

Alala Joseph B III
Form 4
September 25, 2017

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**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

OMB APPROVAL

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(Print or Type Responses)

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

(Last) (First) (Middle)

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

(Street)

CHARLOTTE, NC 28209

(City) (State) (Zip)

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

3. Date of Earliest Transaction
(Month/Day/Year)
09/21/2017

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☐ X Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify
below)

See Remarks

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

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------------|---|---|---|---|--|--|---|
| Common Stock | 09/21/2017 | | P | 100 | (A) or (D) A \$ 9.118 | 100 | I via Child |
| Common Stock | 09/21/2017 | | P | 100 | A \$ 9.106 | 100 | I via Child |
| Common Stock | 09/24/2017 | | D | 21,145.278 (1) (2) (5) | A (1) (2) (5) 21,245.278 (6) | I | via Capitala Investment Advisors, LLC |
| Common Stock | 09/24/2017 | | D | 2,854.722 (1) (2) (5) | A (1) (2) (5) 5,559.722 (6) | I | via Capitala Transaction |

| | | | | | | | | |
|--------------|------------|---|--|---|---|---------------------------|---|---|
| Common Stock | 09/24/2017 | D | 24,000 ⁽¹⁾ ⁽²⁾ <u>(5)</u> | D | ⁽¹⁾ ⁽²⁾ <u>(5)</u> | 418,294.08 <u>(6)</u> | I | Corp. via Capitala Restricted Shares I, LLC |
| Common Stock | 09/25/2017 | M | 180,554.655 <u>(3)</u> <u>(5)</u> | D | <u>(3)</u> <u>(5)</u> | 237,739.425 <u>(6)</u> | I | via Capitala Restricted Shares I, LLC |
| Common Stock | 09/25/2017 | M | 60,153.255 <u>(4)</u> <u>(5)</u> | A | <u>(4)</u> <u>(5)</u> | 365,433.425 <u>(6)</u> | I | via Capitala Private Investments, LLC |
| Common Stock | | | | | | 9,611 | D | |
| Common Stock | | | | | | 972 <u>(6)</u> | I | via CapitalSouth Corporation |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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) | |
|---|--|---|---|--------------------------------------|---|--|--------------------|---|----------------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount of Number of Shares |
| Awards | (1) (2) (5) | 09/24/2017 | | D | 24,000 | (1)(2)(5) | (1)(2)(5) | Common Stock, par value \$0.01 per share | 24,000 (5) |
| Awards | (3) (5) | 09/25/2017 | | M | 180,554.655 | (3)(5) | (3)(5) | Common Stock, par value \$0.01 per share | 180,554.655 (3) (5) |
| Awards | (4) (5) | 09/25/2017 | | M | 60,153.255 | (4)(5) | (4)(5) | | |

Common 60,153
 Stock, par (4) 0
 value
 \$0.01 per
 share

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

09/25/2017

**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) Mr. Richard. G. Wheelahan, III previously held Awards with respect to 26,250 shares of Capitala Finance Corp.'s (the "Issuer") common stock held by Capitala Restricted Shares I, LLC ("CRS"), which is controlled by Joseph B. Alala, III and is an affiliate of Capitala Investment Advisors, LLC, pursuant to CRS's 2015 Amended and Restated Equity Compensation Plan, dated September 18, 2015 (the "Plan"). On September 24, 2017, Mr. Wheelahan voluntarily forfeited Awards relating to 24,000 shares of the Issuer's common stock to entities controlled by Mr. Alala, and as a result CRS distributed 24,000 shares of the Issuer's common stock to Capitala Investment Advisors, LLC and Capitala Transaction Corp., entities controlled by Mr. Alala.

(2) (continued from Footnote 1) The Plan and such forfeiture and transfer were previously approved by the Issuer's Board of Directors. 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.

(3) In addition to the Awards forfeited by Mr. Wheelahan, CRS previously granted Awards with respect to the 418,294.08 shares of the Issuer's common stock held by CRS to certain of Capitala Investment Advisors, LLC's employees pursuant to the Plan. The Plan was previously approved by the Issuer's Board of Directors. On September 25, 2017, certain of the Awards vested pursuant to the vesting schedule under the Plan and, as a result, CRS distributed an aggregate of 180,554.655 shares of the Issuer's common stock to certain of Capitala Investment Advisors, LLC's employees and related vehicles. 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. The remaining Awards under the Plan are scheduled to vest on September 25, 2018. Upon settlement, the remaining Awards will become payable on a one-for-one basis in shares of the Issuer's common stock.

(4) Capitala Private Investments, LLC ("CPI") previously held Awards with respect to 140,357.68 shares of the Issuer's common stock held by CRS. On September 25, 2017, CPI received 60,153.255 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 CPI were previously reported as beneficially owned by Mr. Alala due to his controlling interest in CRS. The acquisition was approved in advance by the Board of Directors of the Issuer.

(5) Pursuant to the SEC staff no-action letters to Babson Capital Management LLC (pub. Avail. Dec. 14, 2006) and Carlyle GMS Finance, Inc. (pub. Avail. Oct. 8, 2015), an employee benefit plan sponsored by an investment adviser (or an affiliated person of an investment adviser) to a registered closed-end investment company or a business development company regulated under the Investment Company Act of 1940, as amended, that offers plan participants equity securities of such registered investment company or business development 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.

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- (6) Mr. Alala disclaims beneficial ownership of any of the Issuer's shares directly held by CPI, 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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