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

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**Post-Effective Amendment No. 5 to  
Form N-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**FS INVESTMENT CORPORATION**

(Exact name of registrant as specified in charter)

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**Cira Centre  
2929 Arch Street, Suite 675  
Philadelphia, PA 19104-2867  
(215) 495-1150**

(Address and telephone number, including area code, of principal executive offices)

**Michael C. Forman  
FS Investment Corporation  
Cira Centre  
2929 Arch Street, Suite 675  
Philadelphia, PA 19104-2867**  
(Name and address of agent for service)

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**Approximate date of proposed public offering:** As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, as amended, other than securities offered in connection with a distribution reinvestment plan, check the following box.

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## EXPLANATORY NOTE AND INCORPORATION BY REFERENCE

This Post-Effective Amendment No. 5 to the Registration Statement on Form N-2 (File No. 333-149374) is being filed pursuant to Rule 462(d) under the Securities Act of 1933, as amended (the "Securities Act"), solely for the purpose of adding additional exhibits to such Registration Statement. Accordingly, this Post-Effective Amendment No. 5 consists only of a facing page, this explanatory note, and Part C of the Registration Statement on Form N-2. This Post-Effective Amendment No. 5 does not change the final prospectus filed pursuant to Rule 497 under the Securities Act on May 17, 2010. As permitted by Rule 462(d), this Post-Effective Amendment No. 5 shall become effective upon filing with the SEC.

**PART C**  
**Other Information**

**Item 25. Financial Statements and Exhibits**

(1) *Financial Statements*

The following financial statements of FS Investment Corporation (the “Registrant” or the “Company”) are included in Part A of this Registration Statement:

	<u>PAGE</u>
<a href="#">Management’s Report on Internal Control Over Financial Reporting</a>	F-2
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-3
<a href="#">Balance Sheets as of December 31, 2009 and 2008</a>	F-4
<a href="#">Statements of Operations for the years ended December 31, 2009 and 2008 and for the period from December 21, 2007 (Inception) to December 31, 2007</a>	F-5
<a href="#">Statements of Changes in Net Assets for the years ended December 31, 2009 and 2008 and for the period from December 21, 2007 (Inception) to December 31, 2007</a>	F-6
<a href="#">Statements of Cash Flows for the years ended December 31, 2009 and 2008 and for the period from December 21, 2007 (Inception) to December 31, 2007</a>	F-7
<a href="#">Schedule of Investments as of December 31, 2009</a>	F-8
<a href="#">Notes to Financial Statement</a>	F-9

(2) *Exhibits*

- (a) Articles of Incorporation of the Registrant\*\*
- (a)(2) Articles of Amendment and Restatement of the Registrant\*\*\*\*\*
- (b) Bylaws of the Registrant\*\*\*
- (b)(1) Amended and Restated Bylaws\*\*\*\*\*
- (d) Form of Subscription Agreement (included in the Prospectus as Appendix A and incorporated herein by reference)\*\*\*\*\*
- (e) Amended and Restated Distribution Reinvestment Plan\*\*\*\*
- (g) Investment Advisory and Administrative Services Agreement by and between Registrant and FB Income Advisor, LLC\*\*
- (g)(1) First Amendment to the Investment Advisory and Administrative Services Agreement\*\*\*\*
- (g)(2) Form of Investment Sub-Advisory Agreement by and between FB Income Advisor, LLC and GSO Debt Funds Management, LLC\*\*\*
- (h)(1) Form of Dealer Manager Agreement by and between the Registrant and FS2 Capital Partner, LLC\*\*\*\*
- (h)(2) Form of Selected Dealer Agreement (Included as Appendix A to the Form of Dealer Manager Agreement)\*\*\*\*
- (j) Custodian Agreement by and between Registrant and PFPC Trust Company\*\*\*\*\*
- (k) Form of Escrow Agreement by and between Registrant and UMB Bank, N.A.\*\*\*\*
- (k)(1) Credit Agreement by and between Broad Street Funding LLC and Deutsche Bank AG, New York Branch\*\*\*\*\*
- (k)(2) Asset Contribution Agreement by and between the Registrant and Broad Street Funding LLC\*\*\*\*\*
- (k)(3) Investment Management Agreement by and between the Registrant and Broad Street Funding LLC\*\*\*\*\*
- (k)(4) Security Agreement by and between Broad Street Funding LLC and Deutsche Bank AG, New York Branch\*\*\*\*\*
- (l) Opinion of Miles & Stockbridge P.C.\*\*\*\*
- (n)(1) Consent of Miles & Stockbridge P.C. (incorporated by reference to exhibit l hereto)\*\*\*\*
- (n)(2) Consent of McGladrey & Pullen, LLP\*\*\*\*\*
- (r) Code of Business Conduct, Ethics and Statement on the Prohibition on Insider Trading\*

- \* Filed herewith.
- \*\* Filed as part of initial registration statement on February 25, 2008.
- \*\*\* Filed as part of Amendment No. 2 to the registration statement on Form N-2, filed on June 19, 2008.
- \*\*\*\* Filed as part of Amendment No. 3 to the registration statement on Form N-2, filed on September 17, 2008.
- \*\*\*\*\* Filed as part of Post-Effective Amendment No. 1 to the registration statement on Form N-2, filed on November 13, 2008.
- \*\*\*\*\* Filed as part of the Registrant's Current Report on Form 8-K, filed on March 16, 2010.
- \*\*\*\*\* Filed as part of Post-Effective Amendment No. 4 to the registration statement on Form N-2, filed on April 16, 2010.

**Item 26. Marketing Arrangements**

The information contained under the heading "Plan of Distribution" in this Registration Statement is incorporated herein by reference.

**Item 27. Other Expenses of Issuance and Distribution**

SEC registration fee	\$ 58,950
FINRA filing fee	\$ 75,500
Blue Sky expenses	\$ 200,000
Advertising and sales literature	\$ 2,000,000
Accounting fees and expenses	\$ 2,100,000
Legal fees and expenses	\$ 3,600,000
Printing and engraving	\$ 4,200,000
Seminars	\$ 5,400,000
Miscellaneous fees and expenses	\$ 5,765,550
<b>Total</b>	<b>\$ 23,400,000</b>

The amounts set forth above, except for the SEC and FINRA fees, are in each case estimated and assume that we sell all of the shares being registered by this registration statement. All of the expenses set forth above shall be borne by the Registrant.

**Item 28. Persons Controlled by or Under Common Control**

Not applicable.

**Item 29. Number of Holders of Securities**

The following table sets forth the number of record holders of the Registrant's capital stock at June 15, 2010.

<u>Title of Class</u>	<u>Number of Record Holders</u>
Common stock, \$0.001 par value	6,869

## **Item 30. Indemnification**

### ***Limitation on Liability***

Our charter limits the personal liability of our directors and officers to the corporation or its stockholders for monetary damages. Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from:

- (a) actual receipt of an improper benefit or profit in money, property or services; or
- (b) active and deliberate dishonesty established by a final judgment and which is material to the cause of action.

Our charter contains a provision which limits directors' and officers' liability, although not to the maximum extent permitted by Maryland law, and subject to the requirements of the 1940 Act. In addition, we intend to obtain director's and officer's liability insurance.

