BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.
Form N-2/A
December 20, 2016
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As filed with the Securities and Exchange Commission on December 20, 2016

Securities Act Registration No. 333-214530

Investment Company Act Registration No. 811-21413

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

Registration Statement under the Securities Act of 1933

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

and/or

Registration Statement Under the Investment Company Act of 1940

Amendment No. 10

BlackRock Floating Rate Income Strategies Fund, Inc.

(Exact Name of Registrant as Specified in Charter)

100 Bellevue Parkway

Wilmington, Delaware 19809

(Address of Principal Executive Offices)

(800) 882-0052

(Registrant s Telephone Number, Including Area Code)

John Perlowski, President

BlackRock Floating Rate Income Strategies Fund, Inc.

55 East 52nd Street

New York, New York 10055

(Name and Address of Agent for Service)

Copies to:

Thomas A. DeCapo, Esq. Skadden, Arps, Slate, Meagher & Flom LLP 500 Boylston Street Boston, Massachusetts 02116	**Janey Ahn, Esq.** BlackRock Advisors, LLC 55 East 52nd Street New York, New York 10055

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, other than securities offered in connection with a dividend reinvestment plan, check the following box

It is proposed that this filing will become effective (check appropriate box)

When declared effective pursuant to section 8(c)

If appropriate, check the following box:

This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration number of the earlier effective registration statement for the same offering is ________.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Shares of Common Stock, $0.10 par value	3,050,000 (1)	$13.56 (1)	$41,358,000 (1)	$4,793.39 (2)

(1) Included on the Registrant s registration statement on Form N-2 filed by the Registrant on November 9, 2016 and estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933 based on the average of the high and low sales prices of the shares of common stock as of November 3, 2016 as reported on the New York Stock Exchange.

(2) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED DECEMBER 20, 2016

3,050,000 Shares

BlackRock Floating Rate Income Strategies Fund, Inc.

Common Stock

PART I

INFORMATION ABOUT BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

Item 1. Outside Front Cover

1.a. The registrant s name is BlackRock Floating Rate Income Strategies Fund, Inc. (the Fund).

1.b. The Fund is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. The Fund s investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments (floating rate debt securities). The Fund s investment objective is a fundamental policy and may not be changed without stockholder approval. No assurance can be given that the Fund s investment objective will be achieved.

The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its Managed Assets (as defined herein on page I-5) in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. Debt securities rated below investment grade commonly are referred to as junk bonds. Secured loans may be either fully or partially secured at the time of investment. In addition to senior loans, floating rate debt securities may include, without limitation, instruments such as catastrophe and other event linked bonds, bank capital securities, corporate bonds, notes, money market instruments and certain types of mortgage related and other asset backed securities. Due to their floating or variable rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a floating rate debt security is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed rate debt instrument, although the value of a floating rate debt security may nonetheless decline as interest rates rise and due to other factors, such as real or perceived changes in credit quality or financial condition of the issuer or borrower, volatility in the capital markets or other adverse market conditions.

The Fund may invest directly in floating rate debt securities or synthetically through the use of derivatives.

1.c. The Fund is offering up to 3,050,000 shares of common stock.

1.d. You should read this Prospectus, which concisely sets forth information about the Fund, before deciding whether to invest in the Fund s common stock and retain it for future reference. Additional information about the Fund and materials incorporated by reference have been filed with the Securities and Exchange

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Commission (the SEC) and are available upon either written or oral request, free of charge, by calling 1-800-882-0052, by writing to the Fund, or may be found on the SEC s website at *www.sec.gov*. You may also request a copy of this Prospectus, annual and semi-annual reports, other information about the Fund, and/or make investor inquiries by calling 1-800-882-0052, or by writing to the Fund. The Fund s annual and semi-annual reports are also available on the Fund s website at *www.blackrock.com* free of charge. This reference to BlackRock s website is intended to allow public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock s website into this Prospectus.

You should not construe the contents of this Prospectus as legal, tax or financial advice. You should consult with your own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of an investment in the Fund.

The Fund s common stock does not represent a deposit or an obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

1.e. This Prospectus is dated [ ], 2016.

