

## Interest Rates Fall Again for SBICs: September 2021 Debenture Pooling

SEPTEMBER 17, 2021

The September 2021 pooling of Small Business Investment Company (“SBIC”) debentures was priced at 1.304%. This most recent semiannual pricing of SBIC debentures reflected a decrease from the rate set in March 2021 at 1.667%.

The SBIC debenture rate is set based on a market-driven premium to 10-year Treasury Notes. This rate had increased in the March 2021 polling period but declined during each of the four prior pooling periods.

SBICs that drew down debentures between the March 2021 and September 2021 poolings locked in the 1.304% interest rate for the 10-year term of the debentures. Debenture interest payments are due semiannually, and a balloon payment of the entire principal amount of the debentures is due on the tenth anniversary of the pooling. The SBIC program also imposes an annual fee on the debentures, which is currently set at 0.271%. A new rate for the annual fee will be set after September 30, 2021. SBIC debentures may be prepaid in whole or in part at any time, without premium or penalty. Under current SBIC regulations, SBICs are not permitted to refinance outstanding debentures to take advantage of the new rate.

If you have questions regarding pricing of debentures or the SBIC program in general, please contact your SBIC counsel at Winston & Strawn LLP.

1 Min Read

### Related Locations

Chicago

### Related Topics

Small Business Investment Companies (SBICs)

Investment Funds

## Related Capabilities

Transactions

Private Investment Funds

## Related Regions

North America

## Related Professionals

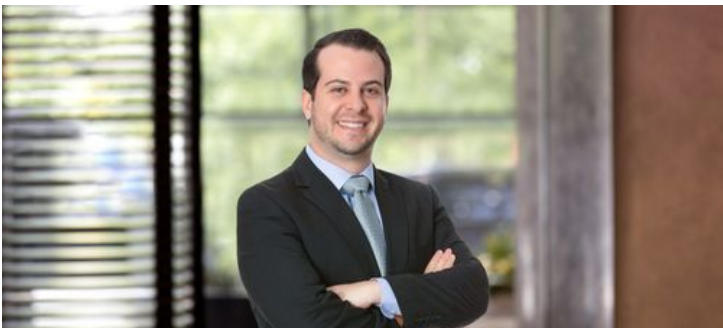
---



Alan Roth



Kate L. Price



Michael A. Domanico