

Capitala Finance Corp.
Form 4
September 27, 2016

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Alala Joseph B III

(Last) (First) (Middle)

C/O CAPITALA FINANCE
CORP., 4201 CONGRESS STREET,
SUITE 360

(Street)

CHARLOTTE, NC 28209

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Capitala Finance Corp. [CPTA]

3. Date of Earliest Transaction
(Month/Day/Year)
09/25/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
See Remarks

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code V	Amount		
Common Stock	09/25/2016		M	D	63,185 <u>(1)</u> <u>(2)</u> <u>(4)</u>	I	via Capitala Restricted Shares I, LLC
Common Stock	09/25/2016		M	A	20,051 <u>(3)</u> <u>(4)</u>	I	via Capitala Private Investments LLC
Common Stock					2,705 <u>(5)</u>	I	via Capitala Transaction Corp.

Common Stock	972 ⁽⁵⁾	I	via CapitalSouth Corporation
Common Stock	100 ⁽⁵⁾	I	via Capitala Investment Advisors, LLC

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price or Value of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Awards	<u>(3)</u> <u>(4)</u>	09/25/2016		M		20,051	<u>(3)</u> <u>(4)</u>	<u>(3)</u> <u>(4)</u>	Common Stock, par value \$0.01 per share	20,051 <u>(3)</u> <u>(4)</u>
Awards	<u>(1)</u> <u>(2)</u> <u>(4)</u>	09/25/2016		M		63,185	<u>(1)</u> <u>(2)</u> <u>(4)</u>	<u>(1)</u> <u>(2)</u> <u>(4)</u>	Common Stock, par value \$0.01 per share	63,185 <u>(1)</u> <u>(2)</u> <u>(4)</u>

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Alala Joseph B III C/O CAPITALA FINANCE CORP. 4201 CONGRESS STREET, SUITE 360 CHARLOTTE, NC 28209	X		See Remarks	

Signatures

/s/ Richard G. Wheelahan, III,
attorney-in-fact

09/27/2016

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Capitala Restricted Shares I, LLC ("CRS") previously granted Awards with respect to the 505,479.08 shares of Capitala Finance Corp.'s (the "Issuer") common stock held by CRS, which is controlled by Mr. Alala and is an affiliate of Capitala Investment Advisors, LLC, to certain of Capitala Investment Advisors, LLC's employees pursuant to CRS's Amended and Restated 2015 Equity Compensation Plan, dated September 18, 2015 (the "Plan"). The Plan was previously approved by the Issuer's Board of Directors.

(2) (Continued from footnote 1). On September 25, 2016, certain of the Awards vested pursuant to the vesting schedule under the Plan and, as a result, CRS distributed an aggregate of 63,185 shares of the Issuer's common stock to certain of Capitala Investment Advisors, LLC's employees. The shares of the Issuer's common stock that may be deemed to have been disposed of were previously reported as beneficially owned by Mr. Alala due to his controlling interest in CRS. Additional Awards under the Plan are scheduled to vest as follows: 30% on September 25, 2017 and 40% on September 25, 2018. Upon settlement, the additional Awards will become payable on a one-for-one basis in shares of the Issuer's common stock.

(3) Mr. Alala previously held Awards with respect to 160,408.68 shares of the Issuer's common stock held by CRS. On September 25, 2016, Capitala Private Investments LLC, an entity controlled by Mr. Alala, received 20,051 shares of the Issuer's common stock in accordance with the vesting schedule under the Plan. The shares of the Issuer's common stock that may be deemed to have been acquired by Mr. Alala were previously reported as beneficially owned by Mr. Alala due his controlling interest in CRS. The acquisition was approved in advance by the Board of Directors of the Issuer.

(4) Pursuant to the SEC staff no-action letters to Babson Capital Management LLC (pub. Avail. Dec. 14, 2006) and Carlyle GMS Finance, Inc. (pub. avail. Oct. 8, 2015), an employee benefit plan sponsored by an investment adviser (or an affiliated person of an investment adviser) to a registered closed-end investment company or a business development company regulated under the Investment Company Act of 1940, as amended, that offers plan participants equity securities of such registered investment company or business development company is considered an "employee benefit plan sponsored by the issuer" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

(5) Mr. Alala disclaims beneficial ownership of any of the Issuer's shares directly held by Capitala Private Investments LLC, CRS, Capitala Transaction Corp., CapitalSouth Corporation and Capitala Investment Advisors, LLC, except to the extent of his pecuniary interest therein, and this report shall not be deemed an admission that Mr. Alala is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or any other purpose.

Remarks:

Chairman of the Board of Directors, Chief Executive Officer and President

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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