

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940

Release No. 31271/ September 30, 2014

---

In the Matter of	:
	:
HARRIS & HARRIS GROUP, INC.	:
1450 Broadway	:
24 <sup>th</sup> Floor	:
New York, NY 10018	:
	:
(812-14317)	:

---

CERTIFICATION PURSUANT TO SECTION 851(e) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

Harris & Harris Group, Inc. (“Harris”), an internally managed investment company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (“Act”), filed an application on May 29, 2014, and an amendment to the application on September 18, 2014, for a certification, pursuant to section 851(e) of the Internal Revenue Code of 1986, as amended (“Code”), that Harris was, during the fiscal year ended December 31, 2013, principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes or products not previously generally available (collectively, “Development Corporations”).

Harris proposes to qualify as a “regulated investment company” under section 851(a) of the Code pursuant to section 851(e) of the Code. Section 851(b) of the Code imposes certain portfolio diversification requirements on an investment company that seeks to qualify as a regulated investment company. Section 851(e) of the Code provides an exemption from these diversification requirements if the investment company, among other things, obtains a certification from the Securities and Exchange Commission (“Commission”) that the investment company is principally engaged in the furnishing of capital to Development Corporations.

In support of the application, Harris has submitted a detailed description of each of the companies in Harris’ portfolio during the fiscal year ended December 31, 2013, that Harris believes to be Development Corporations. The following table shows the composition of the total assets of Harris as of each of the calendar quarters ended March 31, June 30, September 30, and December 31, 2013, as set forth in the application.

<u>Assets (at value)</u>	<u>Mar. 31, 2013</u>	<u>June 30, 2013</u>	<u>Sept. 30, 2013</u>	<u>Dec. 31, 2013</u>
Investments representing capital furnished to corporations believed to be Development Corporations	\$ 107,370,247	\$106,072,074	\$ 93,377,231	\$ 92,897,908
Other Investments	\$ 493,254	2,653,349	\$ 1,006,305	\$ 1,001,551
Assets as set forth in section 55(a)(6) of the Act (“Cash Equivalents”)	\$ 21,059,820	\$ 22,194,779	\$ 13,528,468	\$ 27,538,358
Other Assets	\$ 1,122,682	\$ 4,408,643	\$ 25,163,276	\$ 3,626,129
Total Assets	\$ 130,046,003	\$ 135,328,845	\$ 133,075,280	\$ 125,063,946

As reflected in the table above, Development Corporations comprised the following percentages of the total assets less Cash Equivalents of Harris at the end of each calendar quarter of 2013: March 31, 98.5%; June 30, 93.8%; September 30, 78.1%; and December 31, 95.3%.

Accordingly, on the basis of the information set forth in the application, it appears that Harris was principally engaged in the furnishing of capital to Development Corporations within the intent of section 851(e) of the Code for the fiscal year ended December 31, 2013.

IT IS THEREFORE CERTIFIED to the Secretary of the Treasury, or his delegate, pursuant to section 851(e) of the Code, that Harris, a business development company, was, for the twelve months ended December 31, 2013, principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes or products not previously generally available.

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

Kevin M. O’Neill  
Deputy Secretary