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BY E-MAIL

July 14, 2023

Re: Carlyle Global Credit Investment Management, L.L.C:  
Request for No-Action

Kaitlin Bottock  
Co-Chief Counsel  
Division of Investment Management  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549

Dear Ms. Bottock:

Carlyle Credit Income Fund, Inc. (f/k/a Vertical Capital Income Fund, Inc. (the “Fund”)) is an externally managed, closed-end management investment company, registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund is a statutory trust organized under the laws of the State of Delaware. Shares of the Fund are listed and trade on the New York Stock Exchange under the ticker symbol VCIF. Oakline Advisors, LLC (“Oakline”), a Delaware limited liability company registered under the Investment Advisers Act of 1940 (the “Advisers Act”), served as investment adviser to the Fund until July 14, 2023.

On January 12, 2023, the Fund entered into a Transaction Agreement (the “Transaction Agreement”) with Carlyle Global Credit Investment Management, L.L.C. (“CGCIM”), a Delaware limited liability company registered under the Advisers Act. Pursuant to the Transaction Agreement, among others things, CGCIM would become the investment adviser to the Fund (the “Transaction”). We are writing on behalf of our client, CGCIM, in coordination with the Fund and counsel to the Fund and its Board of Trustees (the “Board”), to confirm the oral no-action position communicated to CGCIM and the Fund by the staff of the Division of Investment Management (the “Staff”) on May 25, 2023, prior to closing the Transaction, that the Staff would not recommend enforcement action under Section 17(d) of the 1940 Act and Rule 17d-1 thereunder, if the series of actions contemplated under the Transaction Agreement, as described herein, are consummated in

connection with and following closing of the Transaction.<sup>1</sup> The Fund and CGCIM conditioned closing of the Transaction on the Staff taking a no-action position to this effect. The Transaction closed on July 14, 2023, at which time CGCIM became the Fund's investment adviser.

## I. FACTS

On February 22, 2022, the Board publicly announced via press release that it had engaged a financial advisor to evaluate strategic alternatives for the Fund, with the goal of increasing shareholder value. Following a competitive process, the Board, including all of the independent Trustees, negotiated at arms-length with CGCIM and approved the Transaction Agreement as part of its plan to change the Fund's investment strategy with a goal of narrowing the market trading discount of Fund shares when compared to their net asset value. The Fund's entry into the Transaction Agreement was publicly announced on January 12, 2023.<sup>2</sup> The Transaction Agreement provided that, upon closing of the Transaction, CGCIM would become the Fund's investment adviser, and in connection with or following the closing CGCIM (or an affiliate) would: (1) make a one-time payment to Fund shareholders equal to an aggregate amount of \$10,000,000, or approximately \$0.96 per share at the time of announcement; (2) within 45 days of closing, commence a tender offer to purchase up to \$25,000,000 of outstanding Fund shares at the then-current net asset value; and (3) 10 business days following the expiration of the tender offer, purchase newly issued shares in a primary issuance by the Fund in an amount that resulted in CGCIM (or an affiliate) owning shares of the Fund with an aggregate purchase price of \$50,000,000 (later amended to \$40,000,000) inclusive of shares purchased in the tender offer and certain private purchases described below. Carlyle owned no shares of the Fund at the time the Transaction Agreement was entered into or prior to closing the Transaction, and otherwise was not an affiliated person of the Fund under Section 2(a)(3) of the 1940 Act prior to closing the Transaction. Following these transactions and assuming the tender offer is fully subscribed, CGCIM (or one of its affiliates) would own approximately 35% of the Fund. In addition to agreeing to pay shareholders approximately \$0.96 per share, equivalent to over 10% of the market trading price per share on the January 12, 2023 date of announcement, CGCIM's commitment to purchase outstanding shares and newly issued shares at a price equal to net asset value represented a significant premium relative to the Fund's market trading price per share on the announcement date, which reflected a 15% discount to the Fund's then-current net asset value per share. The tender offer by CGCIM also would

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<sup>1</sup> The no-action position we sought from the Staff, and that the Staff took, is limited to Section 17(d) and Rule 17d-1 thereunder, with respect only to the series of actions contemplated under the Transaction Agreement.

<sup>2</sup> Additionally, as disclosed in the Fund's proxy statement for the special meeting related to the Transaction, on January 12, 2023, CGCIM and Oakline entered into a separate agreement (the "Transition Assistance Agreement") pursuant to which Oakline will provide certain customary transition support services to CGCIM with respect to Fund operations following the closing of the Transaction. The Fund is not a party to the Transition Assistance Agreement.

provide shareholders with additional liquidity at a premium to the pre-announcement trading price.