### ***Indemnification***

Under the Maryland General Corporation Law, a Maryland corporation may indemnify its directors, officers and certain other parties against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service to the corporation or at its request, unless it is established that the act or omission of the indemnified party was material to the matter giving rise to the proceeding and (i) the act or omission was committed in bad faith or was the result of active and deliberate dishonesty, or (ii) in the case of any criminal proceeding, the indemnified party had reasonable cause to believe that the act or omission was unlawful. Maryland law does not permit indemnification in respect of any proceeding in which the party seeking indemnification shall have been adjudged to be liable to the corporation. Further, a party may not be indemnified for a proceeding brought by that party against the corporation, except (i) for a proceeding brought to enforce indemnification or (ii) if the charter or bylaws, a resolution of the board of directors or an agreement approved by the board of directors to which the corporation is a party expressly provides otherwise.

Pursuant to our charter and bylaws, we are obligated to indemnify any present or former director or officer, and certain other individuals, from and against any claim or liability to which that person may become subject or which, that person may incur by reason of his or her status as a present or former director or officer or other role on our behalf, only if all of the following conditions are met:

- (a) we have determined, in good faith, that the course of conduct which caused the loss or liability was in the Company's best interest;
- (b) the indemnitee was acting on behalf of or performing services for the Company;
- (c) the indemnitee's liability or loss was not the result of the indemnitee's negligence or misconduct, in the case of directors and officers who are affiliates of FB Advisor, and gross negligence or willful misconduct for independent directors of the Company; and
- (d) such indemnification or agreement to hold harmless is recoverable only out of the Company's net assets and not from that of a shareholder.

Furthermore, under our charter and bylaws, any director, officer, or any other individual, shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws unless one or more of the following conditions are met:

- (a) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee;

- (b) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; or
- (c) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made, and the court of law considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and the published position of any state securities regulatory authority in which securities of the Company were offered or sold as to indemnification for violations of securities laws.

Under our charter and bylaws, the Company may not incur the cost of that portion of liability insurance which insures the indemnitee for any liability as to which the indemnitee is prohibited from being indemnified under our charter and bylaws.

Under our charter and bylaws, the advancement of Company funds to an indemnitee or its affiliates for legal expenses and other costs incurred as a result of any legal action for which the indemnification is being sought is permissible only if all the following conditions are satisfied:

- (a) the legal action relates to acts or omissions with respect to the performance of duties or services on behalf of the Company;
- (b) the legal action is initiated by a third party who is not a shareholder, or the legal action is initiated by a shareholder and a court of competent jurisdiction specifically approves of such advancement; and
- (c) the indemnitee or its affiliates undertake to repay the advanced funds to the Company, together with the applicable legal rate of interest thereon, in cases in which such indemnitee is found not to be entitled to indemnification.

Indemnification may reduce the legal remedies available to us and our stockholders against the indemnified individuals. The aforementioned charter and bylaw provisions do not reduce the exposure of directors and officers to liability under federal or state securities laws, nor do they limit a stockholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our stockholders, although the equitable remedies may not be an effective remedy in some circumstances.

### **Item 31. Business and Other Connections of Investment Advisers**

A description of any other business, profession, vocation, or employment of a substantial nature in which FB Advisor, and each director or executive officer of FB Advisor, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management—Board of Directors," and "Executive Officers" and "Investment Advisory and Administrative Services Agreement." Additional information regarding FB Advisor and its officers and directors is set forth in its Form ADV, as filed with the Securities and Exchange Commission (SEC File No. 801-69111), and is incorporated herein by reference.

A description of any other business, profession, vocation, or employment of a substantial nature in which GSO / Blackstone Debt Funds Management LLC ("GDFM"), and each director or executive officer of GDFM, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management—Board of Directors," and "Executive Officers" and "Investment Advisory and Administrative Services Agreement." Additional information regarding GDFM and its officers and directors is set forth in its Form ADV, as filed with the Securities and Exchange Commission (SEC File No. 801-68243), and is incorporated herein by reference.

**Item 32. Location of Accounts and Records**

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, and the rules thereunder are maintained at the offices of:

- (1) the Registrant, FS Investment Corporation, Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, Pennsylvania 19104-2867;
- (2) the Transfer Agent, DST Systems, Inc., 1055 Broadway, Ninth Floor, Kansas City, Missouri 64105-1594;
- (3) the Custodian, PFPC Trust Company, 8800 Tincum Boulevard, Philadelphia, Pennsylvania 19153;
- (4) the investment adviser, FB Income Advisor, LLC, Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, Pennsylvania 19104-2867; and
- (5) the administrator, FB Income Advisor, LLC, Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, Pennsylvania 19104-2867.

**Item 33. Management Services**

Not Applicable.

**Item 34. Undertakings**

We hereby undertake:

- (1) to suspend the offering of shares until the prospectus is amended if (i) subsequent to the effective date of this registration statement, our net asset value declines more than ten percent from our net asset value as of the effective date of this registration statement, or (ii) our net asset value increases to an amount greater than our net proceeds as stated in the prospectus;
- (2) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement
  - (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) to reflect in the prospectus any facts or events after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (3) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of those securities at that time shall be deemed to be the initial *bona fide* offering thereof;
- (4) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;
- (5) that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the Registrant is subject to Rule 430C [17 CFR 230.430C]: Each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the Securities Act of 1933 [17 CFR 230.497(b), (c), (d) or (e)] as part of a registration statement relating to an offering, other than prospectuses filed in reliance on Rule 430A under the Securities Act of 1933 [17 CFR 230.430A], shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or

made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use; and

- (6) that for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in an offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:
- (i) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the Securities Act of 1933 [17 CFR 230.497];
  - (ii) the portion of any advertisement pursuant to Rule 482 under the Securities Act of 1933 [17 CFR 230.482] relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and
  - (iii) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.





**FS INVESTMENT CORPORATION**  
**CODE OF BUSINESS CONDUCT, ETHICS AND**  
**STATEMENT ON THE PROHIBITION OF INSIDER**  
**TRADING**

June 22, 2010

**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

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STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

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**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

**INTRODUCTION**

Ethics are important to FS Investment Corporation (“**FSIC**”, “**our**”, “**us**”, or “**we**”) and to its management. FSIC is committed to the highest ethical standards and to conducting its business with the highest level of integrity.

All officers, directors and employees of FSIC and its investment adviser, FB Income Advisor, LLC (the “**investment adviser**”), are responsible for maintaining this level of integrity and for complying with the policies contained in this Code. If you have a question or concern about what is proper conduct for you or anyone else, please raise these concerns with FSIC’s Chief Compliance Officer or any member of FSIC’s management, or follow the procedures outlined in applicable sections of this Code.

This Code of Business Conduct, Ethics and Statement on the Prohibition on Insider Trading (collectively, the “**Code**”) has been adopted by the Board of Directors of FSIC in accordance with Rule 17j-1(c) under the Investment Company Act of 1940 (the “**1940 Act**”) and the May 9, 1994 Report of the Advisory Group on Personal Investing by the Investment Company Institute (the “**Report**”). Rule 17j-1 generally describes fraudulent or manipulative practices with respect to purchases or sales of securities held or to be acquired by business development companies if effected by access persons of such companies.

**PURPOSE OF THE CODE**

This Code is intended to:

- help you recognize ethical issues and take the appropriate steps to resolve these issues;
- deter ethical violations to avoid any abuse of position of trust and responsibility;
- maintain confidentiality of our business activities;
- assist you in complying with applicable securities laws;
- assist you in reporting any unethical or illegal conduct; and
- reaffirm and promote our commitment to a corporate culture that values honesty, integrity and accountability.

