Risk Factors Comparison 2024-03-19 to 2023-03-23 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Relating to Our Business and Structure • Any failure on our part to maintain our status as a business development company would reduce our operating flexibility, including our ability to borrow money. • We are dependent upon Oxford Square Management' s key management personnel for our future success, particularly Jonathan H. Cohen and Saul B. Rosenthal. • Our financial condition and results of operations will depend on our ability to manage our existing portfolio and future growth effectively. • Our business and operation could be negatively affected if we become subject to any securities litigation or ~~shareholder~~ **stockholder** activism, which could cause us to incur significant expense, hinder execution of our investment strategy and impact our stock price. • We operate in a highly competitive market for investment opportunities. • Our business model depends to a significant extent upon strong referral relationships with financial sponsors, and the inability of the senior investment professionals of our investment adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business. • There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value. • Further downgrades of the U. S. credit rating, impending automatic spending cuts or another government shutdown could negatively impact our liquidity, financial condition and earnings. • Our business is subject to increasingly complex corporate governance, public disclosure and accounting requirements that could adversely affect our business and financial results. • The interest rates of our term loans to our portfolio companies that extend beyond ~~2021~~ **2023** might be subject to change based on recent regulatory changes. • A disruption in the capital markets and the credit markets could negatively affect our business. • We are permitted to borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. • Regulations governing our operation as a BDC affect our ability to, and the way in which we raise additional capital, which may expose us to risks, including the typical risks associated with leverage. • Our Board of Directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners. • Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited. • There are significant potential conflicts of interest between OXSQ and our management team. • Our Board of Directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval. Risks Related to U. S. Federal Tax Regulation • We will be subject to U. S. federal income tax at corporate rates, if we are unable to qualify for tax treatment as a RIC for U. S. federal income tax purposes. Risks Relating to Our Investments • Our investment portfolio may be concentrated in a limited number of portfolio companies, which will subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt securities that we hold or if the sectors in which we invest experience a market downturn. • The lack of liquidity in our investments may adversely affect our business. • If we cannot obtain additional capital because of either regulatory or market price constraints, we could be forced to curtail or cease our new lending and investment activities, our net asset value could decrease and our level of distributions and liquidity could be affected adversely. • Our investments in the companies that we target may be extremely risky and we could lose all or part of our investments. • Our incentive fee may induce Oxford Square Management to use leverage and to make speculative investments. • Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. • Our investments in CLO vehicles are riskier and less transparent to us and our stockholders than direct investments in the underlying senior loans. Risks Relating to an Investment in Our Securities • Our common stock price may be volatile. • Our shares of common stock have traded at a discount from net asset value and may do so in the future. • There is a risk that investors in our equity securities will not receive distributions or that our distributions will not grow over time and a portion of our distributions could be a return of capital. • We may choose to pay distributions in our own common stock, in which case, our stockholders may be required to pay U. S. federal income taxes in excess of the cash distributions they receive. ~~]~~ Risks Relating to the Economy ~~• The COVID- 19 pandemic has caused severe disruptions in the U. S. economy and has disrupted financial activity in the areas in which we or our portfolio companies operate.~~ • We are currently operating in a period of capital markets disruption and economic uncertainty. • Political, social and economic uncertainty ~~, including uncertainty related to the COVID- 19 pandemic,~~ creates and exacerbates risks. COMPETITION Our primary competitors to provide financing to primarily non- public companies include private equity and venture capital funds, other equity and non- equity based investment funds, including other BDCs, and investment banks and other sources of financing, including traditional financial services companies such as commercial banks and specialty finance companies. Many of these entities may have greater financial and managerial resources than we have. For additional information concerning the competitive risks we face, refer to " Item 1A. Risk Factors — Risks Relating to Our Business and Structure — We operate in a highly competitive market for investment opportunities. " EMPLOYEES We have no employees. Our day- to- day investment operations are managed by Oxford Square Management. In addition, we reimburse Oxford Funds for an allocable portion of expenses incurred by it on our behalf under the Administration Agreement, including a portion of the rent and the compensation of our Chief Financial Officer, accounting staff and other administrative support personnel. We will also pay the costs associated with the functions performed by our Chief Compliance Officer under the terms of an agreement between the Company and ACA Group **, LLC** . CERTAIN U. S. FEDERAL INCOME TAX CONSIDERATIONS As a BDC, we have elected to be treated, and intend to qualify annually, as a RIC under Subchapter M of the Code, beginning with our 2003 taxable year. As a RIC, we generally will not be subject to U. S. federal income tax on any ordinary income or capital gains that we timely distribute to our stockholders as dividends. To continue to qualify as a RIC, we must, among other things, meet certain source- of- income and asset diversification requirements (as described below). In addition, to qualify for RIC tax treatment we must distribute to our stockholders, for each taxable year, at least 90 % of our " investment company taxable income, " which is generally our ordinary income plus the excess of our realized net short- term capital gains over our realized net long- term capital losses (the " Annual Distribution Requirement "). Taxation as a RIC If we qualify as a RIC; and satisfy the Annual Distribution Requirement, then we will not be subject to U. S. federal income tax on the portion of our investment company taxable income and net capital gain (i. e., realized net long- term capital gains in excess of realized net short- term capital losses) we timely distribute to stockholders. We will be subject to U. S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders. We will be subject to a 4 % nondeductible U. S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98 % of our net ordinary income for each calendar year, (2) 98. 2 % of our capital gain net income for the one- year period ending October 31 in that calendar year and (3) any income and net capital gain that we recognized in preceding years but were not distributed in such years, and on which we paid no U. S. federal income tax (the " Excise Tax Avoidance Requirement "). We generally will endeavor in each taxable year to make sufficient distributions to our stockholders to satisfy the Excise Tax Avoidance Requirement. In order to qualify as a RIC for U. S. federal income tax purposes, we must, among other things: • at all times during each taxable year, be registered under the 1940 Act as a management company or unit investment trust, or have in effect an election under the 1940 Act to be treated as a BDC; • derive in each taxable year at least 90 % of our gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities, net income from certain " qualified publicly traded partnerships, " or other income derived with respect to our business of investing in such stock or securities (the " 90 % Income Test "); and • diversify our holdings so that at the end of each quarter of the taxable year: • at least 50 % of the value of our assets consists of cash, cash equivalents, U. S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5 % of the value of our assets or more than 10 % of the outstanding voting securities of the issuer; and • no more than 25 % of the value of our assets is invested in (i) the securities, other than U. S. government securities or securities of other RICs, of one issuer (ii) the securities, other than securities of other RICs, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses; or (iii) the securities of certain " qualified publicly traded partnerships " (the " Diversification Tests "). We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as PIK interest and deferred loan origination fees that are paid after origination of the loan or are paid in non- cash compensation such as warrants or stock. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. In addition, we may be required to accrue for U. S. federal income tax purposes amounts attributable to our investment in CLOs that may differ from the distributions received in respect of such investments. Although we do not presently expect to do so, we are authorized to borrow funds, to sell assets and to make taxable distributions of our stock and debt securities in order to satisfy distribution requirements. Our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and / or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous. If we are unable to obtain cash from other sources to satisfy the Annual Distribution Requirement, we may fail to qualify for tax treatment as a RIC and become subject to tax as a corporation. Under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain " asset coverage " tests are met. If we are prohibited to make distributions, we may fail to qualify for tax treatment as a RIC and become subject to tax as an ordinary corporation. We have purchased and may in the future purchase residual or subordinated interests in CLOs that are treated for U. S. federal income tax purposes as shares in a " passive foreign investment company " or a PFIC. We may be subject to U. S. federal income tax on our allocable share of a portion of any " excess distribution " received on, or any gain from the disposition of, such shares. Additional charges, in the nature of interest, generally will be imposed on us in respect of deferred taxes arising from any such excess distribution or gain. This additional tax and interest may apply even if we make a distribution in an amount equal to any " excess distribution " or gain from the disposition of such shares as a taxable dividend by us to our ~~shareholders~~ **stockholders** . If we elect to treat a PFIC as a " qualified electing fund " under the Code (a " QEF "), in lieu of the foregoing requirements, we will be required to include in income each year our proportionate share of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed by the QEF. Alternatively, we may be able to elect to mark- to- market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income our allocable share of any increase in the value of such shares, and as ordinary loss our allocable share of any decrease in such value to the extent that any such decrease does not exceed prior increases included in our income. Under either election, we may be required to recognize in a year income in excess of distributions from PFICs and proceeds from dispositions of PFIC shares during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of the Excise Tax Avoidance Requirement. If we hold more than 10 % of the shares in a foreign corporation that is treated as a controlled foreign corporation or a CFC (including equity tranche investments in a CLO treated as a CFC), we may be treated as receiving a deemed distribution (taxable as ordinary income) each year from such foreign corporation in an amount equal to our pro rata share of the corporation' s income for the tax year (including both ordinary earnings and capital gains), whether or not the corporation makes an actual distribution during such year. This deemed distribution is required to be included in the income of a U. S. Stockholder (as defined below) of a CFC regardless of whether the stockholder has made a QEF election with respect to such CFC. In general, a foreign corporation will be classified as a CFC if more than 50 % of the shares of the corporation, measured by reference to combined voting power or value, is owned (directly, indirectly or by attribution) by U. S. Stockholders. A " U. S. Stockholder, " for this purpose, is any U. S. person that possesses (actually or constructively) 10 % or more of the combined voting power or value of all classes of shares of a corporation. If we are treated as receiving a deemed distribution from a CFC, we will be required to include such distribution in our investment company taxable income regardless of whether we receive any actual distributions from such CFC, and we must distribute such income to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement. Income inclusions from a QEF or a CFC will be " good income " for purposes of the 90 % Income Test provided that they are derived in connection with our business of investing in stocks and securities or the QEF or the CFC distribute such income to us in the same taxable year to which the income is included in our income. Failure to Qualify as a RIC If we were unable to qualify for treatment as a RIC, and certain cure provisions are not met, we would be subject to tax on all of our taxable income at regular corporate rates, regardless of whether we make any distributions to our stockholders. Distributions would not be required, and any distributions made would be taxable to our stockholders as ordinary dividend income that, subject to certain limitations, may be eligible for the 20. 0 % maximum rate to the extent of our current and accumulated earnings and profits provided certain holding period and other requirements were met. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends- received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder' s adjusted tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we would be subject to tax on any unrealized net built- in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent 5 years, unless we made a special election to pay U. S. federal income tax at corporate rates on such built- in gains at the time of our requalification as a RIC. REGULATION AS A BUSINESS DEVELOPMENT COMPANY General A BDC is regulated by the 1940 Act. A BDC must be organized in the United States for the purpose of investing in or lending to primarily private companies and making managerial assistance available to them. A BDC may use capital provided by public stockholders and from other sources to invest in long- term, private investments in businesses. A BDC provides stockholders the ability to retain the liquidity of a publicly traded stock, while sharing in the possible benefits, if any, of investing in primarily privately owned companies. We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by the vote of a majority of the outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (i) 67 % or more of such company' s voting securities present at a meeting if more than 50 % of the outstanding voting securities of such company are present or represented by proxy, or (ii) more than 50 % of the outstanding voting securities of such company. We currently do not anticipate any substantial change in the nature of our business. As with other companies regulated by the 1940 Act, a BDC must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not " interested persons, " as that term is defined in Section 2 (a) (19) the 1940 Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to the company or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person' s office. As a BDC, we are required to meet a coverage ratio of the value of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue in the future. On April 6, 2018, the Board, including a " required majority " (as such term is defined in Section 57 (o) of the 1940 Act) of the Board, approved the modified asset coverage requirements set forth in Section 61 (a) (2) of the 1940 Act. As a result, our asset coverage requirement under the 1940 Act for senior securities was changed from 200 % to 150 %, effective as of April 6, 2019. In other words, under the 1940 Act, we are able to borrow $ 2 for investment purposes for every $ 1 of investor equity. We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, prior approval by the SEC. We are not generally able to sell our common stock at a price below net asset value per share. Refer to " Risk Factors — Risks Relating to our Business and Structure — Regulations governing our operation as a BDC affect our ability to, and the way in which we raise additional capital, which may expose us to risks, including the typical risks associated with leverage. " We may, however, sell our common stock at a price below net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the consent of the majority of our common stockholders, or (iii) under such other circumstances as the SEC may permit. For example, we may sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then current net asset value of our common stock if our Board determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve our policy and practice of making such sales. In any such case, under such circumstances, the price at which our common stock is to be issued and sold may not be less than a price which, in the determination of our Board, closely approximates the market value of such common stock. In addition, we may generally issue new shares of our common stock at a price below the net asset value in rights offerings to existing stockholders, in payment of distributions and in certain other limited circumstances **.