

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
Release No. 27702 / February 16, 2007

In the Matter of :
 :
AMERICAN CAPITAL STRATEGIES, LTD. :
 :
 :
2 Bethesda Metro Center :
14th Floor :
Bethesda, Maryland 20814 :
(812-13308) :
 :
 :

ORDER UNDER SECTION 61(a)(3)(B) OF THE INVESTMENT COMPANY ACT OF 1940

American Capital Strategies, Ltd.. filed an application on June 2, 2006, and an amendment to the application on January 19, 2007, requesting an order under section 61(a)(3)(B) of the Investment Company Act of 1940 ("Act") approving a proposal to grant certain stock options to its non-employee directors under applicant's 2006 Stock Option Plan ("Plan").

On January 19, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 27669). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that the terms of the proposal under the Plan are fair and reasonable and do not involve overreaching of applicant and its stockholders.

Accordingly,

IT IS ORDERED, under section 61(a)(3)(B) of the Act, that the requested authorization is granted, effective immediately.

For the Commission, by the Division of Investment Management, under delegated authority.

Florence E. Harmon
Deputy Secretary