1.f. Not applicable.

1.g. The Fund s common stock is listed on the New York Stock Exchange (NYSE) under the symbol FRA. Sales of the Fund s common stock, if any, under this Prospectus may be made in transactions that are deemed to be at the market as defined in Rule 415 under the Securities Act of 1933, as amended (the Securities Act), which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current net asset value (NAV) per share plus the per share amount of the commission to be paid to the Fund s distributor (the Minimum Price), BlackRock Investments, LLC (the Distributor). The Fund and the Distributor will determine whether any sales of the Fund s common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund s common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund s common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund s common stock will be authorized on a particular day and, if so, in what amounts. As of December 19, 2016, the last reported sale price for the Fund s common stock on the NYSE was $14.26 per share.

The Distributor has entered into a sub-placement agent agreement, dated May 2, 2014 (the Sub-Placement Agent Agreement), with UBS Securities LLC (the Sub-Placement Agent) with respect to the Fund relating to the common stock offered by this Prospectus. In accordance with the terms of the Sub-Placement Agent Agreement, the Fund may offer and sell its common stock from time to time through the Sub-Placement Agent as sub-placement agent for the offer and sale of its common stock. The Fund will compensate the Distributor with respect to sales of common stock at a commission rate of 1.00% of the gross proceeds of the sale of the Fund s common stock. Out of this commission, the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund s common stock sold by that broker-dealer.

1.h. The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the SEC is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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1.i. **The Fund s common stock has traded both at a premium and a discount to NAV. The Fund cannot predict whether its common stock will trade at a premium or discount to NAV in the future. The provisions of the 1940 Act generally require that the public offering price of common stock (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company s common stock (calculated within 48 hours of pricing). The Fund s issuance of common stock may have an adverse effect on prices for the Fund s common stock in the secondary market by increasing the number of shares of common stock available in the market, which may put downward pressure on the market price for the Fund s common stock. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV, which may increase investors risk of loss.**

1.j. **Investing in the Fund s common stock involves certain risks that are described in Item 8.3 beginning on page I-20 of Part I of this Prospectus, and under Item 8 in Part II of this Prospectus under Risk Factors, beginning on page II-37 of Part II. Certain of these risks are summarized in Item 3.2 beginning on page I-6 of Part I of this Prospectus.**

1.k. Not applicable.

2. Not applicable.

Item 2. Cover Pages; Other Offering Information

1. Exchange listing: see Item 1.g.

2. Not applicable.

3. Not applicable.

Item 3. Fee Table and Synopsis

1. **Shareholder Transaction Expenses**

Sales load paid by you (as a percentage of offering price)	1.00%(1)
Offering expenses borne by the Fund (as a percentage of offering price)	0.02%(2)
Dividend reinvestment plan fees	$0.02 per share for open-market purchases of common stock (3)

	Percentage of net assets attributable to common shares
Annual Expenses	

Management Fee (4)	1.01%
Interest Expense (5)	0.40%
Other Expenses (6)	0.13%
Total Annual Fund Operating Expenses (7)	1.54%

(1) Represents the estimated commission with respect to the Fund s common stock being sold in this offering. There is no guarantee that there will be any sales of the Fund s common stock pursuant to this Prospectus. Actual sales of the Fund s common stock under this Prospectus, if any, may be less than as set forth under Capitalization below. In addition, the price per share of any such sale may be greater or less than the price set forth under Capitalization below, depending on market price of the Fund s common stock at the time of any such sale.

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(2) Based on a sales price per share of $15.21, which represents a small premium to the Minimum Price, i.e. NAV plus sales load of the Fund s common stock on December 16, 2016. Offering expenses generally include, but are not limited to, the preparation, review and filing with the SEC of the Fund s registration statement (including this Prospectus), the preparation, review and filing of any associated marketing or similar materials, costs associated with the printing, mailing or other distribution of the Prospectus and/or marketing materials, associated filing fees, NYSE listing fees, and legal and auditing fees associated with the offering.