** We may be examined by the SEC for compliance with the 1940 Act. As a BDC, we are subject to certain risks and uncertainties. Refer to " Item 1A. Risk Factors — Risks Relating to our Business and Structure. " Qualifying Assets As a BDC, we may not acquire any asset other than " qualifying assets " unless, at the time we make the acquisition, the value of our qualifying assets represent at least 70 % of the value of our total assets. The principal categories of qualifying assets relevant to our business are: • securities purchased in transactions not involving any public offering, the issuer of which is an eligible portfolio company; • securities received in exchange for or distributed with respect to securities described in the bullet above or pursuant to the exercise of options, warrants or rights relating to such securities; and • cash, cash items, government securities or high quality debt securities (within the meaning of the 1940 Act), maturing in one year or less from the time of investment. An eligible portfolio company is generally a domestic company that is not an investment company (other than a small business investment company wholly owned by a BDC) and that: • does not have a class of securities with respect to which a broker may extend margin credit at the time the acquisition is made; • is controlled by the BDC and has an affiliate of the BDC on its board of directors; • does not have any class of securities listed on a national securities exchange; • is a public company that lists its securities on a national securities exchange with a market capitalization of less than $ 250 million; or • meets such other criteria as may be established by the SEC. Control, as defined by the 1940 Act, is presumed to exist where a BDC beneficially owns more than 25 % of the outstanding voting securities of the portfolio company. In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in eligible portfolio companies, or in other securities that are consistent with its purpose as a BDC. Significant Managerial Assistance BDCs generally must offer to make available to the issuer of the securities significant managerial assistance, except in circumstances where either (i) the BDC controls such issuer of securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. The Administrator or its affiliate provides such managerial assistance on our behalf to portfolio companies that request this assistance. Code of Ethics and Insider Trading Policy As required by the 1940 Act, we maintain a Code of Ethics and Insider Trading Policy, or " Code of Ethics, " that establishes procedures for personal investments and restricts certain transactions by our personnel. Refer to " Item 1A. Risk Factors — Risks Relating to our Business and Structure — There are significant potential conflicts of interest between OXSQ and our management team. " Our Code of Ethics generally does not permit investments by our employees in securities that may be purchased or held by us. The Code of Ethics is available on the EDGAR Database on the SEC' s website at http: / / www. sec. gov. You may obtain copies of the Code of Ethics, after paying a duplicating fee, by electronic request at the following email address: publicinfo @ sec. gov. Our Code of Ethics is also available on our website at http: / / oxfordsquarecapital. com /. Compliance Policies and Procedures We and Oxford Square Management have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws, and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation, and to designate a Chief Compliance Officer to be responsible for administering the policies and procedures. Sarbanes- Oxley Act of 2002 The Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") imposes a wide variety of regulatory requirements on publicly- held companies and their insiders. Many of these requirements affect us. For example: • pursuant to Rule 13a- 14 of the Securities Exchange Act of 1934, as amended, (the " Exchange Act "), our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports; • pursuant to Item 307 of Regulation S- K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures; • pursuant to Rule 13a- 15 of the Exchange Act, our management must prepare a report regarding its assessment of our internal control over financial reporting; and • pursuant to Item 308 of Regulation S- K and Rule 13a- 15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. The Sarbanes- Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes- Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes- Oxley Act and will take actions necessary to ensure that we are in compliance therewith. Proxy Voting Policies and Procedures We have delegated our proxy voting responsibility to our investment adviser, Oxford Square Management. The Proxy Voting Policies and Procedures of Oxford Square Management are set forth below. The guidelines are reviewed periodically by Oxford Square Management, and, accordingly, are subject to change. Introduction As an investment adviser registered under the Advisers Act, Oxford Square Management has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, Oxford Square Management recognizes that it must vote client securities in a timely manner free of conflicts of interest and in the best interests of its clients. These policies and procedures for voting proxies for Oxford Square Management' s investment advisory clients are intended to comply with Section 206 of, and Rule 206 (4)- 6 under, the Advisers Act. Proxy Policies Oxford Square Management will vote proxies relating to our portfolio securities in the best interests of ~~our~~ **the Company' s** stockholders. Oxford Square Management will review on a case- by- case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although Oxford Square Management will generally vote against proposals that may have a negative impact on our portfolio securities, it may vote for such a proposal if there exist compelling long- term reasons to do so. Oxford Square Management will abstain from voting only in unusual circumstances and where there is a compelling reason to do so. The proxy voting decisions of Oxford Square Management are made by the senior officers of Oxford Square Management who are responsible for monitoring each of our investments. To ensure that its vote is not the product of a conflict of interest, Oxford Square Management requires that: (i) anyone involved in the decision making process disclose to Oxford Square Management' s Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how Oxford Square Management intends to vote on a proposal without the prior approval of the Chief Compliance Officer and senior management in order to reduce any attempted influence from interested parties. Proxy Voting Records You may obtain information about how Oxford Square Management voted proxies by making a written request for proxy voting information to: Chief Compliance Officer, Oxford Square Management, LLC, 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830. Periodic Reporting and Audited Financial Statements We have registered our common stock under the Exchange Act, and have reporting obligations thereunder, including the requirement that we file annual and quarterly reports with the SEC. In accordance with the requirements of the Exchange Act, this annual report contains financial statements audited and reported on by our independent registered public accounting firm. You may obtain our annual reports on Form 10- K, our quarterly reports on Form 10- Q, and our current reports on Form 8- K on our website at http: / / oxfordsquarecapital. com / free of charge as soon as reasonably practicable after we file such reports electronically with the SEC. NASDAQ Global Select Market Requirements We have adopted certain policies and procedures intended to comply with the NASDAQ Global Select Market' s corporate governance rules. We will continue to monitor our compliance with all future listing standards that are approved by the SEC and will take actions necessary to ensure that we are in compliance therewith. Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10- K, you should consider carefully the following information before making an investment in our securities. The risk factors described below are the principal risk factors associated with an investment in our securities, as well as those factors generally associated with a business development company with investment objectives, investment policies, capital structure or trading markets similar to ours, including the risks associated with investing in a portfolio of small and developing or financially troubled businesses. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our securities could decline, and you may lose all or part of your investment. RISKS RELATING TO OUR BUSINESS AND STRUCTURE **Any failure on our part to maintain our status as a BDC would reduce our operating flexibility, including our ability to borrow money.** If we do not remain a BDC, we might be regulated as a closed- end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility, including our ability to borrow money. We depend on the diligence, skill and network of business contacts of the senior management of Oxford Square Management. The senior management, together with other investment professionals, will evaluate, negotiate, structure, close, monitor and service our investments. Our future success will depend to a significant extent on the continued service and coordination of the senior management team, particularly Jonathan H. Cohen, the Chief Executive Officer of Oxford Square Management, and Saul B. Rosenthal, the President and Chief Operating Officer of Oxford Square Management. Neither Mr. Cohen nor Mr. Rosenthal will devote all of their business time to our operations, and both will have other demands on their time as a result of their other activities. Neither Mr. Cohen nor Mr. Rosenthal is subject to an employment contract. The departure of either of these individuals could have a material adverse effect on our ability to achieve our investment objective. In addition, due to Oxford Square Management' s relatively small staff size, the departure of any of Oxford Square Management' s personnel, including investment, accounting and compliance professionals, could have a material adverse effect on us. Our ability to achieve our investment objective will depend on our ability to manage our existing investment portfolio and to grow, which will depend, in turn, on our investment adviser' s ability to identify, analyze, invest in and finance companies that meet our investment criteria, and our ability to raise and retain debt and equity capital. Accomplishing this result on a cost- effective basis is largely a function of our investment adviser' s structuring of the investment process, its ability to provide competent, attentive and efficient services to us and our access to financing on acceptable terms. We and Oxford Square Management, through its managing member, Oxford Funds, will need to continue to hire, train, supervise and manage new employees. Failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations. A large number of entities compete with us to make the types of investments that we make. We compete with a large number of hedge funds and CLO investment vehicles, other equity and non- equity based investment funds, including other BDCs, investment banks and other sources of financing, including traditional financial services companies such as commercial banks and specialty finance companies. Many of our competitors are substantially larger than us and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. If we are unable to source attractive investments, we may hold a greater percentage of our assets in cash than anticipated, which could impact potential returns on our portfolio. There can be no assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective. We expect that the principals of our investment adviser will maintain and develop their relationships with financial sponsors, brokers and agents and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If the senior investment professionals of our investment adviser fail to maintain their existing relationships or develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the senior investment professionals of our investment adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us. If our investment adviser is unable to source investment opportunities, we may hold a greater percentage of our assets in cash than anticipated, which could impact potential returns on our portfolio. A large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We value these securities on a quarterly basis in accordance with our valuation policy, which is consistent with U. S. generally accepted accounting principles (“ GAAP ”). Our board of directors utilizes the services of third- party valuation firms to aid it in determining the fair value of certain securities. The board of directors discusses valuations and determines the fair value in good faith based on the input of our investment adviser and the respective third- party valuation firms. The factors that may be considered in fair value pricing our investments include the nature and realizable value of any collateral, the portfolio company’ s ability to make payments and its earnings, the markets in which the portfolio company does business, comparisons to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities. Market conditions affect debt and equity capital markets in the U. S. and abroad and may in the future have a negative impact on our business and operations. Equity capital may be difficult to raise because, subject to some limited exceptions which apply to us, as a BDC we are generally not able to issue additional shares of our common stock at a price less than net asset value. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 150 % immediately after each time we incur indebtedness. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations. The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments. In addition, significant changes in the capital markets, including the recent period of extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns, or a recession in the United States. Although U. S. lawmakers passed legislation to raise the federal debt ceiling on multiple occasions, ratings agencies have lowered or threatened to lower the long- term sovereign credit rating on the United States. The impact of this or any further downgrades to the U. S. government’ s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions. Absent further quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U. S. federal government to shut down for periods of time. Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations. We are subject to changing rules and regulations of federal and state government as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and the NASDAQ Stock Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations and requirements in response to laws enacted by Congress. Our efforts to comply with these requirements have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management’ s time from other business activities. As a BDC, we seek to maintain our ability to raise additional capital for investment purposes. Without sufficient access to the capital markets or credit markets, we may not be able to pursue new business opportunities. Disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition. Our ability to grow our business could be impaired by an inability to access the capital markets or to enter into new credit facilities. Reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market disruption and tightening of credit has led to increased market volatility and widespread reduction of business activity generally. If we are unable to raise additional equity capital or consummate new credit facilities on terms that are acceptable to us, we may not be able to initiate significant originations. These situations may arise due to circumstances that we may be unable to control, such as access to the credit markets, a severe decline in the value of the U. S. dollar, another economic downturn or an operational problem that affects third parties or us, and could materially harm our business. Even though such conditions have improved broadly and significantly over the short- term, adverse conditions in particular sectors of the financial markets could adversely impact our business over the long- term. Even in the event the value of your investment declines, the Base Fee and, in certain circumstances, the Net Investment Income Incentive Fee will still be payable. The Base Fee is calculated as a percentage of our gross assets at a specific time. Accordingly, the Base Fee will be payable regardless of whether the value of our gross assets and / or your investment have decreased. Moreover, a portion of the incentive fee is payable if our net investment income for a calendar quarter exceeds a designated hurdle rate. Although this portion of the incentive fee (the Net Investment Income Incentive Fee) is subject to the Total Return Requirement, the Net Investment Income Incentive Fee may still be payable during a quarter with net capital losses. Accordingly, this portion of our adviser’ s incentive fee may also be payable notwithstanding a decline in net asset value that quarter. In addition, in the event we recognize PIK loan interest or PIK preferred dividends in excess of our available capital, we may be required to liquidate assets in order to pay a portion of the incentive fee. Oxford Square Management, however, is not required to reimburse us for the portion of any fees attributable to accrued deferred loan interest or dividends in the event of a default or other non- payment by the obligor. Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