As contemplated under the Transaction Agreement, on January 12, 2023, CGCIM and the Fund also entered into separate voting, support and standstill agreements (the “Voting Agreements”) with certain investment advisers, on behalf of themselves and their clients. Voting Agreements were entered into with each of Almitas Capital LLC, a Delaware limited liability company (“Almitas”), Bulldog Investors, LLP, a Delaware limited liability partnership (“Bulldog”), Relative Value Partners Group, LLC, a Delaware limited liability company (“Relative”), High Income Securities Fund, a Massachusetts business trust and Saba Capital Management, L.P., a Delaware limited partnership (“Saba” and, together with Almitas, Bulldog, Relative and High Income Securities Fund, the “Supporting Shareholders”). Other than High Income Securities Fund, each Supporting Shareholder (primarily through managed client accounts) beneficially owns more than 5% of the Fund’s outstanding shares and thus may be deemed to be an affiliated person of the Fund under Section 2(a)(3) of the 1940 Act at the time the Voting Agreements were entered into. The Voting Agreements were filed publicly by CGCIM and its affiliates as exhibits to a Schedule 13D on January 23, 2023.

Pursuant to the Voting Agreements, the Supporting Shareholders agreed, among other things and subject to certain limitations and exceptions, to vote all Fund shares beneficially owned by each such Supporting Shareholder in favor of the Proposals and any other matters necessary for consummation of the Transaction and granted to CGCIM an irrevocable proxy to vote all such Fund shares in accordance with the foregoing. The obligation of the Supporting Shareholders to vote in any particular manner on any matters submitted for shareholder vote terminated upon the earlier of closing of the Transaction or the termination of the Transaction Agreement in accordance with its terms. Certain customary standstill provisions in the Voting Agreements remain in effect following closing of the Transaction. Saba also negotiated for CGCIM (or an affiliate) to purchase any remaining outstanding Fund shares held by Saba clients 10 business days following the tender offer contemplated by the Transaction Agreement at the same purchase price paid for shares purchased by CGCIM (or an affiliate) in the tender offer. The Fund is not a party to the securities purchase agreement between CGCIM and Saba documenting such purchase, and no assets of the Fund will be used to defray the costs of the arrangement between CGCIM and Saba.

Under the terms of the Transaction Agreement, the Fund agreed to solicit shareholder approval for a series of proposals at a special meeting including: (1) the election of new trustees; (2) a new investment advisory agreement with CGCIM; (3) a change in the Fund’s classification from a diversified investment company to a non-diversified investment company; (4) a change in the Fund’s industry concentration policy from concentrated in the mortgage-related industry to non-concentrated; (5) an Amended and Restated Agreement and Declaration of Trust for the Fund (which included separate proposals for certain changes that could be viewed as substantively affecting shareholder rights); and (6) Amended and Restated By-Laws for the Fund (collectively, the “Proposals”). Approval of all of the Proposals was a condition to closing the Transaction.

In addition to shareholder approval of the Proposals, the closing of the Transaction was conditioned on: (1) the Fund selling existing investments with a gross net asset value equal to at least 95% of the total gross value of such investments as of August 31, 2022; (2) receipt of all required regulatory approvals, along with the Staff taking the no-action position as requested herein; and (3) certain other customary closing conditions.

## II. REGULATORY FRAMEWORK

Section 2(a)(3) of the 1940 Act defines an “affiliated person” of another person to include “(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, or employee of such other person; (E) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and (F) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof.”

Section 17(d) of the 1940 Act, in relevant part, states that it shall be unlawful for any affiliated person of a fund or any affiliated person of such person, acting as principal, to effect any transaction in which the investment company is a joint or a joint and several participant with such person, in contravention of such rules and regulations as the U.S. Securities and Exchange Commission (the “Commission”) may prescribe for the purpose of limiting or preventing participation by the investment company on a basis different from or less advantageous than that of such other participant. Section 17(d) was designed to prevent abuses from the conflicts of interest inherent in joint arrangements between investment companies and their affiliated persons and seeks to restrict self-dealing transactions and insider abuse, ensuring that an investment company and its affiliated persons in a joint arrangement participate on equal terms, and ensuring that in a joint arrangement, an investment company is treated fairly or has been clearly advantaged by the transaction.<sup>3</sup> Rule 17d-1 generally prohibits participation by a registered investment company and an “affiliated person” in any “joint enterprise or other joint arrangement or profit-sharing plan,” as defined in the rule, without prior approval by the Commission by order upon application. “Joint enterprise or other joint arrangement or profit-sharing plan” is defined to mean “any written or oral plan, contract, authorization or arrangement, or any practice or understanding concerning an enterprise or undertaking whereby a registered investment company or a controlled company thereof and any affiliated person of or a principal underwriter for such registered investment company, or any affiliated person of such a person or principal underwriter, have a joint or a joint and several participation, or share in the profits of such

