

Edgar Filing: Solar Capital Ltd. - Form 40-17G

Solar Capital Ltd.
Form 40-17G
March 12, 2014

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VIA EDGAR

Securities and Exchange Commission

100 F Street, N.E.

Washington, D.C. 20549

Re: Solar Capital Ltd. File No. 814-00754
Rule 17g-1(g) Fidelity Bond Filing

Dear Sir or Madam:

Enclosed for filing, on behalf of Solar Capital Ltd. (the Corporation), pursuant to Rule 17g-1(g) of the Investment Company Act of 1940, please find the following:

(i) a copy of the joint fidelity bond covering the Corporation and Solar Senior Capital Ltd. (Solar Senior), which includes a statement as to the period for which premiums have been paid (the Fidelity Bond) (attached as Exhibit A);

(ii) a Certificate of the Secretary of the Corporation containing the resolutions of the Board of Directors approving the amount, type, form and coverage of the Fidelity Bond and a statement as to the period for which premiums have been paid (attached as Exhibit B);

(iii) a copy of the Agreement Regarding the Allocation of Fidelity Bond Recoveries by and among the Corporation and Solar Senior (attached as Exhibit C); and

(iv) a statement showing the amount of a single insured bond, which each of the Corporation and Solar Senior would have been required to provide and maintain had each of the Corporation and Solar Senior not been named as a joint insured under the Fidelity Bond (attached as Exhibit D).

Very truly yours,

SOLAR CAPITAL LTD.

/s/ Richard L. Peteka
Richard L. Peteka
Chief Financial Officer, Treasurer and Secretary

Enclosures

CERTIFICATE OF THE SECRETARY

The undersigned, Richard L. Peteka, Chief Financial Officer, Treasurer and Secretary of Solar Capital Ltd., a Maryland corporation (the Corporation), does hereby certify that:

1. This certificate is being delivered to the Securities and Exchange Commission (the SEC) in connection with the filing of the Corporation s fidelity bond (the Bond) pursuant to Rule 17g-1 of the Investment Company Act of 1940, as amended, and the SEC is entitled to rely on this certificate for purposes of the filing.
2. The undersigned is the duly elected, qualified and acting Chief Financial Officer, Treasurer and Secretary of the Corporation, and has custody of the corporate records of the Corporation and is a proper officer to make this certification.
3. Attached hereto is a copy of the resolutions approved by the Board of Directors of the Corporation, including a majority of the Board of the Directors who are not interested persons of the Corporation, approving the amount, type, form and coverage of the Bond.
4. Premiums have been paid for the period March 1, 2014 to March 1, 2015.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed this 12th day of March, 2014.

/s/ Richard L. Peteka
Richard L. Peteka
Chief Financial Officer, Treasurer and Secretary

Approval of Fidelity Bond

WHEREAS, Section 17(g) of the Investment Company Act of 1940, as amended (the *1940 Act*), and Rule 17g-1(a) thereunder, require each business development company (*BDC*), such as Solar Capital Ltd. (the *Company*) to provide and maintain a bond which shall be issued by a reputable fidelity insurance company, authorized to do business in the place where the bond is issued, to protect the BDC against larceny and embezzlement, covering each officer and employee of the BDC who may singly, or jointly with others, have access to the securities or funds of the BDC, either directly or through authority to draw upon such funds of, or to direct generally, the disposition of such securities, unless the officer or employee has such access solely through his position as an officer or employee of a bank (each, a *covered person*); and

WHEREAS, Rule 17g-1 specifies that the bond may be in the form of (i) an individual bond for each covered person, or a schedule or blanket bond covering such persons, (ii) a blanket bond which names the Company as the only insured, or (iii) a bond which names the Company and one or more other parties as insureds in a joint insured bond, as permitted by Rule 17g-1; and

WHEREAS, Rule 17g-1 requires that a majority of directors who are not interested persons of the BDC, as such term is defined under the 1940 Act (the *Non-Interested Directors*), approve periodically (but not less than once every 12 months) the reasonableness of the form and amount of the bond, with due consideration to the value of the aggregate assets of the Company to which any covered person may have access, the type and terms of the arrangements made for the custody and safekeeping of such assets, and the nature of securities and other investments to be held by the Company, and pursuant to factors contained in Rule 17g-1, which are described in the accompanying memorandum attached hereto; and

WHEREAS, under Rule 17g-1, the Company is required to make certain filings with the U.S. Securities and Exchange Commission and give certain notices to each member of the Board of Directors in connection with the bond, and designate an officer who shall make such filings and give such notices; and

WHEREAS, the Board of Directors, including all of the Non-Interested Directors, have considered the expected aggregate value of the securities and funds of the Company to which the Company's officers and employees may have access (either directly or through authority to draw upon such funds or to direct generally the disposition of such securities), the type and terms of the arrangements made for the custody of such securities and funds, the nature of securities and other investments to be held by the Company, the accounting procedures and controls of the Company, the nature and method of conducting the operations of the Company, the requirements of Section 17(g) of the 1940 Act and Rule 17g-1 thereunder, and all other factors deemed relevant by the Board of Directors, including the Non-Interested Directors;

NOW THEREFORE BE IT RESOLVED, that having considered the expected aggregate value of the securities and funds of the Company to which the Company's officers and employees may have access (either directly or through authority to draw upon such funds or to direct generally the disposition of such securities), the type and terms of the arrangements made for the custody of such securities and funds, the nature of securities and other investments to be held by the Company, the accounting procedures and controls of the Company, the nature and method of conducting the operations of the Company, the requirements of Section 17(g) of the 1940 Act and Rule 17g-1 thereunder, and all other factors deemed relevant by the Board of Directors, including the Non-Interested Directors, the Board of Directors, including all of the Non-Interested Directors, determine that the amount, type, form, premium and coverage, covering the officers and employees of the Company and insuring the Company against loss from fraudulent or dishonest acts, including larceny and embezzlement, issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania in the amount of \$3,000,000 (the *Joint Fidelity Bond*) be, and hereby are approved; and