Any unrealized depreciation that we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could adversely affect our ability to service our outstanding borrowings. As a BDC, we are required to carry our investments at fair value as determined in good faith by or under the direction of our Board of Directors. Decreases in fair values of our investments are recorded as unrealized depreciation. Any unrealized depreciation in our loan portfolio could be an indication of a portfolio company' s inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods and could materially adversely affect our ability to service our outstanding borrowings. Depending on market conditions, we may incur substantial losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations. PIK interest / dividend payments we receive will increase our assets under management and, as a result, will increase the amount of Base Fee and incentive fees payable by us to our investment adviser. Certain of our debt and preferred stock investments contain provisions providing for the payment of contractual PIK interest or dividends. Because PIK interest / dividends results in an increase in the size of the loan / preferred stock balance of the underlying investment, the receipt by us of PIK interest / dividend will have the effect of increasing our assets under management. As a result, because the Base Fee that we pay to our investment adviser is based on the value of our gross assets, the receipt by us of PIK interest / dividend will result in an increase in the amount of the Base Fee payable by us. In addition, any such increase in an investment balance due to the receipt of PIK interest / dividend will cause such investment to accrue interest / dividend on the higher investment balance, which will result in an increase in our pre- incentive fee net investment income and, as a result, a potential increase in incentive fees that are payable by us to our investment adviser. Our investment adviser is not obligated to reimburse us for any part of the incentive fee it receives that is based on accrued income that we never receive. Part of the incentive fee payable by us to our investment adviser that relates to our net investment income is computed and paid on income that may include interest that has been accrued but not yet received in cash, such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Our investment adviser will not be under any obligation to reimburse us for any part of the incentive fee it received that was based on accrued income that we never receive as a result of a default by an entity on the obligation that resulted in the accrual of such income. Our investment adviser can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations. Our investment adviser has the right, under our investment advisory agreement, to resign at any time upon 60 days' written notice, whether we have found a replacement or not. If our investment adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations. Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. We may borrow from and issue senior debt securities to banks, insurance companies, and other lenders. Lenders of these senior securities have fixed dollar claims on our assets that are superior to the claims of our common stockholders. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make common stock distribution payments. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the Base Fee (and a portion of the incentive fee) payable to Oxford Square Management will be payable on our gross assets, including those assets acquired through the use of leverage, Oxford Square Management may have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the Base Fee (and incentive fee) payable to Oxford Square Management. Our asset coverage requirement under the 1940 Act for senior securities is 150 %, effective as of April 6, 2019. If we incur additional leverage, general interest rate fluctuations may have a more significant negative impact on our investments and investment opportunities than they would have absent such additional incurrence, and, accordingly, may have a material adverse effect on our investment objectives and rate of return on investment capital. On April ~~12, 2017, we completed a public offering of approximately $ 64. 4 million in aggregate principal amount of 6. 50 % Unsecured Notes. The 6. 50 % Unsecured Notes will mature on March 30, 2024, and may currently be redeemed in whole or in part at any time or from time to time at our option on or after March 30, 2020. The 6. 50 % Unsecured Notes bear interest at a rate of 6. 50 % per year payable quarterly on March 30, June 30, September 30 and December 30. The 6. 50 % Unsecured Notes are our general unsecured obligations, rank equally in right of payment with our future senior unsecured debt, and rank senior in right of payment to any potential subordinated debt, should any be issued in the future. On April~~ 3, 2019, we completed an underwritten public offering of approximately $ 44. 8 million in aggregate principal amount of 6. 25 % Unsecured Notes. The 6. 25 % Unsecured Notes will mature on April 30, 2026, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 30, 2022. The 6. 25 % Unsecured Notes bear interest at a rate of 6. 25 % per year payable quarterly on January 31, April 30, July 31, and October 31, of each year. The 6. 25 % Unsecured Notes are our general unsecured obligations, rank equally in right of payment with our future senior unsecured debt, and rank senior in right of payment to any potential subordinated debt, should any be issued in the future. On May 20, 2021, the Company completed an underwritten public offering of approximately $ 80. 5 million in aggregate principal amount of 5. 50 % Unsecured Notes. The 5. 50 % Unsecured Notes will mature on July 31, 2028, and may be redeemed in whole or in part at any time or from time to time at the Company' s option on or after May 31, 2024. The 5. 50 % Unsecured Notes bear interest at a rate of 5. 50 % per year payable quarterly on January 31, April 30, July 31, and October 31, of each year. The 5. 50 % Unsecured Notes are our general unsecured obligations, rank equally in right of payment with our future senior unsecured debt, and rank senior in right of payment to any potential subordinated debt, should any be issued in the future. Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns on the portfolio, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below. Assumed total return on our portfolio (net of expenses) (10. 0) % (5. 0) % 0. 0 % 5. 0 % 10. 0 % Corresponding return to stockholder (1) (~~32~~ **23** . ~~6~~ **5**) % (~~20~~ **14** . ~~7~~ **4**) % (~~8~~ **5** . ~~9~~ **2**) % **4. 0 % 13.** 2 ~~. 9 % 14. 7~~ % ____________ (1) Assumes $ ~~328~~ **277** . ~~0~~ **7** million in total assets and $ ~~189~~ **125** . ~~7~~ **3** million in total debt principal outstanding, which reflects our total assets and total debt outstanding as of December 31, ~~2022~~ **2023** , and a cost of funds of approximately 6. ~~5~~ **26** %. Our portfolio must have an annual return of at least ~~3~~ **2** . ~~8~~ **83** % in order to cover the annual interest payments on our current borrowings. If we are unable to comply with the covenants or restrictions in our borrowings, our business could be materially adversely affected. Our borrowings may include covenants, among others, that, subject to exceptions, restrict our ability to pay distributions, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations. Complying with these restrictions may prevent us from taking actions that we believe would help us grow our business or are otherwise consistent with our investment objective. These restrictions could also limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. In addition, certain covenants or restrictions could limit our ability to make distributions to our stockholders in certain circumstances, which could result in us failing to qualify for tax treatment as a RIC and thus becoming subject to U. S. federal income tax at corporate rates (and any applicable state and local taxes). The breach of any of the covenants or restrictions, unless cured within the applicable grace period, would result in a default under our borrowings that would permit the lender thereunder to declare all amounts outstanding to be due and payable. In such an event, we may not have sufficient assets to repay such indebtedness. As a result, any default could have serious consequences to our financial condition. An event of default or an acceleration under any future borrowings also cause a cross- default or cross- acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. The terms of our future borrowings may contractually limit our ability to incur additional indebtedness. We will need additional capital to fund new investments and grow our portfolio of investments. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. We believe that having the flexibility to incur additional leverage could augment the returns to our stockholders and would be in the best interests of our stockholders. Contractual leverage limitations under our future borrowings may limit our ability to incur additional indebtedness. An inability on our part to access additional leverage could limit our ability to take advantage of the benefits described above related to our ability to incur additional leverage and could decrease our earnings, if any, which would have an adverse effect on our results of operations and the value of our shares of common stock. We may need to raise additional capital to grow because we must distribute most of our income. We may need additional capital to fund growth in our investments. We expect to issue equity securities and expect to borrow from financial institutions in the future. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90 % of our investment company taxable income to our stockholders to maintain our tax treatment as a **RIC** ~~regulated investment company~~ . As a result, any such cash earnings may not be available to fund investment originations. We expect to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue preferred stock may be restricted if our total assets are less than 150 % of our total borrowings and preferred stock. Our ability to grow our business requires a substantial amount of capital, which we may acquire from the following sources: Senior Securities and Other Indebtedness We may issue debt securities or preferred stock and / or borrow money from banks or other financial institutions, which we refer to collectively as " senior securities, " up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150 % immediately after each issuance of senior securities. This requirement of sustaining a 150 % asset coverage ratio limits the amount that we may borrow. Because we will continue to need capital to grow our loan and investment portfolio, this limitation may prevent us from incurring debt. Further additional debt financing may not be available on favorable terms, if at all, or may be restricted by the terms of our debt facilities. If we are unable to incur additional debt, we may be required to raise additional equity at a time when it may be disadvantageous to do so. As a result of the issuance of senior securities, including preferred stock and debt securities, we are exposed to typical risks associated with leverage, including an increased risk of loss and an increase in expenses, which are ultimately borne by our common stockholders. Because we may incur leverage to make investments, a decrease in the value of our investments would have a greater negative impact on the value of our common stock. When we issue debt securities or preferred stock, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. In addition, such securities may be rated by rating agencies, and in obtaining a rating for such securities, we may be required to abide by operating and investment guidelines that could further restrict our operating flexibility. Refer to " — We are permitted to borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us " for a description of our outstanding senior securities. Our ability to pay distributions or issue additional senior securities may be restricted if our asset coverage ratio is not at least 150 %. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Furthermore, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Common Stock We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then- current net asset value of our common stock if our Board of Directors determines that such sale is in the best interests of the Company and its stockholders, and our stockholders approve such sale. In certain limited circumstances, we may also issue shares at a price below net asset value in connection with a transferable rights offering so long as: (1) the offer does not discriminate among stockholders; (2) we use our best efforts to ensure an adequate trading market exists for the rights; and (3) the ratio of the offering does not exceed one new share for each three rights held. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all. Our charter permits our Board of Directors to reclassify any authorized but unissued shares of stock into one or more classes of preferred stock. We are currently authorized to issue up to 100, 000, 000 shares of common stock, of which ~~49~~ **59** , ~~871~~ **672** , ~~062~~ **337** shares are issued and outstanding as of March ~~17~~ **14** , ~~2023~~ **2024** . In the event our Board of Directors opts to reclassify a portion of our unissued shares of common stock into a class of preferred stock, those preferred shares would have a preference over our common stock with respect to distributions and liquidation. The cost of any such reclassification would be borne by our existing common stockholders. The class voting rights of any preferred shares we may issue could make it more difficult for us to take some actions that may, in the future, be proposed by our Board of Directors and / or the holders of our common stock, such as a merger, exchange of securities, liquidation, or alteration of the rights of a class of our securities, if these actions were perceived by the holders of preferred shares as not in their best interests. The issuance of preferred shares convertible into shares of common stock might also reduce the net income and net asset value per share of our common stock upon conversion. These effects, among others, could have an adverse effect on your investment in our common stock. A change in interest rates may adversely affect our profitability and we may expose ourselves to risks if we engage in hedging transactions to mitigate changes in interest rates. Currently, all of the debt investments in our investment portfolio are at variable rates. In addition, our CLO equity investments are sensitive to risks associated with changes in interest rates. Although we have not done so in the past, we may in the future choose to hedge against interest rate fluctuations by using standard hedging instruments such as futures, forward contracts, options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The success of our hedging transactions will depend on our ability to correctly predict movements in interest rates. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. To the extent we engage in hedging transactions, we also face the risk that counterparties to the derivative instruments we hold may default, which may expose us to unexpected losses from positions where we believed that our risk had been appropriately hedged. These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. Also, we have limited experience in entering into hedging transactions, and we will initially have to purchase or develop such expertise if we choose to employ hedging strategies in the future. Through comprehensive new global regulatory regimes impacting derivatives (e. g., the Dodd- Frank Act, European Market Infrastructure Regulation (" EMIR "), Markets in Financial Investments Regulation (" MIFIR ") / Markets in Financial Instruments Directive (" MIFID II ")), certain over- the- counter derivatives transactions in which we may engage are either now or will soon be subject to various requirements, such as mandatory central clearing of transactions which include additional margin requirements and in certain cases trading on electronic platforms, pre- and post- trade transparency reporting requirements and mandatory bi- lateral exchange of initial margin for non- cleared swaps. The Dodd- Frank Act also created new categories of regulated market participants, such as " swap dealers, " " security- based swap dealers, " " major swap participants, " and " major security- based swap participants " who are subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements. The European Unions (" EU ") and some other jurisdictions are implementing similar requirements. Because these requirements are new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear. However, even if the Company itself is not located in a particular jurisdiction or directly subject to the jurisdiction' s derivatives regulations, we may still be impacted to the extent we enter into a derivatives transaction with a regulated market participant or counterparty that is organized in that jurisdiction or otherwise subject to that jurisdiction' s derivatives regulations. Based on information available as of the date of this annual report on Form 10- K, the effect of such requirements will be likely to (directly or indirectly) increase our overall costs of entering into derivatives transactions. In particular, new margin requirements, position limits and significantly higher capital charges resulting from new global capital regulations, even if not directly applicable to us, may cause an increase in the pricing of derivatives transactions entered into by market participants to whom such requirements apply or affect our overall ability to enter into derivatives transactions with certain counterparties. Such new global capital regulations and the need to satisfy the various requirements by counterparties are resulting in increased funding costs, increased overall transaction costs, and significantly affecting balance sheets, thereby resulting in changes to financing terms and potentially impacting our ability to obtain financing. Administrative costs, due to new requirements such as registration, recordkeeping, reporting, and compliance, even if not directly applicable to us, may also be reflected in our derivatives transactions. New requirements to trade certain derivatives transactions on electronic trading platforms and trade reporting requirements may lead to (among other things) fragmentation of the markets, higher transaction costs or reduced availability of derivatives, and / or a reduced ability to hedge, all of which could adversely affect the performance of certain of our trading strategies. In addition, changes to derivatives regulations may impact the tax and / or accounting treatment of certain derivatives, which could adversely impact us. In November 2020, the SEC adopted new rules regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations. BDCs that use derivatives would be subject to a value- at- risk leverage limit, certain other derivatives risk management program and testing requirements and requirements related to board reporting. These new requirements would apply unless the BDC qualified as a " limited derivatives user, " as defined in the SEC' s adopted rules. **The Company intends to operate under the limited derivatives user exemption of Rule 18f- 4 and has adopted written policies and procedures reasonably designed to manage the Company' s derivatives risk pursuant to Rule 18f- 4.