(3) The Reinvestment Plan Agent s (as defined under Item 10 Dividend Reinvestment Plan in Part II) fees for the handling of the reinvestment of dividends will be paid by the Fund. However, you will pay a $0.02 per share fee incurred in connection with open-market purchases, which will be deducted from the value of the dividend. You will also be charged a $2.50 sales fee and pay a $0.15 per share fee if you direct the Reinvestment Plan Agent to sell your shares of common stock held in a dividend reinvestment account. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay.

(4) The Fund currently pays BlackRock Advisors, LLC, its investment adviser (the Investment Advisor), a contractual management fee at an annual rate of 0.75% based on an aggregate of (i) the Fund s average daily net assets and (ii) the proceeds of any outstanding borrowings used for leverage (together, average daily Managed Assets). The Fund uses leverage, in the form of a credit facility, which as of August 31, 2016 amounted to approximately 29% of the Fund s Managed Assets (approximately 41% of the Fund s net assets). Managed Assets means the total assets of the Fund (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund s accrued liabilities (other than money borrowed for investment purposes). The Fund s net assets attributable to common stock are the Fund s Managed Assets minus the value of the Fund s assets attributable to money borrowed for investment purposes. Thus, when the Fund uses leverage, its net assets attributable to common stock are less than its Managed Assets and its expenses (including the management fee) stated as a percentage of its net assets attributable to common stock are greater than they would be if stated as a percentage of its Managed Assets. This table reflects the fact that you, as a common shareholder, bear the expenses of the Fund s use of leverage in the form of higher fees as a percentage of the Fund s net assets attributable to common stock than if the Fund did not use leverage.

(5) Reflects leverage, in the form of a credit facility, in an amount equal to approximately 29% of the Fund s Managed Assets (approximately 41% of the Fund s net assets) as of August 31, 2016. The interest expense borne by the Fund will vary over time in accordance with the level of the Fund s use of leverage and variations in market interest rates. Interest expense is required to be treated as an expense of the Fund for accounting purposes.

(6) Estimated based on the fiscal year ended August 31, 2016.

(7) Represents total annual expense including interest. The total annual expense excluding interest expense is 1.14%. The Investment Advisor has historically voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Investment Advisor indirectly through its investment in affiliated money market funds, but did not waive its investment advisory fees by the amount of advisory fees paid in connection with the Fund s investment in other affiliated investment companies, if any, until September 2016. On December 2, 2016, the Fund and the Investment Advisor entered into a fee waiver agreement (the Fee Waiver Agreement), pursuant to which the Investment Adviser has contractually agreed, effective December 2, 2016, to

waive the management fee with respect to any portion of the Fund s assets estimated to be attributable to investments in any equity and fixed-income mutual funds and exchange-traded funds managed by the Investment Advisor or its affiliates. Fees waived by the Investment Advisor amounted to less than 0.01% of the Fund s net assets attributable to common stock for the fiscal year ended August 31, 2016. See Item 20 below.

The purpose of the foregoing table and the example below is to help you understand all fees and expenses that you, as a holder of common stock of the Fund, bear directly or indirectly. The foregoing table should not be considered a representation of the Fund s future expenses. Actual future expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this Prospectus contains a reference to fees or expenses paid by you or us or that we will pay fees or expenses, shareholders will indirectly bear such fees or expenses as investors in the Fund.

The following example illustrates the expenses (including the sales load of $10.00 and offering costs of $0.18) that you would pay on a $1,000 investment in common stock, assuming (i) total net annual expenses of 1.54% of net assets attributable to common stock in years 1 through 10, and (ii) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
Total expenses incurred	$26	$58	$93	$192

The example should not be considered a representation of future expenses. The example assumes that the Other Expenses set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at NAV. Actual expenses may be greater or less than those assumed. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

Capitalization

The Fund may offer and sell up to 3,050,000 shares of its common stock, $0.10 par value per share, from time to time through the Sub-Placement Agent as sub-placement agent under this Prospectus. There is no guarantee that there will be any sales of the Fund s common stock pursuant to this Prospectus. The table below assumes that the Fund will sell 3,050,000 shares of its common stock at a price of $15.21 per share (which represents a small premium to

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the Minimum Price   i.e., NAV plus sales load of the Fund   s common stock on December 16, 2016). Actual sales, if any, of the Fund   s common stock under this Prospectus may be greater or less than $15.21 per share, depending on the market price of the Fund   s common stock at the time of any such sale and/or the Fund   s NAV for purposes of calculating the Minimum Price. The Fund and the Distributor will determine whether any sales of the Fund   s common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund   s common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund   s common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund   s common stock will be authorized on a particular day and, if so, in what amounts.