Further, it is the policy of FSIC that no affiliated person of our organization shall, in connection with the purchase or sale, directly or indirectly, by such person of any security held or to be acquired by FSIC:

- employ any device, scheme or artifice to defraud us;

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**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

- make any untrue statement of a material fact or omit to state to us a material fact in order to make the statement made, in light of the circumstances under which it is made, not misleading;
- engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon us; or
- engage in any manipulative practices with respect to our business activities.

All employees, as a condition of employment or continued employment, will acknowledge annually, in writing, that they have received a copy of this Code, read it, and understand that the Code contains our expectations regarding their conduct.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

**PRINCIPLES OF BUSINESS CONDUCT**

All employees will be subject to the following guidelines covering business conduct:

**Conflicts of Interest**

You must avoid any conflict, or the appearance of a conflict, between your personal interests and our interests. A conflict exists when your personal interests in any way interfere with our interests, or when you take any action or have any interests that may make it difficult for you to perform your job objectively and effectively. For example, a conflict of interest probably exists if:

- you cause us or the investment adviser to enter into business relationships with you or a member of your family, or invest in companies affiliated with you or a member of your family;
- you use any non-public information about us or the investment adviser, our customers or our other business partners for your personal gain, or the gain of a member of your family; or
- you use or communicate confidential information obtained in the course of your work for your or another's personal benefit.

**Corporate Opportunities**

Each of us has a duty to advance the legitimate interests of FSIC when the opportunity to do so presents itself. Therefore, you may not:

- take for yourself personally opportunities, including investment opportunities, discovered through the use of your position with us or the investment adviser, or through the use of either's property or information;
- use our or the investment adviser's property, information, or position for your personal gain or the gain of a family member; or
- compete, or prepare to compete, with us or the investment adviser.

**Confidentiality**

You must not disclose confidential information regarding us, the investment adviser, our affiliates, our lenders, our clients, or our other business partners, unless disclosure is authorized or required by law. Confidential information includes all non-public information that might be harmful to, or useful to the competitors of, FSIC, our affiliates, our lenders, our clients, or our other business partners. This obligation continues even after you leave FSIC, until the information becomes publicly available.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

**Fair Dealing**

You must endeavor to deal fairly with our customers, suppliers and business partners, or any other companies or individuals with whom we do business or come into contact with, including fellow employees and our competitors. You must not take unfair advantage of these or other parties by means of:

- manipulation;
- concealment;
- abuse of privileged information;
- misrepresentation of material facts; or
- any other unfair-dealing practice.

**Protection and Proper Use of Company Assets**

Our assets are to be used only for legitimate business purposes. You should protect our assets and ensure that they are used efficiently.

Incidental personal use of telephones, fax machines, copy machines, personal computers and similar equipment is generally allowed if there is no significant added cost to us, it does not interfere with your work duties, and is not related to an illegal activity or to any outside business.

**Compliance with Applicable Laws, Rules and Regulations**

Each of us has a duty to comply with all laws, rules and regulations that apply to our business. Please talk to our Chief Compliance Officer if you have any questions about how to comply with the above regulations and other laws, rules and regulations.

In addition, we expect you to comply with all our policies and procedures that apply to you. We may modify or update our policies and procedures in the future, and may adopt new company policies and procedures from time to time. You are also expected to observe the terms of any confidentiality agreement, employment agreement or other similar agreement that applies to you.

**Equal Opportunity, Harassment**

We are committed to providing equal opportunity in all of our employment practices including selection, hiring, promotion, transfer, and compensation of all qualified applicants and employees without regard to race, color, sex or gender, sexual orientation, religion, age, national origin, handicap, disability, citizenship status, or any other status protected by law. With this in mind, there are certain behaviors that will not be tolerated. These include harassment, violence, intimidation, and discrimination of any kind involving race, color, sex or gender, sexual orientation, religion, age, national origin, handicap, disability, citizenship status, marital status, or any other status protected by law.



**CODE OF BUSINESS CONDUCT, ETHICS AND  
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**Gifts**

Gifts can appear to compromise the integrity and honesty of our personnel. On the other hand, business colleagues often wish to provide small gifts to others as a way of demonstrating appreciation or interest. We have attempted to balance these considerations in the policy which follows.

No person employed by FSIC shall accept a gift or other thing of more than de minimis value (\$100 or less) from any person or entity that does business with, or is soliciting business from, FSIC. Gifts exceeding that amount per person must be returned and the gift, its approximate value and its disposition reported to the Chief Compliance Officer. FSIC personnel may accept gifts in the form of customary business entertainment (meals, tickets to sporting or other entertainment events) so long as the giver will be present at the entertainment. Gifts to the firm as a whole or to an entire department (for example, accounting, analysts, etc.) may exceed the \$100 limitation, but such gifts must be approved by the Compliance Officer.

All gifts shall be reflected in a gift log, containing a basic description of the gift, a good faith estimate of the value of the gift, and a description of its disposition, i.e., accepted, rejected, returned to sender, etc.

Solicitation of gifts is strictly prohibited.

Standards for giving gifts are identical to those governing the acceptance of gifts (that is they should be restricted to items worth \$100 or less). On the whole, good taste and judgment must be exercised in both the receipt and giving of gifts. Every person subject to this code must avoid gifts or entertainment that would compromise FSIC's standing or reputation. If you are offered or receive any gift which is either prohibited or questionable, you must inform the Chief Compliance Officer immediately.

**Accuracy of Company Records**

We require honest and accurate recording and reporting of information in order to make responsible business decisions. This includes such data as quality, safety, and personnel records, as well as financial records.

All financial books, records and accounts must accurately reflect transactions and events, and conform both to required accounting principles and to our system of internal controls.

**Retaining Business Communications**

The law requires us to maintain certain types of corporate records, usually for specified periods of time. Failure to retain those records for those minimum periods could subject us to penalties and fines, cause the loss of rights, obstruct justice, place us in contempt of court, or seriously disadvantage us in litigation.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
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From time to time we establish retention or destruction policies in order to ensure legal compliance. We expect you to fully comply with any published records retention or destruction policies, provided that you should note the following exception: If you believe, or we inform you, that our records are relevant to any litigation or governmental action, or any potential litigation or action, then you must preserve those records until we determine the records are no longer needed. This exception supersedes any previously or subsequently established destruction policies for those records. If you believe that this exception may apply, or have any questions regarding the possible applicability of that exception, please contact our Chief Compliance Officer.

**Outside Employment**

Without the written consent of the Chief Executive Officer of FSIC, no person is permitted to:

- be engaged in any other financial services business for profit;
- be employed or compensated by any other business for work performed; or
- have a significant (more than 5% equity) interest in any other financial services business including, but not limited to, banks, brokerages, investment advisers, insurance companies or any other similar business.

Requests for outside employment waivers should be made in writing to the Chief Executive Officer with a copy to the Chief Compliance Officer.

**Service as a Director**

No person shall serve as a director or officer of any organization, other than a charitable organization, without prior written authorization from the Chief Compliance Officer. Any request to serve on the Board of such an organization must include the name of the entity and its business, the names of the other Board members, and a general reason for the request. The Chief Compliance Officer shall consult with the Chief Executive Officer in connection with such request.

**Political Contributions**

Unless you are an outside director, i.e. you are not a principal, partner or employee of FSIC or any of its affiliated organizations, you may not direct your personal funds as contributions to political action committees or political candidates. Further, no funds of FSIC may be contributed to political action committees or political candidates.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
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**Media Relations**

We must speak with a unified voice in all dealings with the press and other media. As a result, our Chief Executive Officer, or his designee, is the sole contact for media seeking information about FSIC. Any requests from the media must be referred to our Chief Executive Officer, or his designee.

