WINSTON & STRAWN LLP

CLIENT ALERT

SBA Makes Changes to Annual Charges

JANUARY 26, 2026

The U.S. Small Business Administration (the SBA) has announced that the annual fee charged to Small Business Investment Companies (SBICs) for debentures (the Annual Fee) will initially be 0.3440% for the fiscal year 2026. Any SBICs that have outstanding SBA debentures from October 1, 2025 to January 20, 2026 will be required to pay this Annual Fee, even if those debentures were received from SBA in prior years. In addition, SBA announced that, beginning January 20, 2026, it will charge different Annual Fees based on whether an SBIC utilizes Standard Debentures or Accrual Debentures.

On January 20, 2026, the Annual Fee for Standard Debentures will decrease to 0.2500% and the Annual Fee for Accrual Debentures will increase to 0.9630%. The distinction between these two Annual Fees is intended to reflect the different terms and conditions of the two types of debentures. An SBIC that receives a commitment for debentures between January 20, 2026 and September 30, 2026 will be required to pay the Annual Fee that reflects the type of debenture it utilizes. SBA will continue to determine Annual Fees for Standard Debentures and Accrual Debentures separately going forward.

The SBA charges its Annual Fee as a percentage of the debentures outstanding with an SBIC in that fiscal year. The Annual Fee for each fiscal year is typically set just after September 30 of each year, with this year's change in January as an exception to the typical practice. The Annual Fee must be paid in addition to the interest charged by SBA on its debentures.

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

1 Min Read

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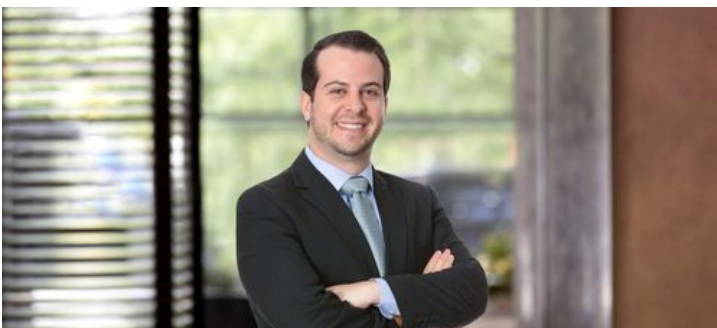
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