The following table sets forth the Fund   s capitalization (1) on a historical basis as of August 31, 2016 (audited); and (2) on a pro forma as adjusted basis to reflect the assumed sale of 3,050,000 shares of common stock at $15.21 per share, in an offering under this Prospectus, after deducting the assumed commission of $457,500 (representing an estimated commission to the Distributor of 1.00% of the gross proceeds of the sale of shares of common stock, out of which the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund   s common stock sold by that broker-dealer).

	As of August 31, 2016 (audited)	Pro Forma (unaudited) As adjusted
Common shares outstanding, $0.10 par value per share	37,232,488	40,282,488
Paid-in capital	$ 659,688,373	$ 705,621,373
Undistributed net investment income	$ 3,653,152	$ 3,653,152
Accumulated net realized loss	$ (105,600,349)	$ (105,600,349)
Net unrealized appreciation (depreciation)	$ (7,470,363)	$ (7,470,363)
Net Assets	$ 550,270,813	$ 596,203,813
Net asset value per share	$ 14.78	$ 14.80

2. A summary of this Prospectus is set forth below. This is only a summary of certain information contained in this Prospectus relating to the Fund. This summary may not contain all of the information that you should consider before investing in the Fund   s common stock. You should review the more detailed information contained in this Prospectus.

The Fund BlackRock Floating Rate Income Strategies Fund, Inc. is registered under the 1940 Act, as a diversified, closed-end management investment company and has been operational since 2003. The Fund was known as Floating Rate Income Strategies Fund, Inc. prior to September 29, 2006.

The Offering The Fund is offering up to 3,050,000 shares of common stock in transactions that are deemed to be   at the market   as defined in Rule 415 under the Securities Act, which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current NAV per share plus the per share amount of the commission to be paid to the Distributor. The Fund and the Distributor will determine whether any sales of the Fund   s common stock will be authorized on a particular day;

the Fund and the Distributor, however, will not authorize sales of the Fund s common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund s common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund s common stock will be authorized on a particular day and, if so, in what amounts. As of December 19, 2016, the last reported sale price for the Fund s common stock on the NYSE was $14.26 per share.

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The Distributor has entered into the Sub-Placement Agent Agreement with the Sub-Placement Agent with respect to the Fund relating to the common stock offered by this Prospectus. In accordance with the terms of the Sub-Placement Agent Agreement, the Fund may offer and sell its common stock from time to time through the Sub-Placement Agent as sub-placement agent for the offer and sale of its common stock. The Fund will compensate the Distributor with respect to sales of common stock at a commission rate of 1.00% of the gross proceeds of the sale of the Fund s common stock. Out of this commission, the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund s common stock sold by that broker-dealer.

The Fund s common stock has traded both at a premium and a discount to NAV. The Fund cannot predict whether its common stock will trade at a premium or discount to NAV in the future. The provisions of the 1940 Act generally require that the public offering price of common stock (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company s common stock (calculated within 48 hours of pricing). The Fund s issuance of common stock may have an adverse effect on prices for the Fund s common stock in the secondary market by increasing the number of shares of common stock available in the market, which may put downward pressure on the market price for the Fund s common stock. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV, which may increase investors risk of loss.

Investment Objective The Fund s investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments (floating rate debt securities). The Fund s investment objective is a fundamental policy and may not be changed without stockholder approval. No assurance can be given that the Fund s investment objective will be achieved.

Investment Strategy BlackRock Advisors, LLC is the Fund s investment adviser (the Investment Advisor).

