

Form 468 Schedules 8 and 9 Frequently Asked Questions (FAQs)
Updated 2/07/2012

This update removes questions related to the September 2011 reporting period, amends those questions that reflect new policy, and adds clarification for the reporting periods ending December 31, 2011 and March 31, 2012.

Changed FAQs:

- 1) Will SBICs need to provide the Portfolio Company financial information required on Schedule 8 on a quarterly basis going forward?
 - SBICs will report Schedule 8 Portfolio Company financial information as follows:
 - SBICs that are impaired or monitored by the Office of Liquidations must submit this information on a quarterly basis. SBA may also ask SBICs on a case by case basis to submit this information quarterly.
 - Otherwise, leveraged SBICs (SBICs with outstanding leverage, leverage commitments, or seeking leverage) should submit this information semi-annually with the submission of your Annual Form 468 and with the submission of your mid-year Form 468.
 - Until the new web-based system is available, SBICs may submit Schedule 8 in their own format as a PDF file. SBICs may report non-annual Schedule 8 portfolio company financial data using twelve trailing months, year to date, monthly, or quarterly information. Please specify the time period the financial data covers.
 - SBA has posted revised [Schedule 8 Instructions](#) to identify what fields are required and under what conditions.

New FAQs:

- 2) What do SBICs need to submit for the **annual** reporting periods ending December 31, 2011 or March 31, 2012 and when do they need to submit it?

For SBICs reporting annual results for either the fiscal year ended December 31, 2011 or the fiscal year ended March 31, 2012 reporting period, please submit the following information to sbic@sba.gov on or before the last day of the third month following the end of your fiscal year as follows:

- Annual Form 468. SBICs do not need to complete the Schedule of Participations and Joint Financings or the new Schedule 9.
- For leveraged SBICs (SBICs with outstanding leverage, SBA commitments, or seeking SBA commitments): Schedule 8 per the [Schedule 8 Instructions](#).

For SBICs reporting annual results, please submit the following information to sbic@sba.gov on or before the last day of the fifth month following the end of your fiscal year as follows:

- The Schedule of Economic Data, completing the following fields: Name of Portfolio Concern; Employer ID Number; Most recent fiscal year end; Full-time equivalent employees at fiscal year end; Federal and state income taxes paid during most recent fiscal year, Gross revenue for most recent fiscal year; and After tax profit (loss) for most recent fiscal year. (These fields were added to Schedule 8, but will continue to be collected for the Annual 468 until the web based system is implemented.)

3) What do SBICs need to submit for the *quarterly* reporting period ending March 31, 2012?

Please submit all information to sbic@sba.gov as follows by April 30, 2012:

- Quarterly Form 468. SBICs do not need to complete the Schedule of Participations and Joint Financings or the new Schedule 9.
- For leveraged SBICs: Any changes or additions to Schedule 8 Waterfall/Capitalization Table information only if such information changed. (See FAQ 5 for further information.)
- Per FAQ 1, only the following SBICs need to report Schedule 8 Portfolio Company Financial Information:
 - SBICs that are impaired or monitored by the Office of Liquidation or as otherwise requested by SBA.
 - Leveraged SBICs (SBICs with outstanding leverage, leverage commitments, or seeking leverage) if they are reporting semi-annual valuations.

FAQs Not Changed in This Update:

4) Why is SBA collecting this additional information and what will they do with it?

- The SBIC program has grown significantly in the last two years and SBA is seeking to improve its risk analysis and overall portfolio management through the collection of this

information. This information collection is not intended in any way to allow for SBA to micro-manage SBICs investment decisions.

- SBA's primary objective with regards to Schedule 8 and 9 is to include information at the portfolio company level as part of its analysis, consistent both with ILPA guidelines and best practices among funds of funds.
- SBA will use the information to help improve financial analysis at both the SBIC level and across its portfolio. This will enhance our decision-making and facilitate a more timely response to SBIC requests.

5) What should SBICs submit for the Schedule 8 Waterfall/Capitalization Table information?

- SBICs should submit a capitalization table which reflects the current capital structure for the portfolio company and all relevant information (e.g. liquidation preferences) needed to help SBA evaluate the SBIC's position in the company. Please provide as a PDF file. In order to reduce confusion, SBA is removing the Schedule 8 waterfall format entirely.
- SBICs do NOT need to provide Schedule 8 Waterfall information for public companies in which the SBIC holds only common stock or debt securities in public companies.
- Once submitted, unless the information changes, the SBIC will not need to resubmit the waterfall/capitalization table information. SBICs will be able to upload this information directly to the new web-based system when it becomes available so that both SBA and the SBIC will know when the last capitalization table was submitted.

6) Will SBICs need to provide Schedule 8 in SBA format on an annual basis?

- Yes, but not until the new web-based system is in place. The new web-based system is designed to reduce much of the duplication between Form 1031 and Form 468, which is intended to reduce overall burden. Information reported in the annual report will be based on the portfolio company's most recent fiscal year available. If you have concerns regarding the timing of the portfolio company data collection versus when the Form 468 is due, you should speak with your analyst.
- The Schedule 8 waterfall/capitalization table will always (quarterly and annually) be submitted in the SBIC's own format as a PDF file that is uploaded via the new web-based system.

7) Will SBICs need to provide the Schedule 9 information in SBA format on a quarterly and annual basis going forward?

- Not until the new web-based system is in place. SBICs will not have to provide Schedule 9 information until the web-based system is available, as the system is expected to make this schedule easier to use by pre-populating as much of the information that is available in the web-based system. SBA will make the determination about requiring annual versus quarterly filing of Schedule 9 after the system is beta-tested by SBICs.

8) Are SBICs that have entirely repaid their Participating Securities Leverage and only have earmarked assets considered “leveraged” for the purpose of completing Schedules 8 and 9?

- SBA has reconsidered its position as stated in the original instructions and for the purpose of completing Schedules 8 and 9 only will consider such SBICs to be “non-leveraged”.

9) Will SBICs have an opportunity to beta test the new web-based system?

- Yes. SBA will provide SBICs ample opportunity to beta test the new web-based system before requiring its use.

10) Will the new reporting increase fees paid to SBA by the SBICs?

- No.

11) What does SBA expect in terms of the SBIC’s audit procedures with respect to the new Schedules 8 and 9?

- SBA separated these schedules from the rest of the Form 468 specifically to identify them as “unaudited” and is willing to provide guidance stating that we do not expect auditors to perform additional procedures on the unaudited schedules. SBA will seek further input from audit professionals to better understand whether they consider it necessary to perform additional procedures to conform with generally accepted auditing standards and if so, whether they believe such procedures would result in significant additional cost to SBICs.

12) If the instructions sent to us do not match the information in these FAQs, which should we follow?

- These FAQs represent SBA’s latest position.