

Capitala Finance Corp.  
Form 4  
September 27, 2016

**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 \*  
Arnall Stephen A.

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
09/25/2016

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Chief Financial Officer

(Street)  
CHARLOTTE, NC 28209

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

(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)	Amount or Price		
Common Stock	09/25/2016		M	A	2,125 <u>(1)</u> <u>(2)</u> <u>(3)</u>	10,910	D

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)**

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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. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Awards	(1) (2) (3)	09/25/2016		A	(3)	(1)(2)(3)	(1)(2)(3)	Common Stock, par value \$0.01 per share	17,000 (1) (2)
Awards	(1) (2) (3)	09/25/2016		M		(1)(2)(3)	(1)(2)(3)	Common Stock, par value \$0.01 per share	2,125 (1) (2) (3)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Arnall Stephen A. C/O CAPITALA FINANCE CORP. 4201 CONGRESS STREET, SUITE 360 CHARLOTTE, NC 28209			Chief Financial Officer	

Signatures

/s/ Stephen A. Arnall 09/27/2016

\*\*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. Arnall previously held Awards with respect to 14,000 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 Amended and Restated 2015 Equity Compensation Plan, dated September 18, 2015 (the "Plan"). On September 25, 2016, Mr. Arnall was granted Awards with respect to an additional 3,000 shares of the Issuer's common stock held by CRS, which Awards were previously forfeited by a former employee of Capitala Investment Advisors, LLC.
- (2) (Continued from footnote 1). On September 25, 2016, CRS also distributed to Mr. Arnall 2,125 shares of the Issuer's common stock in accordance with the vesting schedule under the Plan. The Plan and this acquisition were previously approved by the Issuer's Board of Directors. Additional Awards under the Plan are scheduled to vest as follows: 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.

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- (3) 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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