**Intellectual Property Information**

Information generated in our business is a valuable asset. Protecting this information plays an important role in our growth and ability to compete. Such information includes business and research plans; objectives and strategies; trade secrets; unpublished financial information; salary and benefits data; lender and other business partner lists. Employees who have access to our intellectual property information are obligated to safeguard it from unauthorized access and:

- Not disclose this information to persons outside of FSIC;
- Not use this information for personal benefit or the benefit of persons outside of FSIC; and
- Not share this information with other employees except on a legitimate “need to know” basis.

**Internet and E-Mail Policy**

We provide an e-mail system and Internet access to certain of our employees to help them do their work. You may use the e-mail system and the Internet only for legitimate business purposes in the course of your duties. Incidental and occasional personal use is permitted, but never for personal gain or any improper or illegal use. Further, you are prohibited from discussing or posting information regarding FSIC in any external electronic forum, including Internet chat rooms, electronic bulletin boards or social media sites.

**Reporting Violations and Complaint Handling**

You are responsible for compliance with the rules, standards and principles described in this Code. In addition, you should be alert to possible violations of the Code by FSIC’s or the investment adviser’s employees, officers and directors, and you are expected to report a violation promptly. Normally, reports should be made to one’s immediate supervisor. Under some circumstances, it may be impractical or you may feel uncomfortable raising a matter with your supervisor. In those instances, you are encouraged to contact our Chief Compliance Officer who will investigate and report the matter to our Chief Executive Officer and/or Board of Directors, as the circumstance dictates. You will also be expected to cooperate in an investigation of a violation.

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Anyone who has a concern about our conduct, the conduct of an officer of FSIC or its investment adviser or our accounting, internal accounting controls or auditing matters, may communicate that concern to the Audit Committee of the Board of Directors by direct communication with our Chief Compliance Officer or by email or in writing. All reported concerns shall be forwarded to the Audit Committee and will be simultaneously addressed by our Chief Compliance Officer in the same way that other concerns are addressed by us. The status of all outstanding concerns forwarded to the Audit Committee will be reported on a quarterly basis by our Chief Compliance Officer. The Audit Committee may direct that certain matters be presented to the full board and may also direct special treatment, including the retention of outside advisors or counsel, for any concern reported to it.

All reports will be investigated and whenever possible, requests for confidentiality shall be honored. And, while anonymous reports will be accepted, please understand that anonymity may hinder or impede the investigation of a report. All cases of questionable activity or improper actions will be reviewed for appropriate action, discipline or corrective actions. Whenever possible, we will keep confidential the identity of employees, officers or directors who are accused of violations, unless or until it has been determined that a violation has occurred.

**There will be no reprisal, retaliation or adverse action taken against any employee who, in good faith, reports or assists in the investigation of, a violation or suspected violation, or who makes an inquiry about the appropriateness of an anticipated or actual course of action.**

**For reporting concerns about FSIC's or its investment adviser's conduct, the conduct of an officer of FSIC or its investment adviser, or about FSIC's or its investment adviser's accounting, internal accounting controls or auditing matters, you may use the following means of communication:**

**ADDRESS:      FS Investment Corporation  
                    Cira Centre  
                    2929 Arch Street, Suite 675  
                    Philadelphia, PA 19104**

In the case of a confidential, anonymous submission, employees should set forth their concerns in writing and forward them in a sealed envelope to the Chairperson of the Audit Committee, in care of our Chief Compliance Officer, such envelope to be labeled with a legend such as: "To be opened by the Audit Committee only."

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**CODE OF ETHICS**

The employees specified in the following discussion will be subject to the provisions of the Code of Ethics (“CofE”).

**Scope of the Code of Ethics**

In order to prevent FSIC’s Access Persons, as defined below, from engaging in any of these prohibited acts, practices or courses of business, the Board of Directors of FSIC has adopted this CofE.

**Definitions**

**Access Person.** “Access Person” means any director, officer, partner, employee or Advisory Person of FSIC; provided, however, that the term “Access Person” will not include a “Disinterested Director” (as defined below).

**Advisory Person.** “Advisory Person” of FSIC means: (i) any director, officer or employee of FSIC or of any company in a control relationship to FSIC, who, in connection with his or her regular duties, makes, participates in, or obtains information regarding the purchase or sale of a Covered Security by FSIC, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (ii) any natural person in a control relationship to FSIC who obtains information concerning recommendations made to FSIC with regard to the purchase or sale of a Covered Security. An “Advisory Person” shall not include a “Disinterested Director” (as defined below).

**Automatic Investment Plan.** “Automatic Investment Plan” refers to any program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation, including a dividend reinvestment plan.

**Beneficial Interest.** “Beneficial Interest” includes any entity, person, trust, or account with respect to which an Access Person exercises investment discretion or provides investment advice. A beneficial interest shall be presumed to include all accounts in the name of or for the benefit of the Access Person, his or her spouse, dependent children, or any person living with him or her or to whom he or she contributed economic support.

**Beneficial Ownership.** “Beneficial Ownership” shall be determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934 (the “*Exchange Act*”), except that the determination of direct or indirect Beneficial Ownership shall apply to all securities, and not just equity securities, that an Access Person has or acquires. Rule 16a-1(a)(2) provides that the term “beneficial owner” means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares a direct or indirect pecuniary interest in any equity security. Therefore, an Access Person may be deemed to have Beneficial Ownership of securities held by members of his or her immediate family sharing the same household, or by certain partnerships, trusts, corporations, or other arrangements.

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**Blackout Period.** “Blackout Period” shall mean that timeframe in which FSIC or an Access Person, or Disinterested Director with knowledge of FSIC’s trading activity, may not engage in trading in an issue, or its related securities, appearing on the FSIC Restricted List as described below.

**Control.** “Control” shall have the same meaning as that set forth in Section 2(a)(9) of the 1940 Act.

**Covered Security.** “Covered Security” means a security as defined in Section 2(a)(36) of the 1940 Act except that it does not include: (i) direct obligations of the government of the United States; (ii) bankers’ acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments including repurchase agreements; and (iii) shares issued by registered open-end investment companies (i.e., mutual funds); however, exchange traded funds structured as unit investment trusts or open-end funds are considered “Covered Securities”.

**Disinterested Director.** “Disinterested Director” means a director of FSIC who is not an “interested person” of FSIC within the meaning of Section 2(a)(19) of the 1940 Act.

**Initial Public Offering.** “Initial Public Offering” means an offering of securities registered under the Securities Act of 1933 (the “*Securities Act*”), the issuer of which, immediately before the registration, was not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act.

**Limited Offering.** “Limited Offering” means an offering that is exempt from registration under the Securities Act pursuant to Section 4(2) or Section 4(6) or pursuant to Rule 504, Rule 505 or Rule 506 under the Securities Act.

**Purchase or Sale of a Covered Security.** “Purchase or Sale of a Covered Security” is broad and includes, among other things, the writing of an option to purchase or sell a covered security, or the use of a derivative product to take a position in a Covered Security.

**Restricted List.** The Restricted List identifies those securities which FSIC or its Access Persons may not trade due to some restriction under the securities laws whereby FSIC or its Access Persons may be deemed to possess material non-public information (as it is described within the following “Statement on the Prohibition of Insider Trading”) about the issuer of such securities.