In selecting floating rate loans or debt and other securities for the Fund, BlackRock will seek to identify issuers and industries that BlackRock believes are likely to experience stable or improving financial conditions. BlackRock s analysis will include:

credit research on the issuers financial strength;

assessment of the issuers ability to meet principal and interest payments;

general industry trends;

the issuers managerial strength;

analysis of deal structure and covenants;

changing financial conditions;

borrowing requirements or debt maturity schedules; and

the issuers responsiveness to changes in business conditions and interest rates.

BlackRock will consider relative values among issuers based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects. Using these tools, BlackRock will seek to add consistent value and control performance volatility consistent with the Fund s investment objectives and policies. BlackRock believes this strategy should enhance the Fund s ability to achieve its investment objective.

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BlackRock s analysis continues on an ongoing basis for any floating rate loan or debt or other securities in which the Fund has invested. Although BlackRock uses due care in making such analysis, there can be no assurance that such analysis will reveal factors that may impair the value of the floating rate loan or debt.

Investment Policies

The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its Managed Assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. Secured loans may be either fully or partially secured at the time of investment. In addition to senior loans, floating rate debt securities may include, without limitation, instruments such as catastrophe and other event linked bonds, bank capital securities, corporate bonds, notes, money market instruments and certain types of mortgage related and other asset backed securities. Due to their floating or variable rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a floating rate debt security is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed rate debt instrument, although the value of a floating rate debt security may nonetheless decline as interest rates rise and due to other factors, such as real or perceived changes in credit quality or financial condition of the issuer or borrower, volatility in the capital markets or other adverse market conditions.

The Fund may invest directly in floating rate debt securities or synthetically through the use of derivatives.

The Fund may invest up to 20% of its total assets in securities other than floating rate debt securities, including, but not limited to, fixed rate debt securities such as convertible securities, bonds, notes, fixed rate loans and mortgage related and other asset backed securities issued on a public or private basis, collateralized debt obligations, preferred securities, commercial paper, U.S. government securities, structured notes, credit linked notes, credit linked trust certificates and other hybrid instruments.

To a limited extent, incidental to and in connection with its investment activities or pursuant to a convertible feature in a security, the Fund may acquire warrants and other debt and equity securities. The Fund may also acquire other debt and equity securities of a borrower or issuer in connection with an amendment, waiver, conversion or exchange of a senior loan or other debt security or in connection with a bankruptcy or workout of the borrower or issuer.

The Fund may invest without limit, and generally intends to invest a substantial portion of its assets, in high yield securities, including senior loans and other floating or fixed rate debt securities, that are rated below investment grade by the established rating services (Ba or lower by Moody s Investor s Service, Inc. (Moody s) or BB or lower by Standard & Poor s Corporation Ratings Services, a division of The McGraw-Hill Companies, Inc. (S&P)) or, if unrated, are considered by the Investment Advisor to be of comparable quality. The Fund may not, however, invest more than 10% of its total assets (at the time of investment) in securities that are rated Caa1 or lower (if rated by Moody s) or CCC+ or lower (if rated by S&P) by each agency rating such security or, if unrated, are considered by the Investment Advisor to be of comparable quality or are otherwise considered to be distressed securities.

The Fund may invest without limitation in debt securities of issuers domiciled outside the United States. The Fund, however, will not invest more than 10% of its total assets in debt

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securities of issuers located in emerging market countries. The Fund will invest primarily in U.S. dollar denominated debt securities. The Fund will not invest more than 10% of its total assets in debt securities denominated in currencies other than the U.S. dollar or that do not provide for payment to the Fund in U.S. dollars, including obligations of non-U.S. governments and their respective subdivisions, agencies and government sponsored enterprises. The Investment Advisor generally considers emerging market countries to be any country that is defined as having an emerging or developing economy by the World Bank or its related organizations or the United Nations or its subsidiaries.

The Fund may invest without limit in illiquid securities, which are floating rate debt securities, senior loans, high yield securities and other securities that lack a secondary trading market or are otherwise considered illiquid.

For a discussion of risk factors that may affect the Fund s ability to achieve its investment objective, see Risk Factors under Item 8 in Part II.