** A BDC that enters into reverse repurchase agreements or similar financing transactions would need to aggregate the amount of indebtedness associated with the reverse repurchase agreements or similar financing transactions could either (i) comply with the asset coverage requirements of the Section 18 of the 1940 Act when engaging in reverse repurchase agreements or (ii) choose to treat such agreements as derivative transactions under the adopted rule. Under the adopted rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. If the BDC cannot meet this test, it is required to treat unfunded commitments as a derivatives transaction subject to the requirements of the rule. Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. There are significant potential conflicts of interest between the Company and its management team. In the course of our investing activities, we pay management and incentive fees to Oxford Square Management, and reimburse Oxford Funds for certain expenses it incurs on our behalf. As a result, investors in our common stock invest on a " gross " basis and receive distributions on a " net " basis after expenses, resulting in, among other things, a lower rate of return than one might achieve through direct investments. As a result of this arrangement, there may be times when the management team of Oxford Square Management has interests that differ from those of our stockholders, giving rise to a conflict. Oxford Square Management receives a quarterly incentive fee based, in part, on our " Pre- Incentive Fee Net Investment Income, " if any, for the immediately preceding calendar quarter. This incentive fee is subject to a quarterly hurdle rate before providing an incentive fee return to Oxford Square Management. To the extent we or Oxford Square Management are able to exert influence over our portfolio companies, the quarterly pre- incentive fee may provide Oxford Square Management with an incentive to induce our portfolio companies to accelerate or defer interest or other obligations owed to us from one calendar quarter to another. In addition, our executive officers and directors, and the executive officers of Oxford Square Management, and its managing member, Oxford Funds, serve or may serve as officers and directors of entities that operate in a line of business similar to our own. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. Charles M. Royce, a member of our Board of Directors, holds a minority, non- controlling interest in our investment adviser. Messrs. Cohen and Rosenthal currently serve as Chief Executive Officer and President, respectively, of Oxford Lane Capital Corp., a non- diversified closed- end management investment company that currently invests primarily in CLO debt and equity tranches, and its investment adviser, Oxford Lane Management. Messrs. Cohen and Rosenthal also currently serve as Chief Executive Officer and President, respectively, at Oxford **Park Management, the investment adviser to Oxford Park Income Fund, Inc., a non- diversified closed- end management investment company that invests primarily in equity and junior debt tranches of CLO vehicles, and Oxford** Gate Management, the investment adviser to the Oxford Gate Funds and Oxford Bridge II, LLC. Oxford Bridge II, LLC and Oxford Gate Funds are private funds that invest principally in CLO debt and equity. Oxford Funds is the managing member of Oxford **Park Management, Oxford Lane Management and Oxford** Gate Management ~~, LLC~~ . As a result, certain conflicts of interest may arise with respect to the management of our portfolio by Messrs. Cohen and Rosenthal, on the one hand, and the obligations of Messrs. Cohen and Rosenthal to manage the portfolios of Oxford Lane Capital Corp **., Oxford Park Income Fund, Inc** ., Oxford Bridge II, LLC and the Oxford Gate Funds, respectively, on the other hand. In addition, Bruce L. Rubin, our Chief Financial Officer, Corporate Secretary and Treasurer, currently serves in similar capacities for Oxford Lane Capital Corp. **and Oxford Park Income Fund, Inc.** Mr. Rubin also currently serves as the Chief Financial Officer and Secretary of Oxford Lane Management, Oxford Square Management, ~~LLC,~~ Oxford Gate Management, LLC **, Oxford Park Management** and Oxford Funds. Further, Mr. Gerald Cummins, our Chief Compliance Officer, currently serves in similar capacities for Oxford Lane Management, Oxford Lane Capital Corp., Oxford Square Management, LLC ~~and~~ **,** Oxford Gate Management, LLC **, Oxford Park Income Fund, Inc. and Oxford Park Management** . Because of these possible conflicts of interest, these individuals may direct potential business and investment opportunities to other entities rather than to us or such individuals may undertake or otherwise engage in activities or conduct on behalf of such other entities that is not in, or which may be adverse to, our best interests. Oxford Square Management, Oxford Lane Management, ~~LLC and~~ Oxford Gate Management, ~~LLC~~ **and Oxford Park Management** are subject to a written policy with respect to the allocation of investment opportunities among ~~Oxford Square~~ **the Company** , Oxford Lane Capital Corp., Oxford Bridge II, LLC ~~and~~ **,** the Oxford Gate Funds **and Oxford Park Income Fund, Inc** . Where investments are suitable for more than one entity, the allocation policy generally provides that, depending on size and subject to current and anticipated cash availability, the absolute size of the investment as well as its relative size compared to the total assets of each entity, current and anticipated weighted average costs of capital, and whether the proposed investment is an add- on investment to an existing investment, among other factors, an investment amount will be determined by the adviser to each entity. If the investment opportunity is sufficient for each entity to receive its investment amount, then each entity receives the investment amount; otherwise, the investment amount is reduced pro rata. On October 13, 2016, we filed an exemptive application with the SEC to permit us to co- invest with funds or entities managed by Oxford Square Management or its affiliates in certain negotiated transactions where co- investing would otherwise be prohibited under the 1940 Act. On June 14, 2017, the SEC issued an order permitting ~~Oxford Square~~ **the Company** and certain of its affiliates to complete negotiated co- investment transactions in portfolio companies, subject to certain conditions, or the " Order. " Subject to satisfaction of certain conditions to the Order, ~~Oxford Square~~ **the Company** and certain of its affiliates are now permitted, together with any future BDCs, registered closed- end funds and certain private funds, each of whose investment adviser is Oxford Square' s investment adviser or an investment adviser controlling, controlled by, or under common control with Oxford Square **Management** ~~' s investment adviser~~ , to co- invest in negotiated investment opportunities where doing so would otherwise be prohibited under the 1940 Act, providing ~~Oxford Square~~ **the Company** ' s stockholders with access to a broader array of investment opportunities. Pursuant to the Order, we are permitted to co- invest in such investment opportunities with our affiliates if a " required majority " (as defined in Section 57 (o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co- investment transaction, including, but not limited to, that (1) the terms of the potential co- investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned, and (2) the potential co- investment transaction is consistent with the interests of our stockholders and is consistent with our then- current investment objective and strategies. In the ordinary course of business, we may enter into transactions with portfolio companies that may be considered related party transactions. In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with us, we have implemented certain policies and procedures whereby our executive officers screen each of our transactions for any possible affiliations between the proposed portfolio investment, us, companies controlled by us and our employees and directors. We will not enter into any agreements unless and until we are satisfied that doing so will not raise concerns under the 1940 Act or, if such concerns exist, we have taken appropriate actions to seek board review and approval or exemptive relief for such transaction. Our Board of Directors reviews these procedures on an annual basis. We have also adopted a Code of Business Conduct and Ethics which applies to our senior officers, including our Chief Executive Officer and Chief Financial Officer, as well as all of our officers, directors and employees. Our Code of Business Conduct and Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual' s personal interests and our interests. Pursuant to our Code of Business Conduct and Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict. Our Audit Committee is charged with approving any waivers under our Code of Business Conduct and Ethics. As required by the NASDAQ Global Select Market corporate governance listing standards, the Audit Committee of our Board of Directors is also required to review and approve any transactions with related parties (as such term is defined in Item 404 of Regulation S- K). Changes in laws or regulations governing our operations may adversely affect our business. Changes in the laws or regulations, or the interpretations of the laws and regulations, which govern BDCs, RICs or non- depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures, and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, then we may have to incur significant expenses in order to comply or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, then we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business results of operations or financial condition. If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy. As a BDC, we may not acquire any assets other than " qualifying assets " unless, at the time of such acquisition, at least 70 % of our total assets are qualifying assets. We believe that most of our portfolio investments will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow- on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to comply with the 1940 Act. If we need to dispose of such investments quickly, it would be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock. The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of the Company or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board of Directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increases the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act **(in accordance with any applicable law, rules or regulations)** , the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increases the difficulty of consummating such a transaction ~~. The SEC staff has rescinded its position that, under the 1940 Act, an investment company may not avail itself of the Maryland Control Share Acquisition Act. As a result, we may amend our bylaws to be subject to the Maryland Control Share Act if our Board of Directors determines it would be in our best interest~~ . We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors in three classes serving staggered three- year terms, and authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock and to amend our charter without stockholder approval to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. However, these provisions may deprive a stockholder of the opportunity to sell such stockholder' s shares at a premium to a potential acquirer. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms. Our Board of Directors has considered both the positive and negative effects of the foregoing provisions and determined that they are in the best interest of our stockholders. Our Board of Directors has the authority to modify or waive certain of our operating policies and strategies without prior notice (except as required by the 1940 Act) and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against such company. ~~Shareholder~~ **Stockholder** activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space. While we are currently not subject to any securities litigation, due to the volatility of our stock price and for a variety of other reasons, we may in the future become the target of additional securities litigation and the subject of additional ~~shareholder~~ **stockholder** activism. If at any time our current Investment Advisory Agreement is terminated we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. Securities litigation and ~~shareholder~~ **stockholder** activism, including potential proxy contests, could result in substantial costs and divert management' s and our Board of Directors' attention and resources from our business. Additionally, such securities litigation and ~~shareholder~~ **stockholder** activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist ~~shareholder~~ **stockholder** matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and ~~shareholder~~ **stockholder** activism. RISKS RELATED TO U. S. FEDERAL INCOME TAX To remain entitled to the tax benefits accorded to RICs under the Code, we must meet certain income source, asset diversification and Annual Distribution Requirements. In order to qualify as a RIC, we must derive each taxable year at least 90 % of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, or other income derived with respect to our business of investing in such stock or securities. The Annual Distribution Requirement for a RIC is satisfied if we distribute at least 90 % of our ordinary income and realized net short- term capital gains in excess of realized net long- term capital losses, if any, to our stockholders on an annual basis. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, we may fail to qualify for special tax treatment as a RIC and, thus, may be subject to U. S. federal income tax at corporate rates on all of our income. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC treatment. Because most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify for tax treatment as a RIC for any reason and remain or become subject to U. S. federal income tax at corporate rates, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders. Our investments in CLOs may be subject to special anti- deferral provisions that could result in us incurring tax or recognizing income prior to receiving cash distributions related to such income. We have purchased and may in the future purchase residual or subordinated interests in CLOs that are treated for U. S. federal income tax purposes as shares in a passive foreign investment company or PFIC. If we acquire investments in a PFIC (including equity tranche investments in CLOs that are PFICs), we may be subject to U. S. federal income tax on a portion of any " excess distribution " or gain from the disposition of such shares. Additional charges, in the nature of interest, generally will be imposed on us in respect of deferred taxes arising from any such excess distribution or gain. This additional tax and interest may apply even if we make a distribution in an amount equal to any " excess distribution " or gain from the disposition of such shares as a taxable dividend by us to our ~~shareholders~~ **stockholders** . Certain elections may be available to mitigate or eliminate such tax on excess distributions, but such elections (if available) will generally require us to recognize our share of the PFICs income for each year regardless of whether we receive any distributions from such PFICs. We must nonetheless distribute such income to maintain our tax treatment as a RIC. If we hold more than 10 % of the shares in a foreign corporation that is treated as a controlled foreign corporation or CFC (including equity tranche investments in a CLO treated as CFC), we may be treated as receiving a deemed distribution (taxable as ordinary income) each year from such foreign corporation in an amount equal to our pro rata share of the corporation' s income for the tax year (including both ordinary earnings and capital gains). If we are required to include such deemed distributions from a CFC in our income, we will be required to distribute such income to maintain our RIC tax treatment regardless of whether or not the CFC makes an actual distribution during such year. If we are required to include amounts in income prior to receiving distributions representing such income, we may have to sell some of our investments at times and / or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to U. S. federal income tax at corporate rates. If we do not receive timely distributions from our CLO investments, we may fail to qualify as a RIC. We are required to include in our taxable income our proportionate share of the income of certain CLO investments to the extent that such CLOs are PFICs for which we have made a qualifying electing fund, or " QEF, " election or are CFCs. To the extent that such CLOs do not distribute all of their earnings and profits on a current basis, we may fail to satisfy the 90 % Income Test and thus fail to qualify as a RIC. Income inclusions from a QEF or a CFC will be " good income " for purposes of the 90 % Income Test provided that they are derived in connection with our business of investing in stocks and securities or the QEF or the CFC distribute such income to us in the same taxable year to which the income is included in our income. The CLOs in which we invest may be subject to withholding tax if they fail to comply with certain reporting requirements. Legislation commonly referred to as the " Foreign Account Tax Compliance Act, " or " FATCA, " generally imposes a 30 % withholding tax on payments of certain types of income to foreign financial institutions (" FFIs ") unless such FFIs either: (i) enter into an agreement with the U. S. Treasury to report certain required information with respect to accounts held by certain specified U. S. persons (or held by foreign entities that have certain specified U. S. persons as substantial owners) or (ii) reside in a jurisdiction that has entered into an intergovernmental agreement (" IGA ") with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U. S. source interest and dividends. While the Code would also require withholding on payments of the gross proceeds from the sale of any property that could produce U. S. source interest or dividends, the U. S. Treasury Department has indicated its intent to eliminate this requirement in subsequent proposed regulations, which state that taxpayers may rely on the proposed regulations until final regulations are issued. