

January 1, 2005

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: File Number S7-37-04; VIA EMAIL DELIVERY

Dear Mr. Katz:

As a company that has received financing from a business development company (“BDC”), we encourage the Commission to further expand upon the definition of “eligible portfolio company” in order to ensure that all small and developing companies, regardless of whether or not they are listed on an exchange or quoted on NASDAQ, or meet the listing requirements of any of the self-regulating organizations are eligible for BDC investment. While the proposed changes to the rules governing eligible portfolio company investments are a step in the right direction, they do not adequately address the access to capital needs of small companies.

We received BDC financing at a critical time in the development of our company when other sources of public funding were not available to us. As a result of the success of such financing, we recognize that BDCs provide a much needed source of financing for small, developing companies, both public and private. However, if the Commission adopts the proposed rule as drafted, many small and developing companies would be deemed an ineligible portfolio company and forced to rely on unregulated private funding sources such as venture capital firms, hedge funds and private investments in public equity (PIPEs). In particular, we are concerned that, should the Commission decide to contract the universe of companies in which BDCs may invest, BDCs would have a difficult time raising capital in the public markets which, in turn, would limit the amount of financing BDCs are able to provide to small, developing companies otherwise eligible for BDC investment.

We urge the Commission to expand the definition of eligible portfolio company and consider alternatives to whether a company is listed on an exchange or quoted on NASDAQ, such as market capitalization, as proposed in H.R. 3170, to ensure that all small, developing companies are eligible for BDC investment.

Thank you for your consideration of our comments and recommendations.

Sincerely,

Tania King
Associate General Counsel
Advantage Sales & Marketing LLC