Leverage

The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of August 31, 2016, this leverage represented approximately 29% of the Fund s Managed Assets (approximately 41% of the Fund s net assets). At times, the Fund could utilize leverage through borrowings, the issuance of short term debt securities, the issuance of shares of preferred stock or a combination thereof. The Fund has the ability to utilize leverage through borrowings or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its Managed Assets (which includes the amount obtained from such borrowings or debt issuance). The Fund also has the ability to utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its Managed Assets (which includes the amount obtained from such issuance). The Fund may also leverage through the use of reverse repurchase agreements. There can be no assurance that the Fund will borrow in order to leverage its assets or, if it does, what percentage of the Fund s assets such borrowings will represent. The Fund does not currently anticipate issuing any preferred stock.

See Leverage under Item 8 in Part II and the discussion of the Fund s capital structure under Item 10 in Part II.

The use of leverage is subject to numerous risks. When leverage is employed, the NAV and market price of the common stock and the yield to holders of common stock will be more volatile than if leverage were not used. For example, a rise in short-term interest rates, which currently are near historically low levels, will cause the Fund s NAV to decline more than if the Fund had not used leverage. A reduction in the Fund s NAV may cause a reduction in the market price of its common stock. The Fund cannot assure you that the use of leverage will result in a higher yield on the common stock. When the Fund uses leverage, the management fee payable to the Investment Advisor will be higher than if the Fund did not use leverage because these fees are calculated on the basis of the Fund s Managed Assets, which include the proceeds of leverage. The Fund s leveraging strategy may not be successful.

See Risk Factors Leverage Risk under Item 8 in Part II.

Investment Advisor BlackRock Advisors, LLC is the Fund s investment adviser. The Investment Advisor receives an annual fee, payable monthly, in an amount equal to 0.75% of the average daily value of the Fund s Managed Assets.

Distributions The Fund intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of the Fund s shares of common stock. The Fund intends to pay any capital gains distributions at least annually. A return of capital distribution may involve a return of the shareholder s original investment. Though not currently taxable, such a distribution may lower a shareholder s basis in the Fund, thus potentially subjecting the shareholder to future tax consequences in connection with the sale of Fund shares, even if sold

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at a loss to the shareholder s original investment. When total distributions exceed total return performance for the period, the difference will reduce the Fund s total assets and NAV and, therefore, could have the effect of increasing the Fund s expense ratio and reducing the amount of assets the Fund has available for long term investment.

Shareholders will automatically have all dividends and distributions reinvested in common stock of the Fund in accordance with the Fund s dividend reinvestment plan, unless an election is made to receive cash by contacting the Reinvestment Plan Agent (as defined herein), at (800) 699-1236. See Dividend Reinvestment Plan under Item 10 in Part II.

The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions at any time and may do so without prior notice to common shareholders. See Item 10.1 in Part I and Distributions under Item 10 in Part II.

Listing The Fund s common stock is listed on the NYSE under the symbol FRA.

Custodian and Transfer Agent State Street Bank and Trust Company serves as the Fund s custodian, and Computershare Trust Company, N.A. serves as the Fund s transfer agent.

Administrator State Street Bank and Trust Company serves as the Fund s administrator and fund accountant.

Market Price of Shares Common shares of closed-end investment companies frequently trade at prices lower than their NAV. The Fund cannot assure you that its common stock will trade at a price higher than or equal to NAV. The Fund s common stock trades in the open market at market prices that are a function of several factors, including dividend levels (which are in turn affected by expenses), NAV, call protection for portfolio securities, portfolio credit quality, liquidity, dividend stability, relative demand for and supply of the common stock in the market, general market and economic conditions and other factors. The Fund s common stock is designed primarily for long-term investors and you should not purchase common shares of the Fund if you intend to sell it shortly after purchase. The issuance of additional common stock pursuant to this Prospectus may also have an adverse effect on prices for the Fund s common stock in the secondary market by increasing the supply of common stock available for sale.

Special Risk Considerations An investment in the Fund s common stock involves risk. You should consider carefully the risks identified below, which are described in detail under Risk Factors beginning on page II-35 of Part II of this Prospectus.