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a specified U. S. person and transaction activity within the holder' s account. In addition, subject to certain exceptions, FATCA also imposes a 30 % withholding on certain payments to certain foreign entities that are not FFIs unless such foreign entities certify that they do not have a greater than 10 % owner that is a specified U. S. person or provide the withholding agent with identifying information on each greater than 10 % owner that is a specified U. S. person. Most CLO vehicles in which we invest will be treated as FFIs for this purpose, and therefore will be required to comply with these reporting requirements to avoid the 30 % withholding. If a CLO vehicle in which we invest fails to properly comply with these reporting requirements, it could reduce the amounts available to distribute to equity and junior debt holders in such CLO vehicle, which could materially and adversely affect our operating results and cash flows. We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income. For U. S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as original issue discount (" OID "), which may arise if we receive warrants in connection with the making of a loan or possibly in other circumstances, or contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. In addition, we may be required to accrue for U. S. federal income tax purposes amounts attributable to our investment in CLOs that may differ from the distributions received in respect of such investments. We also may be required to include in income certain other amounts that we will not receive in cash. Because in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty satisfying the Annual Distribution Requirement applicable to RICs. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital, reduce new investments or make taxable distributions of our stock or debt securities to meet that distribution requirement. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus be subject to U. S. federal income tax at corporate rates. In addition, OID income for certain portfolio investments may or may not be included as a factor in the determination of the fair value of such investments. ~~Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval. Our Board of Directors has the authority to modify or waive certain of our operating policies and strategies without prior notice (except as required by the 1940 Act) and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our stock. Nevertheless, the effects~~

~~may adversely affect our business and impact our ability to make distributions.~~ RISKS RELATING TO OUR INVESTMENTS A consequence of our limited number of investments is that the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Beyond the asset diversification requirements applicable to RICs, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few issuers. While we have historically focused on the technology sector, we are actively seeking new investment opportunities outside this sector that otherwise meet our investment criteria. As a result, a market downturn, including a downturn in the sectors in which we invest, could materially adversely affect us. As stated above, our investments are generally not in publicly traded securities. Substantially all of these securities are subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. For example, there is a limited secondary market for any of our investments in warehouse facilities and our investments in warehouse facilities are less liquid than our investments in CLOs. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. Also, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, because we generally invest in debt securities with a term of up to seven years and generally intend to hold such investments until maturity of the debt, we do not expect realization events, if any, to occur in the near- term. We expect that our holdings of equity securities may require several years to appreciate in value, and we can offer no assurance that such appreciation will occur. Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all. If we are unable to obtain debt capital, then our equity investors will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful and we may be limited in our ability to make new commitments or fundings to our portfolio companies. ~~We are subject to risks~~ **Risks** ~~associated with~~ **related to** the ~~discontinuation of~~ **transition away from** LIBOR ~~, which will affect our cost of capital and net investment income~~ . **Following** ~~In July 2017, the~~ **their publication on June 30, 2023, no settings of** ~~Financial Conduct Authority (" FCA ") announced its intention to cease sustaining~~ the London **Interbank** ~~Inter- Bank~~ Offered Rate (" LIBOR ") **continue to be published** ~~by the end of 2021. As of January 1, 2022, USD LIBOR is available in five settings (overnight, one~~ - **on a representative basis and publication of many non** - **U** ~~month, three- month, six- month and 12- month)~~ . **S. dollar** ~~The ICE Benchmark Administration (" IBA ") has stated that it will cease to publish all remaining USD~~ LIBOR settings ~~immediately following their publication on June 30~~ **have been entirely discontinued. On July 29** , ~~2023~~ **2021** ~~. As of January 1~~ , ~~2022, all non- USD LIBOR reference rates in all settings ceased to be published. In April 2018,~~ the ~~New York~~ **U. S.** Federal Reserve ~~Bank began publishing its~~ **System, in conjunction with the** ~~alternative~~ **Alternative** ~~rate~~ **Reference Rates Committee** , **a steering committee comprised of large U. S. financial institutions, formally recommended replacing U. S.- dollar LIBOR with** the Secured Overnight Financing Rate (" SOFR ") **, a new index calculated by short- term repurchase agreements, backed by Treasury securities** . **In** ~~The Bank of England followed suit in~~ April 2018 ~~by~~ **, the Bank of England began** publishing its proposed alternative rate, the Sterling Overnight Index Average (" SONIA "). Each of SOFR and SONIA significantly differ from LIBOR, both in the actual rate and how it is calculated **. Further** , ~~and therefore~~ **on March 15, 2022, the Consolidation Appropriations Act of 2022, which includes the Adjustable Interest Rate (LIBOR) Act (" LIBOR Act "), was signed into law in the United States. This legislation establishes a uniform benchmark replacement process for certain financial contracts that mature after June 30, 2023 that do not contain clearly defined or practicable LIBOR fallback provisions. The legislation also creates a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended by the Board of Governors of the Federal Reserve. In addition, the U. K. Financial Conduct Authority (" FCA "), which regulates the publisher of LIBOR (ICE Benchmark Administration) has announced that** it ~~is unclear whether and when markets~~ will ~~adopt either~~ **require the continued publication** of **the one-,** ~~these~~ - **three** ~~rates~~ **- and six- month tenors of U. S.- dollar LIBOR on a non- representative synthetic basis until the end of September 2024, which may result in certain non- U. S. law- governed contracts and U. S. law- governed contracts not covered by the federal legislation remaining on synthetic U. S.- dollar LIBOR until the end of this period. Although the transition process away from LIBOR** ~~as~~ **has become increasingly well- defined (e. g. the LIBOR Act now provides** a ~~widely accepted~~ **uniform benchmark** replacement for **certain** LIBOR **- based** ~~. Since the first quarter of 2022, a majority of our new investments~~ -- **instruments** ~~are indexed to SOFR; however we~~ **in the United States), the transition process is complex and it could cause a disruption in the credit markets generally and could** have ~~material contracts~~ **adverse impacts on our business financial condition and results of operations, including, among other things, increased volatility or illiquidity in markets for instruments** that **continue** ~~are indexed~~ to **rely on** LIBOR **or which** ~~. Certain contracts~~ have **been** ~~an orderly market transition~~ **transitioned away** ~~already in process; however, other contracts, will need to be renegotiated to replace LIBOR with an alternative reference rate. In addition, the transition~~ from LIBOR to **a different rate like** SOFR **and** , ~~SONIA~~ **in any case, could result in a reduction in the value of certain investments held by the Company. As of December 31, 2023, we did not hold any investments in** ~~or~~ **our** ~~another alternative reference~~ **debt portfolio that bore interest at a floating** rate **determined on** ~~may also introduce operational risks in our accounting, financial reporting, loan servicing, liability management and other~~ -- **the** ~~aspects~~ **basis** of **LIBOR** ~~our business~~ . We are exposed to risks associated with changes in interest rates ~~,~~ ~~including the current rising interest rate environment~~ . General interest rate fluctuations may have a substantial negative impact on our investments and our investment returns and, accordingly, may have a material adverse effect on our investment objective and our net investment income. In an effort to combat inflation, the U. S. Federal Reserve ~~has increased the federal funds~~ **embarked on a campaign of raising interest** ~~rate~~ **rates** ~~in~~ **during** 2022 and ~~is widely expected to further increase the federal~~

~~funds rate in~~ 2023. Because we will borrow money and may issue debt securities or preferred stock to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. In this period of rising interest rates, our interest income will increase as the majority of our portfolio bears interest at variable rates while our cost of funds will also increase, which could result in an increase to our net investment income. Conversely, if interest rates decrease, we may earn less interest income from investments and our cost of funds will also decrease, which could result in lower net investment income. From time to time, we may also enter into certain hedging transactions to mitigate our exposure to changes in interest rates. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk. There can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. Rising interest rates may also increase the cost of debt for our underlying portfolio companies, which could adversely impact their financial performance and ability to meet ongoing obligations to us. Also, an increase in interest rates available to investors could make an investment in our shares less attractive if we are not able to pay dividends at a level that provides a similar return, which could reduce the value of our shares. Most of our debt investments will not fully amortize during their lifetime, which may subject us to the risk of loss of our principal in the event a portfolio company is unable to repay us prior to maturity. Most of our debt investments are not structured to fully amortize during their lifetime. Accordingly, if a portfolio company has not previously pre- paid its debt investment to us, a significant portion of the principal amount due on such a debt investment may be due at maturity. In order to create liquidity to pay the final principal payment, a portfolio company typically must raise additional capital. If it is unable to raise sufficient funds to repay us, the debt investment may go into default, which may compel us to foreclose on the borrower' s assets, even if the debt investment was otherwise performing prior to maturity. This may prevent us from immediately obtaining full recovery on the debt investment and may prevent or delay the reinvestment of the investment proceeds in other, possibly more profitable investments. Our portfolio companies may prepay loans, which may reduce our yields if capital returned cannot be invested in transactions with equal or greater expected yields. The loans in our investment portfolio may be prepaid at any time, generally with little advance notice. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that allow such company the ability to replace existing financing with less expensive capital. As market conditions change, we do not know when, and if, prepayment may be possible for each portfolio company. In some cases, the prepayment of a loan may reduce our achievable yield if the capital returned cannot be invested in transactions with equal or greater expected yields, which could have a material adverse effect on our business, financial condition and results of operations. The ~~SEC has raised questions regarding certain non- traditional investments, including investments in CLOs. The staff of the Division of Investment Management has, in correspondence with certain BDCs, raised questions about the level and special risks of investments in CLOs. While it is not possible to predict what conclusions the staff will reach in these areas, or what recommendations the staff might make to the SEC, the imposition of limitations on investments by BDCs in CLOs could adversely impact our ability to implement our investment strategy and / or our ability to raise capital through public offerings, or cause us to take certain actions with potential negative impacts on our financial condition and results of operations. We are unable at this time to assess the likelihood or timing of any such regulatory development. The~~ application of the risk retention rules to CLOs may have broader effects on the CLO and loan markets in general, potentially resulting in fewer or less desirable investment opportunities for the Company. ~~In October 2014, six federal agencies (the Federal Deposit Insurance Corporation, or the " FDIC, " the Comptroller of the Currency, the Federal Reserve Board, the SEC, the Department of Housing and Urban Development and the Federal Housing Finance Agency) adopted joint final rules implementing certain credit risk retention requirements contemplated in Section 941 of the Dodd- Frank Act (" Final U. S. Risk Retention Rules "). These rules were published in the Federal Register on December 24, 2014. With respect to the regulation of CLOs, the Final U. S. Risk Retention Rules require that the " sponsor " or a " majority owned affiliate " thereof (in each case as defined in the rules), will retain an " eligible vertical interest " or an " eligible horizontal interest " (in each case as defined therein) or any combination thereof in the CLO in the manner required by the Final U. S. Risk Retention Rules. The Final U. S. Risk Retention Rules became fully effective on December 24, 2016, and to the extent applicable to CLOs in which the Company invests, the Final U. S. Risk Retention Rules contain provisions that may adversely affect the return of the Company' s investments. On February 9, 2018, a three- judge panel of the United States Court of Appeals for the District of Columbia Circuit (the " DC Circuit Court ") rendered a decision in The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System, No. 1: 16- cv- 0065, in which the DC Circuit Court held that open market CLO collateral managers are not " securitizers " subject to the requirements of the Final U. S. Risk Retention Rules (the " DC Circuit Ruling "). Thus, collateral managers of open market CLOs are no longer required to comply with the Final U. S. Risk Retention Rules at this time. As such, it is possible that some collateral managers of open market CLOs will decide to dispose of the securities (or cause their majority owned affiliates to dispose of the securities) constituting the " eligible vertical interest " or " eligible horizontal interest " they were previously required to retain or take other actions with respect to such securities that is not otherwise prohibited by the Final U. S. Risk Retention Rules. To the extent either the underlying collateral manager or its majority- owned affiliate divests itself of such securities, or to the extent none of the underlying collateral manager or its affiliates holds any CLO securities in any event, this will reduce the degree to which the relevant collateral manager' s incentives are aligned with those of the holders of the CLO debt or equity (which may include the Company as a CLO investor). This could influence the way in which the relevant collateral manager manages the CLO assets and / or makes other decisions under the transaction documents related to the CLO in a manner that is adverse to the Company. There can be no assurance or representation that any of the transactions, structures or arrangements currently under consideration by or currently used by CLO market participants will comply with the Final U. S. Risk Retention Rules to the extent such rules are reinstated or otherwise become applicable to open market CLOs. The ultimate impact of the Final U. S. Risk Retention Rules on the loan securitization~~