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<sup>3</sup> See Investment Company Act of 1940; Hearings on S. 3580 Before a Subcommittee of the Senate Comm. On Banking & Currency, 76th Cong., 3d Sess. pt. I at 252-62 (1940) (statement of David Schenker, Chief Counsel, Securities and Exchange Commission). See also *id.* at 37 (Robert Healy, Commissioner, Securities and Exchange Commission, discussing insider abuse in the investment company industry).

enterprise or undertaking, including, but not limited to, any stock option or stock purchase plan, but shall not include an investment advisory contract subject to Section 15 of the [1940] Act.”

After the closing of the Transaction, CGCIM would be an affiliated person of the Fund under Section 2(a)(3)(E) of the 1940 Act as the investment adviser to the Fund. CGCIM (or an affiliate) also will become an affiliated person due to the ownership of 5% or more (and ultimately more than 25%) of the Fund’s shares. Each of the Supporting Shareholders may be viewed as an “affiliated person” of the Fund under Section 2(a)(3)(A) of the 1940 Act because each holds, with the power to vote, more than 5% of the Fund’s outstanding shares. While each action contemplated by the Transaction Agreement is not individually prohibited under Section 17(a) of the 1940 Act<sup>4</sup>, collectively, the series of actions described above potentially could be deemed to be a “joint enterprise or other joint arrangement or profit-sharing plan” among the Fund, CGCIM and the Supporting Shareholders, within the meaning of Rule 17d-1 thereunder.

CGCIM and the Fund do not believe that the series of actions contemplated by the Transaction Agreement, as described herein related to the Transaction, implicate the policy concerns underlying Section 17(d) or Rule 17d-1 related to conflicts of interest or insider abuse by an “affiliated person” underlying the 1940 Act’s prohibitions on affiliated transactions, which were enacted to address inappropriate self-dealing by an affiliated person to the detriment of an investment company. The terms of the Transaction were negotiated at arm’s length between the Fund and the Board, with advice of counsel, and CGCIM prior to any affiliation existing between CGCIM and the Fund. CGCIM and the Fund believe that the terms of the Transaction are fair and reasonable and do not involve overreaching on the part of any person concerned and the Board determined that the Transaction and the series of actions contemplated under the Transaction Agreement were in the best interest of the Fund in accordance with their fiduciary duty. Additionally, to the extent the Fund participated in any one of the actions contemplated under the Transaction Agreement, the Fund’s participation would be on terms equal to, and on a basis no less advantageous than, that of other participants—in fact, the Transaction is structured to only provide benefits to the Fund and its shareholders, including a special direct payment worth over 10% of the market trading price per share as of the announcement date, additional liquidity in the form of a tender offer at a price that represents a 15% premium to the market trading price as of the announcement date and significant long-term alignment between shareholders and CGCIM through CGCIM (or an affiliate) acquiring \$40,000,000 of Fund shares in the aggregate.

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<sup>4</sup> Section 17(a) of the 1940 Act prohibits any affiliated person, or any affiliated person of an affiliated person, of a registered investment company, acting as principal, from knowingly buying securities or other property from the investment company or selling securities or other property to the investment company, except for certain limited exceptions.


Kaitlin Bottock

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July 14, 2023

### III. CONCLUSION

The Fund and CGCIM conditioned the closing of the Transaction on receipt of no-action assurance from the Staff along with required regulatory approvals. Based upon the foregoing, we respectfully request the Staff confirm its oral assurance, provided to CGCIM and the Fund on May 25, 2023, that the Staff would not recommend enforcement action to the Commission if the Fund, CGCIM and the Supporting Shareholders proceed with the Transaction and the series of actions contemplated under the Transaction described herein. Should you have any further questions, please contact me at 202-636-5543 or Christopher Healey at 202-636-5879.

Sincerely,  
  
Rajib Chanda

cc: JoAnn Strasser, Thompson Hine LLP  
Parker Bridgeport, Thompson Hine LLP