

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67163; File No. TP 12-11)

June 7, 2012

Order Granting FS Investment Corporation II a Limited Exemption from Rule 102(a) of Regulation M pursuant to Rule 102(e)

By letter dated June 7, 2012, as supplemented by conversations with the staff of the Division of Trading and Markets, counsel for FS Investment Corporation II (the “Company”) requested that the Commission grant an exemption from Rule 102(a) of Regulation M to permit the Company to effect repurchases of shares of its common stock pursuant to its proposed share repurchase program (the “Repurchase Program”).

As a consequence of the continuous offering of the Company’s shares, the Company will be engaged in a distribution of shares of its common stock pursuant to Rule 102 of Regulation M. As a result, bids for or purchases of shares of its common stock or any reference security by the Company or any affiliated purchaser of the Company are prohibited during the restricted period specified in Rule 102, unless specifically excepted by or exempted from Rule 102.

Based on the representations and facts presented in its letter, we find that it is appropriate in the public interest and consistent with the protection of investors to grant a conditional exemption from Rule 102 of Regulation M to permit the Company to repurchase shares of its common stock under its Repurchase Program while the Company is engaged in a distribution of shares of its common stock. In granting this exemption, we considered the following representations and facts, among others:

- There is no trading market for the Company’s common stock;
- The Company will terminate its Repurchase Program in the event a secondary market for its common stock develops;

- The Company will repurchase shares of its common stock under its Repurchase Program at a price that does not exceed the then current public offering price of its common stock; and
- The terms of the Repurchase Program will be fully disclosed in the Company's prospectus.

Conclusion

IT IS HEREBY ORDERED, pursuant to Rule 102(e) of Regulation M, that the Company, based on the representations and the facts presented in its letter (as supplemented by conversations with the staff of the Division of Trading and Markets) and subject to the conditions contained in this order, is exempt from the requirements of Rule 102 with respect to the Company's Repurchase Program as described in its letter.

This exemptive relief is subject to the following conditions:

- The Company shall terminate its Repurchase Program during the distribution of its common stock if a secondary market for its common stock develops.
- The Company shall discontinue its Repurchase Program, pending presentation of the facts for our consideration, in the event that any material change occurs with respect to any of the representations or facts made by the Company or its counsel.
- The Company will repurchase shares of its common stock under its Repurchase Program at a price that does not exceed the then current public offering price of its common stock.

This exemptive relief is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the federal securities laws, particularly Section 10(b) of the

Exchange Act, and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the persons relying on this exemptive position. This order should not be considered a view with respect to any other question that the proposed transactions may raise, including, but not limited to, the adequacy of the disclosure concerning, and the applicability of other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹

Kevin M. O'Neill
Deputy Secretary

¹ 17 CFR 200.30-3(a)(6).