~~market and the leveraged loan market generally remains uncertain, and any negative impact on secondary market liquidity for securities comprising a CLO may be experienced due to the effects of the Final U. S. Risk Retention Rules on market expectations or uncertainty, the relative appeal of other investments not impacted by the Final U. S. Risk Retention Rules and other factors.~~ The securitization industry in both **European Union ("** EU **")** and the United Kingdom (" UK ") has also undergone a number of significant changes in the past few years. Regulation (EU) 2017 / 2402 relating to a European framework for simple, transparent and standardized securitization (as amended by Regulation (EU) 2021 / 557 and as further amended from time to time, the " EU Securitization Regulation ") applies to certain specified EU investors, and Regulation (EU) 2017 / 2402 relating to a European framework for simple, transparent and ~~standardised~~ **standardized** securitization in the form in effect on 31 December 2020 (which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the " EUWA ")) (as amended by the Securitization (Amendment) (EU Exit) Regulations 2019 and as further amended from time to time, the " UK Securitization Regulation " and, together with the EU Securitization Regulation, the " Securitization Regulations ") applies to certain specified UK investors, in each case, who are investing in a " securitization " (as such term is defined under each Securitization Regulation). The due diligence requirements of Article 5 of the EU Securitization Regulation (the " EU Due Diligence Requirements ") apply to each investor that is an " institutional investor " (as such term is defined in the EU Securitization Regulation), being an investor which is one of the following: (a) an insurance undertaking as defined in Directive 2009 / 138 / EC of the European Parliament and of the Council of 25 November 2009 on the taking- up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast) (" Solvency II "); (b) a reinsurance undertaking as defined in Solvency II; (c) subject to certain conditions and exceptions, an institution for occupational retirement provision falling within the scope of Directive (EU) 2016 / 2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (the " IORP Directive "), or an investment manager or an authorized entity appointed by an institution for occupational retirement provision pursuant to the IORP Directive; (d) an alternative investment fund manager (" AIFM ") as defined in Directive 2011 / 61 / EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers that manages and / or markets alternative investment funds in the EU; (e) an undertaking for the collective investment in transferable securities (" UCITS ") management company, as defined in Directive 2009 / 65 / EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (the " UCITS Directive "); (f) an internally managed UCITS, which is an investment company authorized in accordance with the UCITS Directive and which has not designated a management company authorized under the UCITS Directive for its management; or (g) a credit institution as defined in Regulation (EU) No 575 / 2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the " CRR ") for the purposes of the CRR, or an investment firm as defined in the CRR, in each case, such investor an " EU Institutional Investor ". The due diligence requirements of Article 5 of the UK Securitization Regulation (the " UK Due Diligence Requirements " and, together with the EU Due Diligence Requirements, the " Due Diligence Requirements ") apply to each investor that is an " institutional investor " (as such term is defined in the UK Securitization Regulation), being an investor which is one of the following: (a) an insurance undertaking as defined in the Financial Services and Markets Act 2000 (as amended, the " FSMA "); (b) a reinsurance undertaking as defined in the FSMA; (c) an occupational pension scheme as defined in the Pension Schemes Act 1993 that has its main administration in the UK, or a fund manager of such a scheme appointed under the Pensions Act 1995 that, in respect of activity undertaken pursuant to that appointment, is authorized under the FSMA; (d) an AIFM (as defined in the Alternative Investment Fund Managers Regulations 2013 (the " AIFM Regulations ")) which markets or manages AIFs (as defined in the AIFM Regulations) in the UK; (e) a management company as defined in the FSMA; (f) a UCITS as defined by the FSMA, which is an authorized open ended investment company as defined in the FSMA; (g) a FCA investment firm as defined by the CRR as it forms part of UK domestic law by virtue of EUWA (the " UK CRR "); or (h) a CRR investment firm as defined in the UK CRR, in each case, such investor a " UK Institutional Investor " and, such investors together with EU Institutional Investors, " Institutional Investors ". Among other things, the applicable Due Diligence Requirements require that prior to holding a " securitization position " (as defined in each Securitization Regulation) an Institutional Investor (other than the originator, sponsor or original lender) has verified that: (1) the originator, sponsor or original lender will retain on an ongoing basis a material net economic interest which, in any event, shall be not less than five per cent. in the securitization, determined in accordance with Article 6 of the applicable Securitization Regulation, and has disclosed the risk retention to such Institutional Investor; (2) (in the case of each EU Institutional Investor only) the originator, sponsor or securitization special purpose entity (" SSPE ") has, where applicable, made available the information required by Article 7 of the EU Securitization Regulation in accordance with the frequency and modalities provided for thereunder; (3) (in the case of each UK Institutional Investor only) the originator, sponsor or SSPE: (i) if established in the UK has, where applicable, made available the information required by Article 7 of the UK Securitization Regulation (the " UK Transparency Requirements ") in accordance with the frequency and modalities provided for thereunder; or (ii) if established in a country other than the UK, where applicable, made available information which is substantially the same as that which it would have made available under the UK Transparency Requirements if it had been established in the UK, and has done so with such frequency and modalities as are substantially the same as those with which it would have made information available under the UK Transparency Requirements if it had been established in the UK; and (4) in the case of each Institutional Investor, where the originator or original lender either (i) is not a credit institution or an investment firm (each as defined in the applicable Securitization Regulation) or (ii) is established in a third country (being (x) in respect of the EU Securitization Regulation, a country other than an EU member state, or (y) in respect of the UK Securitization Regulation, a country other than the UK), the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well- defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in order to ensure that credit- granting is based on a thorough assessment of the obligor' s creditworthiness. The Due Diligence Requirements further require that prior to holding a securitization position, an Institutional Investor, other than the originator, sponsor or original lender, carry out a due diligence assessment which enables it to assess the risks involved, including but not limited to (a) the risk characteristics of the individual securitization position and the underlying exposures; and (b) all the structural features of the securitization that can materially impact the performance of the securitization position, including the contractual priorities of payment and priority of payment-related triggers, credit enhancements, liquidity enhancements, market value triggers, and transaction- specific definitions of default. Any Institutional Investor that fails to comply with the applicable Due Diligence Requirements in respect of a securitization position which it holds may become subject to a range of regulatory sanctions including, in the case of a credit institution, investment firm, insurer or reinsurer, a punitive regulatory capital charge with respect to such securitization position, or, in certain other cases, a requirement to take corrective action. To the extent a CLO is structured in compliance with the Securitization Regulations, ~~our~~ **the Company' s** ability to invest in the CLO equity of such CLOs could be limited, or ~~we~~ **the Company** could be required to hold ~~our~~ **its** investment for the life of the CLO. If a CLO has not been structured to comply with the Securitization Regulations, it will limit the ability of Institutional Investors to purchase CLO securities, which may adversely affect the price and liquidity of the securities (including the CLO equity) in the secondary market. Additionally, the Securitization Regulations and any regulatory uncertainty in relation thereto may reduce the issuance of new CLOs and reduce the liquidity provided by CLOs to the leveraged loan market generally. Reduced liquidity in the loan market could reduce investment opportunities for collateral managers, which could negatively affect the return of the Company' s investments. Any reduction in the volume and liquidity provided by CLOs to the leveraged loan market could also reduce opportunities to redeem or refinance the securities comprising a CLO in an optional redemption or refinancing and could negatively affect the ability of obligors to refinance their collateral obligations, either of which developments could increase defaulted obligations above historic levels. The Japanese Financial Services Agency (the " JFSA ") published a risk retention rule as part of the regulatory capital regulation of certain categories of Japanese investors seeking to invest in securitization transactions (the " JRR Rule "). The JRR Rule mandates an " indirect " compliance requirement, meaning that certain categories of Japanese investors will be required to apply higher risk weighting to securitization exposures they hold unless the relevant originator commits to hold a retention interest equal to at least 5 % of the exposure of the total underlying assets in the transaction (the " Japanese Retention Requirement ") or such investors determine that the underlying assets were not " inappropriately originated. " The Japanese investors to which the JRR Rule applies include banks, bank holding companies, credit unions (shinyo kinko), credit cooperatives (shinyo kumiai), labor credit unions (rodo kinko), agricultural credit cooperatives (nogyo kyodo kumiai), ultimate parent companies of large securities companies and certain other financial institutions regulated in Japan (such investors, " Japanese Affected Investors "). Such Japanese Affected Investors may be subject to punitive capital requirements and / or other regulatory penalties with respect to investments in securitizations that fail to comply with the Japanese Retention Requirement. The JRR Rule became effective on March 31, 2019. At this time, there are a number of unresolved questions and no established line of authority, precedent or market practice that provides definitive guidance with respect to the JRR Rule, and no assurances can be made as to the content, impact or interpretation of the JRR Rule. In particular, the basis for the determination of whether an asset is " inappropriately originated " remains unclear and, therefore, unless the JFSA provides further specific clarification, it is possible that CLO securities the Company purchases may contain assets deemed to be " inappropriately originated " and, as a result, may not be exempt from the Japanese Retention Requirement. The JRR Rule or other similar requirements may deter Japanese Affected Investors from purchasing CLO securities, which may limit the liquidity of CLO securities and, in turn, adversely affect the price of such CLO securities in the secondary market. Whether and to what extent the JFSA may provide further clarification or interpretation as to the JRR Rule is unknown ~~. New regulations related to private fund advisers may impact our CLO investments. On February 9, 2022, the SEC proposed certain rules and amendments under the Advisers Act to enhance the regulations applicable to private fund advisers (the " Proposed Private Fund Rules ") that, if adopted in their current form, would affect investment advisers such as the CLO collateral managers, by, among other things, (i) requiring such managers to comply with additional reporting and compliance obligations, (ii) prohibiting certain types of preferential treatment, including, among other things, the provision of information regarding portfolio holdings of the private fund, and (iii) prohibiting or imposing requirements on certain business practices, including prohibiting certain types of indemnification (which could include indemnification provided for in the CLO' s management agreement) and requiring fairness opinions for adviser- led secondary transactions. Because most CLOs in which we invest rely on Section 3 (c) (7) of the 1940 Act, each such CLO will be considered a " private fund " within the meaning of the Proposed Private Fund Rules. The costs of complying with certain of the reporting and compliance obligations under the Proposed Private Fund Rules could be substantial, and it is unclear if the costs of preparing such reports would be borne by the CLO or the CLO' s collateral manager. If the CLOs in which we invest is responsible for such expenses, it could affect the return on our investments in CLO securities. In addition, if any CLO collateral manager were prohibited from discussing the underlying portfolio of CLO assets with investors, entirely or absent highly specific disclosure, it could result in a reduction or elimination of any CLO collateral manager' s ability to provide information to us relating to such CLO' s assets other than the reporting required by the CLO' s transaction documents. In addition, the Proposed Private Fund Rules could adversely affect a CLO' s ability to consummate a refinancing or other optional redemption. As a result, adoption of the Proposed Private Fund Rules could have a material and adverse effect on the market value and / or liquidity of the CLO securities in which we invest. The Proposed Private Fund Rules could also discourage managers from undertaking new CLO transactions, thus reducing the opportunities for the Company to invest in CLO securities and achieve its investment goals~~ . We may be subject to risks associated with our investments in covenant- lite loans We have made and may in the future make or obtain significant exposure to covenant- lite loans, which generally are loans that do not require a borrower to comply with financial maintenance covenants, and may not include terms that allow the lender to monitor the financial performance of the borrower, including financial ratios, and declare a default if certain financial criteria are breached. While these loans may still contain other collateral protections, a covenant- lite loan may carry more risk than a covenant- heavy loan made by the same borrower as it does not require the borrower to provide affirmation that certain specific financial tests have been satisfied on a routine basis as is generally required under a covenant- heavy loan agreement. Generally, covenant- lite loans permit borrowers more opportunity to negatively impact lenders because their covenants, if any, tend to be incurrence- based, which means they are only tested and can only be breached following certain actions of the borrower, rather than by a deterioration in the borrower' s financial condition. Our investment in or exposure to a covenant- lite loan may potentially hinder our ability to reprice credit risk associated with the issuer and reduce our ability to restructure a problematic loan and mitigate potential loss. As a result, our exposure to losses may be increased, which could result in an adverse impact on our revenues, net income and net asset value. Although a prospective portfolio company' s assets are one component of our analysis when determining whether to provide debt capital, we generally do not base investment decisions primarily on the liquidation value of a company' s balance sheet assets. Instead, given the nature of the companies that we invest in, we also review the company' s historical and projected cash flows, equity capital and " soft " assets, including intellectual property (patented and non- patented), databases, business relationships (both contractual and non- contractual) and the like. Accordingly, considerably higher levels of overall risk will likely be associated with our portfolio compared with that of a traditional asset- based lender whose security consists primarily of receivables, inventories, equipment and other tangible assets. Interest rates payable by our portfolio companies may not compensate for these additional risks, any of which could cause us to lose part or all of our investment. Specifically, investment in certain of the companies that we are invested in involves a number of significant risks, including: • these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any value from the liquidation of such collateral; • they may have limited operating histories, narrower product lines and smaller market shares than larger businesses, which may tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • because many of them tend to be privately owned, there is generally little publicly available information about these businesses; therefore, although Oxford Square Management' s agents will perform " due diligence " investigations on these portfolio companies, their operations and their prospects, we may not learn all of the material information we need to know regarding these businesses; • some of these companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us; • some of these companies may have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and • many of these companies may be more susceptible to economic recessions or downturns than other better capitalized companies that operate in less capital- intensive industries. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross- defaults under other agreements and jeopardize our portfolio company' s ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if a portfolio company goes bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, including the extent to which we actually provided significant " managerial assistance " to that portfolio company, a bankruptcy court might recharacterize our debt holding and subordinate all or a portion of our claim to that of other creditors. Inflation may adversely affect our and our portfolio companies' business, results of operations and financial condition. Inflation could negatively impact our business, including our ability to access the debt markets on favorable terms, or could negatively impact our portfolio companies. Sustained inflation could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results. Further, inflation could make it difficult to extend the maturity of, or refinance existing indebtedness or obtain new indebtedness on favorable terms. Certain of our portfolio companies may be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect their results and impact their ability to pay interest and principal on our loans. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future unrealized losses and therefore reduce our net assets resulting from operations. Our failure to make follow- on investments in our portfolio companies could impair the value of our investment portfolio. Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as " follow- on " investments, in order to: (i) increase or maintain in whole or in part our equity ownership percentage; (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (iii) attempt to preserve or enhance the value of our investment. We may elect not to make follow- on investments or otherwise lack sufficient funds to make those investments. We have the discretion to make any follow- on investments, subject to the availability of capital resources. The failure to make follow- on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow- on investment, we may elect not to make a follow- on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, or because we are inhibited by compliance with BDC requirements or the desire to maintain our tax status. The incentive fee payable by us to Oxford Square Management may create an incentive for Oxford Square Management to use leverage and to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee on "

