capitala Private Investments LLC, an entity controlled by Mr. Alala, received 25,102 shares of the Issuer's common stock in accordance with the vesting schedule under the Plan. The shares of the Issuer's common stock that may be deemed to have been acquired by Mr. Alala were previously reported as beneficially owned by Mr. Alala due his controlling interest in CRS. The acquisition was approved in advance by the Board of Directors of the Issuer.

(5) Mr. Alala disclaims beneficial ownership of any of the Issuer's shares directly held by Capitala Private Investments LLC, CRS, Capitala Transaction Corp., CapitalSouth Corporation and Capitala Investment Advisors, LLC, except to the extent of his pecuniary interest therein, and this report shall not be deemed an admission that Mr. Alala is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or any other purpose.

### Remarks:

Chairman of the Board of Directors, Chief Executive Officer and President

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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