**Supervised Person.** A “Supervised Person” means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of any entity that provides investment advice on behalf of FSIC and is subject to the supervision and control of FSIC; provided, however, that the term “Supervised Person” shall not include a “Disinterested Director” (as defined above).

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**Standards of Conduct**

1. No Access Person, Supervised Person or Disinterested Director shall engage, directly or indirectly, in any business transaction or arrangement for personal profit that is not in the best interests of FSIC or its shareholders; nor shall he or she make use of any confidential information gained by reason of his or her employment by or affiliation with FSIC, or any of its affiliates, in order to derive a personal profit for himself or herself or for any Beneficial Interest, in violation of the fiduciary duty owed to FSIC and its shareholders.

2. Any Access Person recommending or authorizing the purchase or sale of a Covered Security by FSIC shall, at the time of such recommendation or authorization, disclose any Beneficial Interest in, or Beneficial Ownership of, such Covered Security or the issuer thereof.

3. No Access Person, Supervised Person or Disinterested Director shall dispense any information concerning securities holdings or securities transactions of FSIC to anyone outside FSIC without obtaining prior written approval from our Chief Compliance Officer, or such person or persons as these individuals may designate to act on their behalf. Notwithstanding the preceding sentence, such Access Person may dispense such information without obtaining prior written approval:

- when there is a public report containing the same information;
- when such information is dispensed in accordance with compliance procedures established to prevent conflicts of interest between FSIC and its affiliates;
- when such information is reported to directors of FSIC; or
- in the ordinary course of his or her duties on behalf of FSIC.

4. All personal securities transactions should be conducted consistent with this CofE and in such manner as to avoid actual or potential conflicts of interest, the appearance of a conflict of interest, or any abuse of an individual's position of trust and responsibility within FSIC.

**Prohibited Transactions**

1. **General Prohibition.** No Access Person shall purchase or sell, directly or indirectly, any Covered Security (including any security issued by the issuer of such Covered Security) in which he or she has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership and which such Access Person knows or should have known at the time of such purchase or sale is being considered for purchase or sale by FSIC, or is held in the FSIC portfolio unless such Access Person shall have obtained prior written approval for such purpose from our Chief Compliance Officer.

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- An Access Person who becomes aware that FSIC is considering the purchase or sale of any Covered Security must immediately notify our Chief Compliance Officer of any interest that such Access Person may have in any outstanding Covered Security (including any security issued by the issuer of such Covered Security).
- An Access Person shall similarly notify our Chief Compliance Officer of any other interest or connection that such Access Person might have in or with such issuer.
- Once an Access Person becomes aware that FSIC is considering the purchase or sale of a Covered Security in its portfolio, such Access Person may not engage in any transaction in such Covered Security (including any security issued by the issuer of such Covered Security).
- The foregoing notifications or permission may be provided verbally, but should be confirmed in writing as soon and with as much detail as possible.

**2. Securities Appearing on the Portfolio and Pipeline Reports and Restricted List.** The holdings of the FSIC portfolio are detailed in the Portfolio Report that will be distributed daily to all Access Persons. Access Persons will also receive, as frequently as necessary, the names of those entities that are being considered for investment by the FSIC portfolio in the Pipeline Report. Access Persons are required to review these reports and the Restricted List prior to engaging in any securities transactions.

**3. Initial Public Offerings and Limited Offerings.** Access Persons of FSIC must obtain approval from FSIC before directly or indirectly acquiring Beneficial Ownership in any securities in an Initial Public Offering or in a Limited Offering.

**4. Securities under Review.** No Access Persons shall execute a securities transaction in any security issued by an entity that FSIC owns in its portfolio or is considering for purchase or sale unless such Access Person shall have obtained prior written approval for such purpose from our Chief Compliance Officer.

**5. Blackout Period.** No Access Person may trade in the securities of any issuer appearing on the Restricted List until notified that the entity name no longer appears on the Restricted List. Access Persons are also prohibited from trading in the names appearing on the Pipeline and Portfolio Reports (as discussed above).

**6. Company Acquisition of Shares in Companies that Access Persons Hold Through Limited Offerings.** Access Persons who have been authorized to acquire securities in a Limited Offering must disclose that investment to our Chief Compliance Officer when they are involved in FSIC's subsequent consideration of an investment in the issuer, and FSIC's decision to purchase such securities must be independently reviewed by Investment Personnel with no personal interest in that issuer.



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**Management of the Restricted List**

Our Chief Compliance Officer will manage placing and removing names from the Restricted List. Should an Access Person learn of material non-public information concerning the issuer of any security that information must be provided to our Chief Compliance Officer so that the issuer can be included on the Restricted List. The Chief Compliance Officer will note the nature of the information learned, the time the information was learned and the other persons in possession of this information. The Chief Compliance Officer will maintain this information in a log. Upon the receipt of such information, our Chief Compliance Officer will revise and circulate the Restricted List to all Access Persons.

Any sub-advisers to FSIC or the investment advisor, or affiliated investment advisers, will be directed to advise FSIC when they have obtained information that causes them to be restricted from trading in the securities of any of the names appearing in the FSIC portfolio. This information will be provided to our Chief Compliance Officer who will add the name(s) to the Restricted List and electronically circulate the revised list to Access Persons. Sub-advisors, or affiliated investment advisers, will also be required to notify FSIC's Chief Compliance Officer if they are restricted from trading in the securities of any of the issuers discussed with FSIC for possible inclusion in the FSIC portfolio.

The contents of the Restricted List are highly confidential and must not be disclosed to any person or entity outside of FSIC absent approval of our Chief Compliance Officer or the Chief Executive Officer.

**Procedures to Implement the Code of Ethics**

The following reporting procedures have been established to assist Access Persons in avoiding a violation of this CofE, and to assist FSIC in preventing, detecting and imposing sanctions for violations of this CofE. Every Access Person must follow these procedures. Questions regarding these procedures should be directed to our Chief Compliance Officer.

All Access Persons are subject to the reporting requirements set forth in the next section except:

- with respect to transactions effected for, and Covered Security (including any security issued by the issuer of such Covered Security) held in, any account over which the Access Person has no direct or indirect influence or control; or
- Those transactions effected pursuant to an Automatic Investment Plan.

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**Reporting Requirements**

FSIC shall appoint a Chief Compliance Officer who shall furnish each employee with a copy of this CofE along with the other sections of the Code, and any amendments, upon commencement of employment and annually thereafter.

Each Supervised Person is required to certify, through a written acknowledgment, within 10 days of commencement of employment, that he or she has received, read and understands all aspects of the Code and recognizes that he or she is subject to the provisions and principles detailed therein. In addition, our Chief Compliance Officer shall notify each Access Person of his or her obligation to file an initial holdings report, quarterly transaction reports, and annual holdings reports, as described below.

**Pre-Clearance Reports**

Access Persons of FSIC must obtain approval from our Chief Compliance Officer prior to entering into a transaction in a Limited Offering or an Initial Public Offering. Pre-clearance of trades in securities issued by companies whose names appear on the Pipeline and Portfolio Reports is also required of Access Persons. The pre-clearance form shall include the name of the Access Person, the date, the name of the broker who will execute the transaction, the name of the security, quantity, whether the transaction is a purchase or sale, total anticipated dollar value and any pertinent instructions, i.e., GTC, limit, etc. There will also be a line for approval or disapproval along with space for comments and the date.

If our Chief Compliance Officer does not approve the transaction the reason for denial must be provided on the pre-clearance form.

