

1137947

FORM D

Notice of Exempt Offering of Securities

U.S. Securities and Exchange Commission  
Washington, DC 20549

OMB APPROVAL  
OMB Number: 3235-0076  
Expires: January 31, 2009  
Estimated average burden hours per response: 4.00

(See instructions beginning on page 5)

Intentional misstatements or omissions of fact constitute federal criminal violations. See 18 U.S.C. 1001.

Item 1. Issuer's Identity

Name of Issuer  
Palo Alto Small Cap Fund, L.P.

Jurisdiction of Incorporation/Organization  
DE

Year of Incorporation/Organization (Select one)

- Over Five Years Ago (selected)
Within Last Five Years (specify year)
Yet to Be Formed

Previous Name(s) [X] None

- Entity Type (Select one)
Corporation
[X] Limited Partnership
Limited Liability Company
General Partnership
Business Trust
Other (Specify)

(If more than one issuer is filing this notice, check this box and identify additional issuer(s) by attaching Items 1 and 2 Continuation Page(s).)

Item 2. Principal Place of Business and Contact Information

Street Address 1: 470 University Avenue
City: Palo Alto
State/Province/Country: CA

Street Address 2
ZIP/Postal Code: 94301

Phone No. (650) 321-7000

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Item 3. Related Persons

Last Name: Palo Alto Investors, LLC
First Name
Middle Name

Street Address 1: 470 University Avenue
City: Palo Alto
State/Province/Country: CA
Street Address 2
ZIP/Postal Code: 94301

Relationship(s): [X] Executive Officer [ ] Director [X] Promoter

Clarification of Response (if Necessary): General Partner



(Identify additional related persons by checking this box and attaching Item 3 Continuation Page(s).)

Item 4. Industry Group (Select one)

- Agriculture
Banking and Financial Services (selected)
Business Services
Energy
Health Care
Manufacturing
Real Estate
Construction
REITS & Finance
Residential
Other Real Estate
Retailing
Restaurants
Technology
Travel
Other

Item 5. Issuer Size (Select one)

Revenue Range (for issuer not specifying "hedge" or "other investment" fund in Item 4 above)

- No Revenues
\$1 - \$1,000,000
\$1,000,001 - \$5,000,000
\$5,000,001 - \$25,000,000
\$25,000,001 - \$100,000,000
Over \$100,000,000
Decline to Disclose
Not Applicable

OR

Aggregate Net Asset Value Range (for issuer specifying "hedge" or "other investment" fund in Item 4 above)

- No Aggregate Net Asset Value
\$1 - \$5,000,000
\$5,000,001 - \$25,000,000
\$25,000,001 - \$50,000,000
\$50,000,001 - \$100,000,000
Over \$100,000,000
Decline to Disclose
Not Applicable

Item 6. Federal Exemptions and Exclusions Claimed (Select all that apply)

- Rule 504(b)(1) (not (i), (ii) or (iii))
Rule 504(b)(1)(i)
Rule 504(b)(1)(ii)
Rule 504(b)(1)(iii)
Rule 505
Rule 506
Securities Act Section 4(6)
Investment Company Act Section 3(c)
Section 3(c)(1)
Section 3(c)(2)
Section 3(c)(3)
Section 3(c)(4)
Section 3(c)(5)
Section 3(c)(6)
Section 3(c)(7)
Section 3(c)(9)
Section 3(c)(10)
Section 3(c)(11)
Section 3(c)(12)
Section 3(c)(13)
Section 3(c)(14)

Item 7. Type of Filing

- New Notice OR Amendment

Date of First Sale in this Offering: 7/1/2002 OR First Sale Yet to Occur

Item 8. Duration of Offering

Does the issuer intend this offering to last more than one year? [X] Yes [ ] No

Item 9. Type(s) of Securities Offered (Select all that apply)

- Equity
Debt
Option, Warrant or Other Right to Acquire Another Security
Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
Pooled Investment Fund Interests
Tenant-in-Common Securities
Mineral Property Securities
Other (Describe)
Limited partner interests

Item 10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? [ ] Yes [X] No

Clarification of Response (if Necessary)

[Empty box for clarification of response]

Item 11. Minimum Investment

Minimum investment accepted from any outside investor \$ 1,000,000.00

Item 12. Sales Compensation

Recipient Citigroup Global Markets Inc. Recipient CRD Number 7059
(Associated) Broker or Dealer None (Associated) Broker or Dealer CRD Number
Street Address 1 390 - 388 Greenwich Street Street Address 2
City New York State/Province/Country NY ZIP/Postal Code 10013