Pre- Incentive Fee Net Investment Income " is determined, which is calculated as a percentage of the return on invested capital, may encourage Oxford Square Management to use leverage to increase the return on our equity capital. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor holders of our common stock. Similarly, because Oxford Square Management may also receive an incentive fee based, in part, upon the capital gains realized on our investments, the investment adviser may invest more than would otherwise be appropriate in companies whose securities are likely to yield capital gains, compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during an economic downturn. We intend to invest primarily in senior debt securities, but may also invest in subordinated debt securities, issued by our portfolio companies. In some cases, portfolio companies will be permitted to have other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders thereof are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligations to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. In addition, we will not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such companies, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not best serve our interests as debt investors. We may not realize gains from our equity investments. When we invest in debt securities, we may acquire warrants or other equity securities as well. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. Because we generally do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by the managements of our portfolio companies that could decrease the value of our investments. Although we have taken and may in the future take controlling equity positions in our portfolio companies from time to time, we generally do not do so. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments. We have invested ~~principally~~ in equity and junior debt tranches issued by CLO vehicles. Generally, there may be less information available to us regarding the underlying debt investments held by such CLO vehicles than if we had invested directly in the debt of the underlying companies. As a result, our stockholders may not know the details of the underlying securities of the CLO vehicles in which we will invest. Our CLO investments will also be subject to the risk of leverage associated with the debt issued by such CLOs and the repayment priority of senior debt holders in such CLO vehicles. Additionally, CLOs in which we invest are often governed by a complex series of legal documents and contracts. As a result, the risk of dispute over interpretation or enforceability of the documentation may be higher relative to other types of investments. For example, some documents governing the loans underlying our CLO investments may allow for " priming transactions, " in connection with which majority lenders or debtors can amend loan documents to the detriment of other lenders, amend loan documents in order to move collateral, or amend documents in order to facilitate capital outflow to other parties / subsidiaries in a capital structure, any of which may adversely affect the rights and security priority of the CLOs in which we are invested. The accounting and tax implications of such investments are complicated. In particular, reported earnings from the equity tranche investments of these CLO vehicles are recorded under GAAP based upon an effective yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of each individual CLO vehicle that ends within the Company' s fiscal year, even though the investments are generating cash flow. In general, the tax treatment of these investments may result in higher distributable earnings in the early years and a capital loss at maturity, while for reporting purposes the totality of cash flows are reflected in a constant yield to maturity. Some instruments issued by CLO vehicles may not be readily marketable and may be subject to restrictions on resale. Securities issued by CLO vehicles are generally not listed on any U. S. national securities exchange and no active trading market may exist for the securities of CLO vehicles in which we may invest. Although a secondary market may exist for our investments in CLO vehicles, the market for our investments in CLO vehicles may be subject to irregular trading activity, wide bid / ask spreads and extended trade settlement periods. As a result, these types of investments may be more difficult to value. Failure by a CLO vehicle in which we are invested to satisfy certain tests will harm our operating results. The failure by a CLO vehicle in which we invest to satisfy certain financial covenants, specifically those with respect to adequate collateralization and / or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle failed these certain tests, holders of debt senior to us may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO vehicle or any other investment we may make. If any of these occur, it could materially and adversely affect our operating results and cash flows. Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in a CLO vehicle defaults on its payment obligations or fails to perform as we expect or if the market price fluctuates significantly in such illiquid investments. As a BDC, we may not acquire equity and junior debt investments in CLO vehicles unless, at the time of such acquisition, at least 70 % of our total assets are " qualifying assets. " CLO vehicles that we invest in are typically very highly levered, and therefore, the junior debt and equity tranches that we invest in are subject to a higher degree of risk of total loss. As of December 31, ~~2022~~ **2023** , the CLO vehicles in which we were invested had average leverage of ~~9~~ **8** . ~~1~~ **3** times and ranged from approximately 2. ~~8~~ **3** times to ~~12~~ **11** . ~~6~~ **7** times levered. In particular, investors in CLO vehicles indirectly bear risks of the underlying debt investments held by such CLO vehicles. We will generally have the right to receive payments only from the CLO vehicles, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO vehicle. While the CLO vehicles we have and continue to target generally enable the investor to acquire interests in a pool of leveraged corporate loans without the expenses associated with directly holding the same investments, we will generally indirectly pay a proportionate share of the CLO vehicles' administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying CLO vehicles will rise or fall, these prices (and, therefore, the prices of the CLO vehicles) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. The failure by a CLO vehicle in which we invest to satisfy certain financial covenants, including as a result of political and economic events not directly associated with the leveraged corporate loans held by the CLO ~~such as the COVID- 19 pandemic~~ , and specifically those with respect to adequate collateralization and / or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle failed those tests, holders of debt senior to us may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting CLO vehicle or any other investment we may make. If any of these occur, it could materially and adversely affect our operating results and cash flows. The interests we intend to acquire in CLO vehicles will likely be thinly traded or have only a limited trading market. CLO vehicles are typically privately offered and sold, even in the secondary market. As a result, investments in CLO vehicles may be characterized as illiquid securities. In addition to the general risks associated with investing in debt securities, CLO vehicles carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that our investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO vehicle or unexpected investment results. Our net asset value may also decline over time if our principal recovery with respect to CLO equity investments is less than the price we paid for those investments **.** Investments in structured vehicles, including equity and junior debt instruments issued by CLO vehicles, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations. Additionally, changes in the underlying leveraged corporate loans held by a CLO vehicle may cause payments on the instruments we hold to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which we intend to invest, are less liquid than many other types of securities and may be more volatile than the leveraged corporate loans underlying the CLO vehicles we intend to target. Fluctuations in interest rates may also cause payments on the tranches of CLO vehicles that we hold to be reduced, either temporarily or permanently. Investments in foreign securities formed under the laws of the Cayman Islands may involve significant risks in addition to the risks inherent in U. S. investments. Our investment strategy involves investments in securities issued by foreign entities, including foreign CLO vehicles that are formed under the laws of the Cayman Islands. Investing in foreign entities formed under the laws of the Cayman Islands may expose us to additional risks not typically associated with investing in U. S. issues. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U. S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, we, and the CLO vehicles in which we invest, may have difficulty enforcing creditor' s rights in foreign jurisdictions, such as the Cayman Islands. In addition, the underlying companies of the CLO vehicles in which we invest may be foreign, which may create greater exposure for us to foreign economic developments. Although we expect that most of our investments will be U. S. dollar- denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective. We will have no influence on management of underlying investments managed by non- affiliated third party CLO collateral managers. We are not responsible for and have no influence over the asset management of the portfolios underlying the CLO investments we hold as those portfolios are managed by non- affiliated third party CLO collateral managers. Similarly, we are not responsible for and have no influence over the day- to- day management, administration or any other aspect of the issuers of the individual securities. As a result, the values of the portfolios underlying our CLO investments could decrease as a result of decisions made by third party CLO collateral managers. RISKS RELATING TO AN INVESTMENT IN OUR SECURITIES The trading price of our common stock may fluctuate substantially depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following: • price and volume fluctuations in the overall stock market from time to time; • significant volatility in the market price and trading volume of securities of regulated investment companies, BDCs or other financial services companies; • exclusion of our common stock from certain indices could reduce the ability of certain investment funds to own our common stock and put short-term selling pressure on our common stock; • changes in regulatory policies or tax guidelines with respect to regulated investment companies or BDCs; • actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts; • general economic conditions and trends; • loss of a major funding source; or • departures of key personnel. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against such company. Due to the potential volatility of our stock price, we may therefore be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management' s attention and resources from our business. Refer to " Risks relating to our business and structure — Our business and operation could be negatively affected if we become subject to any additional securities litigation or ~~shareholder~~ **stockholder** activism, which could cause us to incur significant expense, hinder execution of our investment strategy and impact our stock price. " Shares of BDCs have frequently traded at a market price that is less than the net asset value that is attributable to those shares. Our common stock traded below our net asset value per share during some periods from 2010 through March ~~2023~~ **2024** . Our common stock could trade at a discount to net asset value at any time in the future. The possibility that our shares of common stock may trade at a discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease ~~. Due to market volatility beginning with the COVID- 19 pandemic in 2020, the stocks of BDCs as an industry, including shares of our common stock, have traded below net asset value, and at times at or near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements~~ . If our common stock trades below its net asset value, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted. Our net asset value may also decline over time if our principal recovery with respect to CLO equity investments is less than the price that we paid for those investments. We intend to make distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year- to- year increases in cash distributions. Our ability to pay distributions could be adversely affected by the impact of one or more of the risk factors described in this Annual Report on Form 10- K as well as any amendments reflected in subsequent filings with the SEC. In addition, all distributions are and will be paid at the discretion of our Board of Directors and will depend on our earnings, financial condition, maintenance of our RIC status, compliance with applicable BDC regulations and such other factors as our Board of Directors could deem relevant from time to time. If we declare a distribution and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we could be forced to sell some of our investments in order to make cash distribution payments. To the extent we make distributions to stockholders that include a return of capital, such portion of the distribution essentially constitutes a return of the stockholder' s investment. Although such return of capital is generally not currently taxable, such distributions would generally decrease a stockholder' s basis in our common stock and could therefore increase such stockholder' s tax liability for capital gains upon the future sale or other disposition of such common stock. A return of capital distribution could cause a stockholder to recognize a capital gain from the sale of our common stock even if the stockholder sells its shares for less than the original purchase price. Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering. In the event we issue subscription rights or warrants to purchase shares of our common stock, stockholders who do not fully exercise their rights or warrants should expect that they will, at the completion of the offer, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights or warrants. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the offer. In addition, if the subscription price is less than our net asset value per share, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offer. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price, warrant exercise price or net asset value per share will be on the expiration date of such rights offering or what proportion of the shares will be purchased as a result of the offer. Such dilution could be substantial. If we issue preferred stock, the net asset value and market value of our common stock will likely become more volatile. We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of the common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the distribution rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the distribution rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings, if any, on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the distribution requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including a likely higher advisory fee. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs. Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters. Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our Board of Directors at all times and in the event distributions become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open- end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of distributions or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, if any, or the terms of our credit facilities, if any, might impair our ability to maintain our tax treatment as a RIC for U. S. federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements. The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock. If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted. Further, if our current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted. For example, if we sell an additional 10 % of our common shares at a 10 % discount from net asset value, a stockholder who does not participate in that offering for its proportionate interest will suffer net asset value dilution of up to 1. 