**Initial Holdings Reports**

Each Access Person must, no later than 10 days after the person becomes an Access Person, submit to our Chief Compliance Officer or other designated person a report of the Access Person's current securities holdings. The information provided must be current as of a date no more than 45 days prior to the date the person becomes an Access Person. The report must include the following:

- the title and type of the security and, as applicable, the exchange ticker symbol or CUSIP number, the number of shares held for each security, and the principal amount;
- the name of any broker, dealer or bank with which the Access Person maintains an account in which any securities are held for the Access Person's direct or indirect benefit; and
- the date the Access Person submits the report.

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**Quarterly Transaction Reports**

Each Access Person must, no later than 30 days after the end of each calendar quarter, submit to our Chief Compliance Officer or other designated person a report of the Access Person's transactions involving a Covered Security (including any security issued by the issuer of such Covered Security) in which the Access Person had, or as a result of the transaction acquired, any direct or indirect Beneficial Ownership. The report must cover all transactions occurring during the calendar quarter most recently ending. The report must contain the following information:

- the date of the transaction;
- the title and, as applicable, the exchange ticker symbol or CUSIP number, of each reportable security involved, the interest rate and maturity date of each reportable security involved, the number of shares of each reportable security involved, and the principal amount of each reportable security involved;
- the nature of the transaction (*i.e.*, purchase, sale or other type of acquisition or disposition);
- the price of the security at which the transaction was effected;
- the name of the broker, dealer or bank with or through which the transaction was effected; and
- the date the Access Person submits the report.

**Annual Holdings Reports**

Each Access Person must submit, to our Chief Compliance Officer or other designated person, an annual holdings report reflecting holdings as of a date no more than 45 days before the report is submitted. The Annual Holdings Report must be submitted at least once every 12 month period, on a date to be designated by FSIC. Our Chief Compliance Officer will notify every Access Person of the date. Each report must include:

- the title and, as applicable, the exchange ticker symbol or CUSIP number, of each reportable security involved, the interest rate and maturity date of each reportable security involved, the number of shares of each reportable security involved, and the principal amount of each reportable security involved;
- the name of any broker, dealer or bank with which the Access Person maintains an account in which any securities are held for the Access Person's direct or indirect benefit; and
- the date the Access Person submits the report.

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**Annual Certification of Compliance**

All Access Person must annually certify, through a written acknowledgment, to the Chief Compliance Officer that (1) they have read, understood and agree to abide by this CofE; (2) they have complied with all applicable requirements of this CofE; and (3) they have reported all transactions and holdings that they are required to report under this CofE.

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**STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

Failure by you to recognize the importance of safeguarding information and using information appropriately is greatly detrimental both to your future and to FSIC's. The information provided below should provide a useful guide about what constitutes insider trading and material inside information.

**Summary of FSIC's Business Activities**

FSIC is a non-traded Business Development Company registered with the U.S. Securities and Exchange Commission and regulated under the Investment Company Act of 1940. FSIC offers individual investors access to private debt with a focus on first lien secured loans, second lien secured loans, and, to a lesser extent, subordinated loans or mezzanine debt. Generally, these loans are held with private companies that have not issued any public securities. In rare instances, however, there may be securities available in the marketplace for issuers in which FSIC holds a loan position.

It is not expected that in the course of its loan trading activities that FSIC will receive access to information that is not already in the public domain. However, certain data sources may make information available to FSIC that has not been fully disseminated in the marketplace. If this situation arises and FSIC has an opportunity to opt to receive the information, the Access Person that encounters this situation will raise the situation with their supervisors and our Chief Compliance Officer to decide whether to opt to receive the information or decline to receive the information. If the decision is made to receive the information, our Chief Compliance Officer will update the Restricted List as it is discussed in the CofE.

In the unlikely event that you come into possession of information that is not publically available, either through your work with us or outside of the workplace, you will be required to adhere to the Statement on the Prohibition of Insider Trading (the "**Statement**") as described in the following pages. You will also be subject to certain reporting requirements in connection with complying with FSIC's Cof E beginning with the requirement to notify our Chief Compliance Officer.

**Background**

The securities laws and the rules and regulations of the self-regulatory organizations are designed to assure that the securities markets are fair and honest, that material information regarding a company is publicly available, and that a security's price and volume are determined by the free interplay of economic forces. The anti-fraud rules of the federal securities laws prohibit, in connection with the purchase or sale of a security:

- making an untrue statement of a material fact;
- omitting to state a material fact necessary to make the statements made not misleading;

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- engaging in acts, practices or courses of business which would be fraudulent or deceptive.

Violation of these provisions is a crime that may result in imprisonment and can have other very serious repercussions for both the Firm and the employee. Violators may be censured by the government or self-regulatory organizations, suspended, barred from the securities business or fined. In addition, violations may result in liability under the Federal Securities Laws, including the Insider Trading Sanctions Act of 1984 (“ITSA”) and the Insider Trading and Securities Fraud Enforcement Act of 1988 (“ITSFEA”). FSIC’s actions with respect to any violations will be swift and forceful, since it is the victim of any such abuse.

In this connection, a violation of the FSIC’s policies and procedures regarding confidential information, disclosure and the use of confidential information may result in dismissal, suspension without pay, loss of pay or bonus, loss of severance benefits, demotion or other sanctions, whether or not the violation of Firm policy or procedure also constituted a violation of law. Trading while in possession of or tipping on the basis of non-public information could also result in civil or criminal liability which could lead to imprisonment, fines and/or a requirement of disgorgement of any profits realized, and as a result of the violation, to an injunction prohibiting the violator from being employed in the securities industry. The Firm may initiate or cooperate in proceedings resulting in such penalties.

**Policy**

No person to whom the Statement applies, including officers, directors or employees of FSIC, may trade, either personally or on behalf of others, while in possession of material non-public information, nor may any officer, director or employee communicate material non-public information to others in violation of the law. This conduct is referred to as “insider information”. Any questions regarding this policy and procedure should be directed to our Chief Compliance Officer.

While the law concerning insider trading is not rigid, it generally is understood to prohibit:

- trading by an insider, while in possession of material non-public information;
- trading by a non-insider while in possession of material non-public information where the information either was disclosed to the non-insider in violation of an insider’s duty to keep it confidential or was misappropriated; or
- communicating material non-public information to others.

The elements of a claim for insider trading and the penalties for unlawful conduct are described below.

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**Who is an Insider?**

The concept of an “insider” is broad. It includes officers, directors and employees of a company. In addition, a person can be a “temporary insider” if he or she enters into a special confidential relationship in the conduct of a company’s affairs and as a result is given access to information solely for the company’s purposes. A temporary insider can include, by way of example, attorneys, accountants, consultants, bank lending officers and employees of such organizations. According to the Supreme Court, a company must expect the outsider to keep the disclosed non-public information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

**What is Material Information?**

Trading on information is not a basis for liability unless the information is material. Information generally is considered “material” if there is a substantial likelihood that a reasonable investor would consider the information important in making an investment decision, or if the information is reasonably certain to have a substantial effect on the price of a company’s securities. Information that should be considered material includes, but is not limited to: dividend changes, earnings estimates not previously disseminated, material changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems and extraordinary management developments.

Material information does not have to relate to a company’s business. For example, Carpenter v. United States 108 S. Ct. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Journal and whether or not those reports would be favorable.

Any questions that you may have as to whether information is material must be addressed with our Chief Compliance Officer before acting in any way on such information.