FURTHER RESOLVED, that the Board of Directors, including all of the Non-Interested Directors, have determined the portion of the premium to be paid by the Company be, and it hereby is, approved, taking all relevant factors into consideration including, but not limited to, the number of the other insured parties named as insureds, the nature of business activities of the other insured parties, the amount of the Joint Fidelity Bond and the amount of the premium for such Joint Fidelity Bond, the ratable allocation of the premium among the insureds, and the extent to which the share of the premium allocated to the Company is less than the premium the Company would have had to pay had such joint insured bond not been obtained; and

FURTHER RESOLVED, that the Authorized Officers of the Company be, and each of them hereby is, authorized and directed to cause the Company to pay its ratable allocation of the annual premium payable with respect to the Joint Fidelity Bond and to enter into and execute, on behalf of the Company, an agreement reflecting the provisions of the Joint Fidelity Bond and relating to the division of proceeds in the event of a joint fidelity loss, as required by Rule 17g-1(f) (the *Joint Insured Bond Allocation Agreement*); and

FURTHER RESOLVED, that the terms and conditions of the Joint Insured Bond Allocation Agreement, in substantially the form attached hereto as Exhibit 1, be, and hereby are, approved and adopted in all respects, with such amendments thereto as an Authorized Officer may approve, and with approval of such further amendments evidenced by their inclusion in the Joint Insured Bond Allocation Agreement; and

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized to make filings with the U.S. Securities and Exchange Commission, in consultation with counsel to the Company, and to give notices as may be required, from time to time, pursuant to Rule 17g-1(g) and Rule 17g-1(h) under the 1940 Act; and

FURTHER RESOLVED, that the Company's Authorized Officers be, and each of them hereby is, authorized and directed to amend the Joint Fidelity Bond, in consultation with counsel to the Company, and to execute such other documents as he or she may deem necessary or appropriate to effect the intent of this resolution; and

FURTHER RESOLVED, that each of the Authorized Officers is hereby authorized in the name and on behalf of the Company, to make or cause to be made, and to execute and deliver, all such additional agreements, documents, instruments and certifications and to take all such steps, and to make all such payments, fees and remittances, as any one or more of such officers may at any time or times deem necessary or desirable in order to effectuate the purpose and intent of the foregoing resolutions; and

FURTHER RESOLVED, that any and all actions previously taken by the Company or any of its directors, officers or other employees in connection with the documents, and actions contemplated by the foregoing resolutions be, and they hereby are, ratified, confirmed, approved and adopted in all respects as and for the acts and deeds of the Company; and

FURTHER RESOLVED, that for the purposes of the foregoing resolutions, the Authorized Officers of the Company shall be the Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer and the Secretary (the *Authorized Officers*).

AGREEMENT REGARDING THE ALLOCATION OF
FIDELITY BOND RECOVERIES

THIS AGREEMENT is made as of February 25, 2014, by and among Solar Capital Ltd. and Solar Senior Capital Ltd. (each, an Insured, and, together, the Insureds), each acting on behalf of itself.

WHEREAS, each Insured is a closed-end management investment company which has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (the 1940 Act); and

WHEREAS, each of the Insureds is named as an insured party under a joint fidelity bond (the Bond); and

WHEREAS, the Insureds desire to confirm the criteria by which recoveries under the Bond shall be allocated between the Insureds;

NOW, THEREFORE, it is agreed as follows:

1. In the event that recovery is received under the Bond as a result of a loss sustained by more than one Insured, the following rules shall apply for determining the priorities for satisfaction of such claims under the Bond:
 - a. First, each Insured shall receive an equitable and proportionate share of the recovery, but at least equal to the amount it would have received had it provided and maintained a single insured bond with the minimum coverage required under Rule 17g-1(d)(1) under the 1940 Act; and
 - b. Second, the remaining amount of recovery, if any, shall then be applied to each claim of each Insured in proportion to the amount of the unreimbursed loss in excess of such minimums incurred by each Insured.
2. The obligations of an Insured under this Agreement are not binding upon any of the board members of an Insured or Insured shareholders individually, but are binding only with respect to the assets of that Insured.

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IN WITNESS WHEREOF, the insured parties have caused this Agreement to be executed by their respective officers thereunto duly authorized.

SOLAR CAPITAL LTD.

By: /s/ Richard L. Peteka
Name: Richard L. Peteka
Title: Chief Financial Officer, Treasurer and Secretary

SOLAR SENIOR CAPITAL LTD.

By: /s/ Richard L. Peteka
Name: Richard L. Peteka
Title: Chief Financial Officer, Treasurer and Secretary

EXHIBIT D

I have examined the Fidelity Bond limit requirements, as prescribed in Rule 17g-1 for the parties insured under National Union Fire Insurance Company of Pittsburgh Pennsylvania Bond No. 02-381-45-24. This limits analysis is based upon the total asset value of each registrant as stated in the relevant renewal application.

The results of the analysis are as follows:

Registrant	Asset value	Required Limit
Solar Capital Ltd.	\$ 1,708,442,000	\$ 1,500,000
Solar Senior Capital Ltd.	\$ 272,561,000	\$ 750,000
	Total Limit:	\$ 2,250,000

As you are aware, the limit under the current bond is \$3,000,000. Therefore, according to these calculations, the bond amount is sufficient to meet requirements of Rule 17g-1.

Sincerely,

/s/ Richard L. Peteka
 Richard L. Peteka
 Chief Financial Officer, Treasurer and Secretary