States of Solicitation [X] All States
[ ] AL [ ] AK [ ] AZ [ ] AR [ ] CA [ ] CO [ ] CT [ ] DE [ ] DC [ ] FL [ ] GA [ ] HI [ ] ID
[ ] IL [ ] IN [ ] IA [ ] KS [ ] KY [ ] LA [ ] ME [ ] MD [ ] MA [ ] MI [ ] MN [ ] MS [ ] MO
[ ] MT [ ] NE [ ] NV [ ] NH [ ] NJ [ ] NM [ ] NY [ ] NC [ ] ND [ ] OH [ ] OK [ ] OR [ ] PA
[ ] RI [ ] SC [ ] SD [ ] TN [ ] TX [ ] UT [ ] VT [ ] VA [ ] WA [ ] WV [ ] WI [ ] WY [ ] PR

(Identify additional person(s) being paid compensation by checking this box [ ] and attaching Item 12 Continuation Page(s).)

Item 13. Offering and Sales Amounts

(a) Total Offering Amount \$ 500,000,000.00 OR [ ] Indefinite
(b) Total Amount Sold \$ 361,826,441.97
(c) Total Remaining to be Sold \$ 138,173,558.03 OR [ ] Indefinite
(Subtract (a) from (b))

Clarification of Response (if Necessary)

Item 14. Investors

Check this box [ ] if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering:

Enter the total number of investors who already have invested in the offering: 254

Item 15. Sales Commissions and Finders' Fees Expenses

Provide separately the amounts of sales commissions and finders' fees expenses, if any. If an amount is not known, provide an estimate and check the box next to the amount.

Sales Commissions \$ 0.00 [X] Estimate
Finders' Fees \$ 0.00 [X] Estimate

Clarification of Response (if Necessary)

The issuer does not pay any sales commissions or finders' fees expenses. The general partner of the issuer pays a portion of the management fees it receives from the issuer to Citigroup World Markets Inc.

**Item 16. Use of Proceeds**

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

\$

Estimate

Clarification of Response (if Necessary)

None, although the general partner of the issuer receives investment management fees and a special profit allocation.

**Signature and Submission**

Please verify the information you have entered and review the Terms of Submission below before signing and submitting this notice.

**Terms of Submission.** In Submitting this notice, each identified issuer is:

Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in accordance with applicable law, the information furnished to offerees.\*

Irrevocably appointing each of the Secretary of the SEC and the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes; or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.

Certifying that, if the issuer is claiming a Rule 505 exemption, the issuer is not disqualified from relying on Rule 505 for one of the reasons stated in Rule 505(b)(2)(iii).

\* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

Each identified issuer has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person. (Check this box  and attach Signature Continuation Pages for signatures of issuers identified in Item 1 above but not represented by signer below.)

Issuer(s)

Palo Alto Small Cap Fund, L.P.

Name of Signer

Mark Shamia

Signature



Title

Chief Operating Officer of Palo Alto Investors, LLC, General Partner

Date

\_\_\_/\_\_\_/2009

Number of continuation pages attached:

1

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Item 3 Continuation Page

Item 3. Related Persons (Continued)

Last Name: Edwards  
First Name: William  
Middle Name: L.  
Street Address 1: 470 University Avenue  
Street Address 2:  
City: Palo Alto  
State/Province/Country: CA  
ZIP/Postal Code: 94301  
Relationship(s):  Executive Officer  Director  Promoter  
Clarification of Response (if Necessary): Executive Officer of Palo Alto Investors, LLC, General Partner

Last Name: Yun  
First Name: Anthony  
Middle Name: Joon  
Street Address 1: 470 University Avenue  
Street Address 2:  
City: Palo Alto  
State/Province/Country: CA  
ZIP/Postal Code: 94301  
Relationship(s):  Executive Officer  Director  Promoter  
Clarification of Response (if Necessary): Executive Officer of Palo Alto Investors, LLC, General Partner

Last Name: Shamia  
First Name: Mark  
Middle Name:  
Street Address 1: 470 University Avenue  
Street Address 2:  
City: Palo Alto  
State/Province/Country: CA  
ZIP/Postal Code: 94301  
Relationship(s):  Executive Officer  Director  Promoter  
Clarification of Response (if Necessary): Executive Officer of Palo Alto Investors, LLC, General Partner

Last Name:  
First Name:  
Middle Name:  
Street Address 1:  
Street Address 2:  
City:  
State/Province/Country:  
ZIP/Postal Code:  
Relationship(s):  Executive Officer  Director  Promoter  
Clarification of Response (if Necessary):

(Copy and use additional copies of this page as necessary.)

END