**What is Non-public Information?**

Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is public. For example, information found in a report filed with the SEC, or appearing in Reuters, Bloomberg or a Dow Jones publication or in any other publication of general circulation would, generally, be considered public. In certain instances, information disseminated to certain segments of the investment community may be deemed “public”. For example, research communicated through institutional information dissemination services such as First Call. The amount of time since the information was first disseminated ordinarily is a factor regarding whether information is considered public.

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**Bases for Liability**

Described below are circumstances under which a person or entity may be deemed to have traded on inside information, and prohibitions applicable, in particular to investment advisors.

1. Fiduciary Duty Theory. In 1980 the Supreme Court found that there is no general duty to disclose before trading on material non-public information, but that such a duty arises where there is a fiduciary relationship between the parties to the transaction. In such case, one party as a right to expect that the other party will not disclose any material non-public information and will refrain from trading. Chiarella v. U.S. 445 U.S. 22 (1980).

Insiders such as employees of an issuer are ordinarily considered to have a fiduciary duty to the issuer and its shareholders. In Dirks v. SEC, 463 U.S. 646 (1983), the Supreme Court stated alternative theories by which such fiduciary duties are imposed on non-insiders: they can enter into a confidential relationship with the company such as, among others, attorneys and accountants (“temporary insiders”) or they can acquire a fiduciary duty to the company’s shareholders as “tippees” if they are aware or should have been aware that they have been given confidential information by an insider or temporary insider who has violated his fiduciary duty to the company’s shareholders.

In the “tippee” situation, a breach of duty occurs only if the insider or temporary insider personally benefits, directly or indirectly, from the disclosure. The benefit does not have to be of a financial nature, but can be a gift, a reputational benefit that will translate into future earnings, or even evidence of a relationship that suggests a quid pro quo.

2. Misappropriation Theory. Another basis for insider trading liability is the “misappropriation” theory, where liability is established when trading occurs on material non-public information that was stolen or misappropriated from another person. In Carpenter v. United States, the Court found that a columnist defrauded The Wall Street Journal by communicating information prior to its publication to another person who used the information to trade in the securities markets. It should be noted that the misappropriation theory can be used to reach a variety of individuals not previously thought to be encompassed under the fiduciary duty theory.

**Penalties for Insider Trading**

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include the following:

- jail sentences;
- civil injunction;



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- treble damages;
- disgorgement of profits;
- fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited; and
- fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

**Controlling the Flow of Sensitive Information**

The following procedures have been established to assist the officers, directors and employees of FSIC in controlling the flow of sensitive information so as to avoid the possibility of trading on material non-public information either on behalf of FSIC or for themselves and to assist FSIC and its supervisory personnel in surveilling for, and otherwise preventing and detecting, insider trading. Every officer, director and employee of FSIC must follow these procedures or risk serious sanctions by one or more regulatory authorities and/or FSIC, including dismissal, substantial personal liability and criminal penalties. If you have any questions about these procedures you should consult our Chief Compliance Officer.

1. **Identifying Inside Information.** Before trading for yourself or others in the securities of a company about which you have what you believe to be inside information, ask yourself the following questions:

- Is the information non-public? To whom has this information been provided? Has the information been effectively communicated to the marketplace? To what extent, for how long, and by what means has the information been disseminated? If information is public, it normally may not be used in connection with effecting securities transactions; however, if you have any doubts whatsoever as to whether the information is public, you must ask our Chief Compliance Officer prior to trading on, or communicating (except in accordance with the procedures and requirements herein) such information.
- Is the information material? Is this information that an investor would consider important in making his or her investment decision? Is this information that would substantially affect the market price of the securities if generally disclosed?

If, after consideration of the above, you believe that the information may be material and non-public, or if you have questions in that regard, you should take the following steps:

- Report the matter immediately to our Chief Compliance Officer.

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- Do not purchase or sell the securities on behalf of yourself or others.
- Do not communicate the information inside or outside of FSIC, other than to our Chief Compliance Officer.
- After our Chief Compliance Officer has reviewed the issue, you will be instructed to continue the prohibitions against trading and communication, or you will be allowed to communicate the information and then trade.

2. Restricting Access to Material Non-public Information. Information in your possession that you identify as material and non-public may not be communicated to anyone, except as provided in paragraph 1 above. In addition, care should be taken so that such information is secure. For example, files containing material non-public information should be sealed; access to computer files containing material non-public information should be restricted.

3. Personal Security Trading. All officers, directors and employees must trade in accordance with the provisions of the CofE as well as the Statement in order to assist FSIC with monitoring for violations of the law.

4. Restricted List. As defined in the CofE, FSIC's Chief Compliance Officer will maintain a Restricted List. Disclosure outside of FSIC as to what issuers and/or securities are on the Restricted List could therefore constitute tipping and is strictly prohibited.

5. Supervision/Investigation. Should our Chief Compliance Officer learn, through regular review of personal trading documents, or from some other source, that a violation of this Code is suspected, our Chief Compliance Officer shall alert the Chief Executive Officer of FSIC. Together these parties will determine who should conduct further investigation, if they determine one is necessary.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

**ADMINISTRATION OF THE CODE**

Our Chief Compliance Officer has overall responsibility for administering the Code and reporting on the administration of and compliance with the Code and related matters to our Board of Directors.

Our Chief Compliance Officer shall review all reports to determine whether any transactions recorded therein constitute violations of the Code. Before making any determination that a violation has been committed by person subject to the Code, such person shall be given an opportunity to supply additional explanatory material. Our Chief Compliance Officer shall maintain copies of the reports as required by Rule 17j-1(f) under the 1940 Act.

No less frequently than annually our Chief Compliance Officer must furnish to the Board, and the Board must consider, a written report that describes any issues arising under the Code or its procedures since the last report to the Board, including but not limited to, information about material violations of the Code or its procedures and any sanctions imposed in response to material violations. This report should also certify that FSIC has adopted procedures reasonably designed to prevent persons subject to the Code from violating the Code.

**SANCTIONS FOR CODE VIOLATIONS**

All violations of the Code will result in appropriate corrective action, up to and including dismissal. If the violation involves potentially criminal activity, the individual or individuals in question will be reported, as warranted, to the appropriate authorities.

**APPLICATION/WAIVERS**

All the directors, officers and employees of FSIC and its investment adviser are subject to this Code.

Insofar as other policies or procedures of FSIC or its investment adviser govern or purport to govern the behavior or activities of all persons who are subject to this Code, they are superseded by this Code to the extent that they overlap or conflict with the provisions of this Code.

Any amendment or waiver of the Code for an executive officer or member of our Board of Directors must be made by our Board of Directors and disclosed on a Form 8-K filed with the Securities and Exchange Commission within four business days following such amendment or waiver.

**CODE OF BUSINESS CONDUCT, ETHICS AND  
STATEMENT ON THE PROHIBITION OF INSIDER TRADING**

**RECORDS**

FSIC shall maintain records with respect to this Code in the manner and to the extent set forth below, which records may be maintained on microfilm or electronic storage media under the conditions described in Rule 31a-2(f) under the 1940 Act and shall be available for examination by representatives of the Securities and Exchange Commission (the "SEC"):

1. A copy of this Code and any other code of ethics of FSIC that is, or at any time within the past five years has been, in effect shall be maintained in an easily accessible place;
2. A record of any violation of this Code and of any action taken as a result of such violation shall be maintained in an easily accessible place for a period of not less than five years following the end of the fiscal year in which the violation occurs;
3. A copy of each report made by an Access Person or duplicate account statement received pursuant to the Code, shall be maintained for a period of not less than five years from the end of the fiscal year in which it is made or the information is provided, the first two years in an easily accessible place;
4. A record of all persons who are, or within the past five years have been, required to make reports pursuant to this Code, or who are or were responsible for reviewing these reports, shall be maintained in an easily accessible place;
5. A copy of each report made to the FSIC Board shall be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place; and
6. A record of any decision, and the reasons supporting the decision, to approve the direct or indirect acquisition by an Access Person of Beneficial Ownership in any securities in an Initial Public Offering or a Limited Offering shall be maintained for at least five years after the end of the fiscal year in which the approval is granted.

