

§ 107.470

(b) *Exceptions to general rule.* This § 107.460 does not apply to:

(1) Common officers, directors, managers, or owners of a Section 301(c) Licensee and its Section 301(d) subsidiary; or

(2) Common officers, directors, managers, Control Persons, or owners of two (or more) Licensees which have no Leverage.

CHANGE IN STRUCTURE OF LICENSEE

§ 107.470 SBA approval of merger, consolidation, or reorganization of Licensee.

(a) *Prior approval requirements.* You may not merge, consolidate, change form of organization (corporation or partnership) or reorganize without SBA's prior written approval. Any such merger or consolidation will be subject to § 107.440.

(b) *Fee.* A processing fee of \$5,000 must accompany any application for approval of a change in your form of organization (from corporation to partnership or partnership to corporation).

TRANSFER OF LICENSE

§ 107.475 Transfer of license.

You may not transfer your license in any manner without SBA's prior written approval.

Subpart E—Managing the Operations of a Licensee

GENERAL REQUIREMENTS

§ 107.500 Lawful operations under the Act.

You must engage only in the activities contemplated by the Act and in no other activities.

§ 107.501 Identification.

(a) *Publication upon issuance.* SBA shall publish in the FEDERAL REGISTER the names of SBICs with date of licensure and Total Intended Leverage Commitments approved within 30 days of the end of the month of licensure.

(b) *Identification as a Licensee.* You must display your SBIC license in a prominent location. You must also have a listed telephone number. Before collecting an application fee or extend-

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ing Financing to a Small Business, you must obtain a written statement from the concern acknowledging its awareness that you are “a Federal licensee under the Small Business Investment Act of 1958, as amended.”

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§ 107.502 Representations to the public.

You may not represent or imply to anyone that the SBA, the U.S. Government or any of its agencies or officers has approved any ownership interests you have issued or obligations you have incurred. Be certain to include a statement to this effect in any solicitation to investors. Example: You may not represent or imply that “SBA stands behind the Licensee” or that “Your capital is safe because SBA's experts review proposed investments to make sure they are safe for the Licensee.”

§ 107.503 Licensee's adoption of an approved valuation policy.

(a) *Valuation guidelines.* You must prepare, document and report the valuations of your Loans and Investments in accordance with the Valuation Guidelines for SBICs issued by SBA. These guidelines may be obtained from the SBIC website.

(b) *SBA approval of valuation policy.* You must have a written valuation policy approved by SBA for use in determining the value of your Loans and Investments. You must either:

(1) Adopt without change the model valuation policy set forth in section III of the Valuation Guidelines for SBICs; or

(2) Obtain SBA's prior written approval of an alternative valuation policy. If you are or applying to be a Non-leveraged Licensee, SBA will generally approve a valuation policy that meets GAAP.

(c) *Responsibility for valuations.* Your board of directors or general partner(s) will be solely responsible for adopting your valuation policy and for using it to prepare valuations of your Loans and Investments for submission to SBA. If SBA reasonably believes that your valuations, individually or in the aggregate, are materially misstated, it