0 % or $ 10 per $ 1, 000 of net asset value. **GENERAL** RISKS ~~RELATING TO THE ECONOMY~~ We are operating in a period of capital markets volatility and economic uncertainty. The conditions have materially and adversely affected debt and equity capital markets in the United States, and any future volatility or instability in capital markets may have a negative impact on our business and operations. From time to time, capital markets may experience periods of volatility and instability for a variety of reasons. We are currently operating in a period of market volatility, as a result of, among other factors, elevated levels of inflation and following a period of uncertainty as a result of the Coronavirus pandemic. Uncertainty remains as to the probability of, and length and depth of a global recession and the impact of actions taken by the Federal Reserve, foreign central banks and other U. S. and global governmental entities or the impact of the Coronavirus pandemic or other public health concerns. Government spending, government policies, including recent increases in certain interest rates by the Federal Reserve, and disruptions in supply chains in the United States and elsewhere, whether in response to the Coronavirus pandemic or otherwise, in conjunction with other factors have led and could continue to lead to a continued inflationary economic environment that could affect the Company' s portfolio companies, the Company' s financial condition and the Company' s results of operations. In addition to the factors described above, other factors described herein that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company including, without limitation, economic slowdown in the United States and internationally, changes in interest rates and / or a lack of availability of credit in the United States and internationally, commodity price volatility and changes in law and / or regulation, and uncertainty regarding government and regulatory policy. The full impact of any such risks is uncertain and difficult to predict. Capital markets volatility and instability have also occurred in the past and may occur in the future. For example, from 2008 to 2009, the global capital markets were unstable as evidenced by the lack of liquidity in the debt capital markets, significant write- offs in the financial services sector, the re- pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U. S. federal government and various foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. There have been more recent periods of volatility and there can be no assurance that adverse market conditions will not repeat themselves in the future. Furthermore, uncertainty between the United States and other countries with respect to trade policies, treaties and tariffs, among other factors, have caused volatility in the global markets, and we cannot assure you that these market conditions will not continue or worsen in the future. Terrorist acts, acts of war, natural disasters, or disease outbreaks, pandemics or other public health crises may cause periods of market instability and volatility and may disrupt the operations of us and our portfolio companies for extended periods of time. If similar adverse and volatile market conditions repeat in the future, we and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital in order to grow. Equity capital may be particularly difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than the net asset value per share without first obtaining approval for such issuance from our stockholders and our Board of Directors, including all of our directors who are not " interested persons " of the Company, as defined in the 1940 Act. Moreover, the re- appearance of market conditions similar to those experienced from 2008 through 2009 for any substantial length of time or worsened market conditions, including as a result of U. S. government shutdowns or the perceived creditworthiness of the United States, could make it difficult for us to borrow money or to extend the maturity of or refinance any indebtedness we may have under similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if any, may be at a higher cost and on less favorable terms and conditions than would currently be available. If we are unable to raise or refinance debt, stockholders may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. Given the periods of extreme volatility and dislocation in the capital markets from time to time, many BDCs have faced, and may in the future face, a challenging environment in which to raise or access capital. In addition, significant changes in the capital markets, including the extreme volatility and disruption over the past several years, has had, and may in the future have, a negative effect on asset valuations and on the potential for liquidity events. While most of our investments will not be publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through to maturity). As a result, volatility in the capital markets can adversely affect the valuations of our investments. Further, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required. As a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. In addition, a prolonged period of market illiquidity may cause us to reduce the volume of loans and debt securities we originate and / or fund and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows. An inability to raise or access capital could have a material adverse impact on our business, financial condition or results of operations. ~~Since the initial outbreak, the COVID- 19 pandemic has delivered a shock to the global economy. The spread of COVID- 19, including the multiple variants thereof, has had, and will continue to have a material adverse impact on local economies in the affected jurisdictions and also on the global economy. The extent to which the COVID- 19 pandemic will continue to affect our business, financial condition, liquidity, our portfolio companies' results of operations and by extension our operating results will depend on future developments, which are highly uncertain and cannot be predicted. As COVID- 19 continues to spread, the potential impacts, including a global, regional, or other economic recession, remain uncertain and difficult to assess. The extent of the impact of the COVID- 19 pandemic on the financial performance of our current and future investments will depend on future developments, including the duration and spread of the virus, related advisories and restrictions, and the health of the financial markets and economy, all of which are highly uncertain and cannot be predicted. To the extent our portfolio companies are adversely impacted by the effects of the COVID- 19 pandemic, it may have a material adverse impact on our future net investment income, the fair value of our portfolio investments and our financial condition.~~ Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which companies and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including portfolio company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and / or enforcing legal judgments. Global economic, regulatory and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability. From time to time, social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long- term effects on the U. S. and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. For example, U. S. and global capital markets experienced extreme volatility and disruption during the economic downturn that began in mid- 2007, and the U. S. economy was in a recession for several consecutive calendar quarters during the same period. Volatility in the global financial markets resulting from relapse of the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets, the United Kingdom' s departure from the European Union (" EU ") or otherwise could have a material adverse effect on our business, financial condition and results of operations. Volatility in the global financial markets could have an adverse effect on the United States and could result from a number of causes, including a relapse in the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets or otherwise. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these nations to continue to service their sovereign debt obligations. While the financial stability of many of such countries has improved significantly, risks resulting from any future debt crisis in Europe or any similar crisis could have a detrimental impact on the global economic recovery, sovereign and non- sovereign debt in these countries and the financial condition of European financial institutions. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. Uncertainty between the United States and other countries with respect to trade policies, treaties and tariffs, among other factors, have caused disruptions in the global markets, including markets in which we participate. We cannot assure you that these market conditions will not continue or worsen in the future. Furthermore, we cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in

Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected. The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, ongoing epidemics of infectious diseases in certain parts of the world, such as the COVID- 19 outbreak, terrorist attacks in the U. S. and around the world, social and political discord, debt crises, sovereign debt downgrades, continued tensions between North Korea and the United States and the international community generally, new and continued political unrest in various countries, such as Venezuela, the exit or potential exit of one or more countries from the EU or the Economic and Monetary Union, the change in the U. S. president and the new administration, among others, may result in market volatility, may have long term effects on the U. S. and worldwide financial markets, and may cause further economic uncertainties in the U. S. and worldwide. In addition, the foreign and fiscal policies of foreign nations, such as Russia and China, may have a severe impact on the worldwide and U. S. financial markets. Increased geopolitical unrest, terrorist attacks, or acts of war may affect any market for our common stock, impact the businesses in which we invest, and harm our business, operating results, and financial conditions. Terrorist activity and the continued threat of terrorism and acts of civil or international hostility, both within the United States and abroad, as well as ongoing military and other actions and heightened security measures in response to these types of threats, may cause significant volatility and declines in the global markets, loss of life, property damage, disruptions to commerce and reduced economic activity, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results, and financial condition. Losses from terrorist attacks are generally uninsurable. The **Israel- Hamas war and the conflict between** ~~Russian~~ - **Russia and** ~~invasion of~~ Ukraine ~~may~~ **, and resulting market volatility, could also adversely affect the Company' s business, operating results, and financial condition. The extent and duration or escalation of such conflicts, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. Any disruptions resulting from such conflicts and any future conflict (including cyberattacks, espionage or the use or threatened use of nuclear weapons) or resulting from actual or threatened responses to such actions could cause disruptions to any of our portfolio companies located in Europe or the Middle East or that have substantial business relationships with companies in affected regions. It is not possible to predict the duration or extent of longer- term consequences of these conflicts, which could include further sanctions, retaliatory and escalating measures, embargoes, regional instability, geopolitical shifts and adverse effects on or involving macroeconomic conditions, the energy sector, supply chains, inflation, security conditions, currency exchange rates and financial markets around the globe. Any such market disruptions could affect our portfolio companies' operations and, as a result, could** have a material adverse ~~impact~~ **effect** on ~~us and our portfolio companies. On February 24, 2022, the President of Russia, Vladimir Putin, announced a military invasion of Ukraine. In response, countries worldwide, including the United States, have imposed sanctions against Russia on certain businesses and individuals, including, but not limited to, those in the banking, import and export sectors. This invasion has led, is currently leading, and for an unknown period of time will continue to lead to disruptions in local, regional, national, and global markets and economies affected thereby. These disruptions caused by the invasion have included, and may continue to include, political, social, and economic disruptions and uncertainties that may affect~~ our business **, financial condition and results of** operations ~~or the business operations of our portfolio companies~~ . ~~GENERAL RISKS~~ Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy. We and our portfolio companies are subject to regulation by laws at the local, state, and federal levels. These laws and regulations, as well as their interpretation, could change from time to time, including as the result of interpretive guidance or other directives from the U. S. President and others in the executive branch, and new laws, regulations and interpretations could also come into effect. For example, the current U. S. presidential administration could support an enhanced regulatory agenda that imposes greater costs on all sectors and on financial services companies in particular. Any such new or changed laws or regulations could have a material adverse effect on our business, and political uncertainty could increase regulatory uncertainty in the near term. Changes to the laws and regulations governing our permitted investments may require a change to our investment strategy. Such changes could differ materially from our strategies and plans as set forth in this report and may shift our investment focus from the areas of expertise of Oxford Square Management. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment in us. ~~We cannot predict how new tax legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business. The current U. S. presidential administration has announced a number of tax law changes that include, among others, a minimum tax on book income and profits of certain multinational corporations. Such legislative~~ **Legislative** changes, any other significant changes in economic or tax policy and / or government programs, as well as any future such changes could have a material adverse impact on us and on our investments. ~~For example, on August 16, 2022, the U. S. government enacted the Inflation Reduction Act of 2022 which includes changes to the U. S. corporate income tax system, including a 15 % minimum tax based on " adjusted financial statement income " for certain large corporations which will not be effective until fiscal year 2024 and a 1 % excise tax on share repurchases after December 31, 2022. We are currently assessing the potential impact of these legislative changes.~~ The effect of global climate change may impact the operations of our portfolio companies. There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change ~~. In December 2015 the United Nations, of which the U. S. is a member, adopted a climate accord (the ' ' Paris Agreement'') with the long- term goal of limiting global warming and the short- term goal of significantly reducing greenhouse gas emissions. On November 4, 2016, the past administration announced that the U. S. would cease participation in the Paris Agreement with the withdrawal taking effect on November 4, 2020. However, on January 20, 2021, President Joseph R. Biden signed an executive order to rejoin the Paris Agreement. As a result, some of our portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and / or decrease their revenues~~ . Changes to United States tariff and import / export regulations may have a negative effect on our portfolio companies and, in turn, harm us. There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. There is significant uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us. Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively. The occurrence of a disaster such as a cyber- attack against us or against a third- party that has access to our data or networks, a natural catastrophe, an industrial accident, a terrorist attack or war, disease pandemics, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer- based data processing, transmission, storage, and retrieval systems or destroy data. We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computers, networks, and data, like those of other companies, could be subject to cyber- attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break- ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. Third parties with which we do business may also be sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure, destruction, or other cybersecurity incident that affects our data, resulting in increased costs and other consequences as described above. Certain of our service providers may be impacted by hybrid work policies adopted by companies **following** ~~in response to~~ the COVID- 19 pandemic, which are obstructing the regular functioning of business workforces (including requiring employees to work from external locations and their homes). We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions. Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third- party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be: • sudden electrical or telecommunications outages; • natural disasters such as earthquakes, tornadoes and hurricanes; • events arising from local or larger scale political or social matters, including terrorist acts; and • cyber- attacks These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay distributions to our stockholders. Cybersecurity risks and cyber incidents may adversely affect our business or the businesses of our portfolio companies by causing disruptions to our operations or to the operations of our portfolio companies, a compromising or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us **, Oxford Square Management** or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our **or Oxford Square Management' s** information systems or those of our portfolio companies ~~or third- party vendors~~ for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. **Oxford 56** ~~Despite careful security and controls design, the information technology systems of our portfolio companies and our third- party vendors, may be subject to security breaches and cyber- attacks the result of which could include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to business relationships. As our, our portfolio companies' and our third party vendor' s reliance on technology has increased, so have the risks posed to our information systems, both internal and those~~