**REVISIONS AND AMENDMENTS**

This Code may be revised, changed or amended at any time by our Board of Directors. Following any material revisions or updates, an updated version of this Code will be distributed to you, and will supersede the prior version of this Code effective upon distribution. We may ask you to sign an acknowledgement confirming that you have read and understood the revised version of the Code, and that you agree to comply with the provisions.

**APPENDIX A**

\_\_\_\_ **FS Investment Corporation, LLC**

**or**

\_\_\_\_ **FBIA Income Advisor, LLC**

**(collectively, the “Company”)**

**Acknowledgment Regarding**

**Code of Business Conduct, Ethics and Statement on the Prohibition of Insider Trading**

*This acknowledgment is to be signed and returned to our Chief Compliance Officer and will be retained as part of your permanent personnel file.*

I have received a copy of the Company’s Code of Business Conduct, Ethics and Statement on the Prohibition of Insider Trading (the “Code”), read it, and understand that the Code contains the expectations of the Company regarding employee conduct, ethical behavior and the prohibition of trading on insider information. I agree to observe the policies and procedures contained in the Code and have been advised that, if I have any questions or concerns relating to such policies or procedures, I understand that I have an obligation to report to the Audit Committee, the Chief Compliance Officer or other such designated officer, any suspected violations of the Code of which I am aware. I also understand that the Code is issued for informational purposes and that it is not intended to create, nor does it represent, a contract of employment.

\_\_\_\_\_  
Employee’s Name (Printed)

\_\_\_\_\_  
Employee’s Signature

\_\_\_\_\_  
Date

*The failure to read and/or sign this acknowledgment in no way relieves you of your responsibility to comply with the Company’s Code of Business Conduct, Ethics and Statement on the Prohibition of Insider Trading.*

**APPENDIX B**

\_\_\_\_ FS Investment Corporation, LLC

or

\_\_\_\_ FBIA Income Advisor, LLC  
(collectively, the "Company")

**PRE-CLEARANCE FORM**

Use this form to request pre-clearance of a transaction to purchase a Limited Offering, Initial Public Offering or to purchase or sell a security issued by an issuer appearing on the Portfolio or Pipeline Reports. Please submit this form, together with a copy of the Limited Offering documentation to the Chief Compliance Officer at least five (5) business days before the planned investment.

**Employee Name:**

**Date:**

**Issuer/Investment Name:**

**Terms of Purchase (price, purchaser – individual, joint, entity, etc.):**

**Proposed Transaction Date:**

**How did you learn about this opportunity?**

**Related to a Portfolio or Pipeline security?**

**Approved:**

**Date:**

**Not Approved:**

**Date:**

**Comments:**

**APPENDIX C**

\_\_\_\_ FS Investment Corporation, LLC

or

\_\_\_\_ FBIA Income Advisor, LLC  
(collectively, the "Company")

**INITIAL HOLDINGS REPORT**

As of \_\_\_\_\_

To: Chief Compliance Officer

A. Securities Holdings. I have listed below (or attached hereto a listing) all of my Securities Holdings held by me or Beneficial Owners as defined by the Company's Code of Ethics.

<u>Title of Security</u>	<u>CUSIP Number</u>	<u>Interest Rate and Maturity Date (If Applicable)</u>	<u>Date of Transaction</u>	<u>Number of Shares or Principal Amount</u>	<u>Dollar Amount of Transaction</u>	<u>Nature of Transaction (Purchase, Sale, Other)</u>	<u>Price</u>	<u>Broker/Dealer or Bank Through Whom Effected</u>
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B. Brokerage Accounts. I, or a Beneficial Owner, have established the following accounts in which securities for my direct or indirect benefit:

Name of Broker, Dealer or Bank

- 1.
- 2.
- 3.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**APPENDIX D**

\_\_\_\_ FS Investment Corporation, LLC

or

\_\_\_\_ FBIA Income Advisor, LLC

(collectively, the "Company")

**QUARTERLY TRANSACTION REPORT**

For the Calendar \_\_\_\_ Quarter Ended:

To: Chief Compliance Officer

A. Securities Transactions. During the quarter referred to above, the following transactions were effected in securities of which I had, or by reason of such transactions acquired, direct or indirect beneficial ownership, and which are required to be reported pursuant to the Code of Ethics of the Company:

<u>Title of Security</u>	<u>CUSIP Number</u>	<u>Interest Rate and Maturity Date (If Applicable)</u>	<u>Date of Transaction</u>	<u>Number of Shares or Principal Amount</u>	<u>Dollar Amount of Transaction</u>	<u>Nature of Transaction (Purchase, Sale, Other)</u>	<u>Price</u>	<u>Broker/Dealer or Bank Through Whom Effected</u>
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B. New Brokerage Accounts. During the quarter referred to above, I established the following accounts in which securities were held during the quarter for my direct or indirect benefit:

Name of Broker, Dealer or Bank

Date Account Was Established

C. Other Matters. This report (i) excludes transactions with respect to which I had no direct or indirect influence or control, (ii) excludes other transactions not required to be reported, and (iii) is not an admission that I have or had any direct or indirect beneficial ownership in the securities listed above.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_



**APPENDIX E**

\_\_\_\_ **FS Investment Corporation, LLC**

**or**

\_\_\_\_ **FBIA Income Advisor, LLC**  
**(collectively, the "Company")**

**ANNUAL HOLDINGS REPORT**  
**As of December 31, 20\_\_**

To: Chief Compliance Officer

As of December 31, 20\_\_, I had direct or beneficial ownership interest in the securities listed below which are required to be reported pursuant to Rule 17j-1 under the Investment Company Act of 1940:

A. Securities Holdings. I have listed below (or attached hereto a listing) all of my Securities Holdings held by me or Beneficial Owners as defined by the Company's Code of Ethics.

<u>Title of Security</u>	<u>CUSIP Number</u>	<u>Number of Shares or Principal Amount</u>
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B. As of December 31, 20\_\_, I maintained accounts with brokers, dealers, and banks listed below in which securities were held for my direct or indirect benefit:

Brokerage Accounts. I, or a Beneficial Owner, have established the following accounts in which securities for my direct or indirect benefit:

<u>Name of Broker, Dealer or Bank</u>	<u>Date Account was Established *</u>
1.	
2.	
3.	

This report (i) excludes securities and accounts over which I had no direct or indirect influence or control;(ii) excludes securities not required to be reported (for example, direct obligations of the U.S. Government, shares of registered investment companies etc.); and (iii) is not an admission that I have or had any direct or indirect beneficial ownership in the securities accounts listed above.

Date: \_\_\_\_\_

Signature:\_\_\_\_\_

Print Name:\_\_\_\_\_

**\*Note:If account was established before 20\_\_, you can state that it was established before 20\_\_.**