



Emergency Communications Network®

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March 14, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F St. NE
Washington, D.C. 20549-1090

File Number: S7-24-15

Re: Proposed Rule on Use of Derivatives by Registered Investment Companies and
Business Development Companies (SEC-2015-2160-0001)

Dear Mr. Fields,

I am filing this comment letter on behalf of Emergency Communication Network in response to the Securities and Exchange Commission's (SEC) proposed Rule 18f-4. The focus of this letter is to voice concern over the proposed rule's impact on business development companies (BDCs). BDCs were created through an amendment to the Investment Company Act so as to establish an investment vehicle that would provide capital to small and medium-sized operating companies. Since their creation, BDCs have become an increasingly important source of capital to companies, in turn helping fuel Main Street growth and job creation. My hope is that by submitting this comment, the SEC will better realize the impact that its proposed rule may have on a companies' ability to grow.

While the economy continues to slowly improve from the depths of the most recent recession, many companies like ours still face difficulty in securing operating capital. New federal regulations on the banking industry which have been enacted in recent years have resulted in fewer opportunities for businesses to finance their operations through traditional lending. As liquidity tightens, BDCs have become increasingly important facilitators of billions of dollars in loans and credit to thousands of businesses.

As you know, Rule 18f-4 would limit leverage levels of BDCs in their role as lenders. Emergency Communication Network's concern is the proposed regulation of working-capital lines of credit, will increase the cost of obtaining funds for operation, and could eliminate this important source of capital altogether. Like a credit card, a working-capital line-of-credit allows a company to access funds and repay when suitable. This is essential for the day-to-day operations of any business.



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In its rulemaking, the SEC needs to account for the unique role BDCs serve when compared to traditional investment companies. There is no doubt that proposed treatment of unfunded contingent loan commitments as “financial commitment transactions” will serve as a barrier to BDCs providing capital and fulfilling their intended purpose. Congress intentionally created a lower asset coverage test for BDCs in order to provide flexibility in meeting capital needs. By requiring BDCs to hold cash equivalents against these obligations, lending at current rates will become uneconomic.

Despite the merits of the SEC’s intervention, this rule would place burdensome new costs on BDCs and decrease access to affordable credit for Main Street businesses. Furthermore, we are not aware of any safety or soundness issues resulting from the commitments in question. For these reason and more, Emergency Communication Network urges the SEC to withdrawal its proposed rule or make necessary changes to not inhibit the legislated role of BDCs in providing capital for companies seeking to expand. It is imperative that the SEC not forget the purpose for which Congress created the BDC charter, and that it take special care to regulate in a way that enhances the BDCs ability to fund mainstream businesses, consistent with appropriate shareholder protections, rather than the opposite.

Kind Regards,

Dominic Bongo
CFO
Emergency Communication Network