Principal risks of investing in the Fund include:

Interest Rate Risk. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. This risk is heightened given that certain interest rates are at historical lows.

Issuer Risk. The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, reduced demand for the issuer s goods and services, historical and prospective earnings of the issuer and the value of the assets of the issuer.

Credit Risk. Credit risk is the risk that one or more fixed income securities in the Fund s portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial status.

Prepayment Risk. During periods of declining interest rates, borrowers may exercise their option to prepay principal earlier than scheduled.

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Reinvestment Risk. Reinvestment risk is the risk that income from the Fund s portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below the Fund portfolio s current earnings rate.

Duration and Maturity Risk. The Fund may incur costs in seeking to adjust the portfolio average duration or maturity. There can be no assurance that the Investment Advisor s assessment of current and projected market conditions will be correct or that any strategy to adjust the portfolio s duration or maturity will be successful at any given time.

Corporate Bonds Risk. The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates. The market value of intermediate and longer-term corporate bonds is generally more sensitive to changes in interest rates than is the market value of shorter-term corporate bonds. The market value of a corporate bond also may be affected by factors directly related to the issuer, such as investors perceptions of the creditworthiness of the issuer, the issuer s financial performance, perceptions of the issuer in the market place, performance of management of the issuer, the issuer s capital structure and use of financial leverage and demand for the issuer s goods and services.

Mortgage Related Securities Risks. The risks associated with MBS include: credit risk associated with the performance of the underlying mortgage properties and of the borrowers owning these properties; risks associated with their structure and execution (including the collateral, the process by which principal and interest payments are allocated and distributed to investors and how credit losses affect the issuing vehicles and the return to investors in such MBS); whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the MBS) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicles or to the investors in such MBS; risks associated with the servicer of the underlying mortgages; adverse changes in economic conditions and circumstances, which are more likely to have an adverse impact on MBS secured by loans on certain types of commercial properties than on those secured by loans on residential properties; prepayment risk, which can lead to significant fluctuations in the value of the MBS; loss of all or part of the premium, if any, paid; and decline in the market value of the security, whether resulting from changes in interest rates, prepayments on the underlying mortgage collateral or perceptions of the credit risk associated with the underlying mortgage collateral.

Below Investment Grade Securities (Junk Bonds) Risk. The Fund may invest in securities that are rated, at the time of investment, below investment grade quality (rated Ba/BB or below, or unrated but judged to be of comparable quality by the

Investment Advisor), which are commonly referred to as high yield or junk bonds and are regarded as predominantly speculative with respect to the issuer s capacity to pay interest and repay principal. Issuers of high yield bonds are not perceived to be as strong financially as those with higher credit ratings. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments.

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Senior Loans Risk. Senior loans typically hold the most senior position in the capital structure of the issuing entity, are typically secured with specific collateral and typically have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. The Fund s investments in senior loans are typically below investment grade and are considered speculative because of the credit risk of their issuer. Although senior loans are typically considered securities for purposes of the 1940 Act, loans and other forms of indebtedness may be structured such that they are not securities under the Securities Act or the Securities Exchange Act of 1933, as amended (The Exchange Act), and may therefore not offer investors, such as the Fund, the protections afforded by the Securities Act and the Exchange Act.

3. Not applicable.

Item 4. Financial Highlights

1. The following table includes selected data for a common share outstanding throughout the period and other performance information derived from the Fund s financial statements. It should be read in conjunction with the Fund s financial statements and notes thereto, which are incorporated by reference into this Prospectus. The following information with respect to the fiscal years ended August 31, 2012, August 31, 2013, August 31, 2014, August 31, 2015 and August 31, 2016 has been audited by Deloitte & Touche LLP, independent registered public accountants, whose report thereon is incorporated by reference into this Prospectus. See Item 24.

	Year Ended August 31,								
	2016[1]	**2015[1]**	**2014[1]**	**2013[1]**	**2012[1]**	**2011**	**2010**	**2009**	**2008**
perating **e**									
	$ 14.91	$ 15.38	$ 15.36	$ 14.98	14.04	$ 14.36	$ 12.93	$ 16.12	$ 18.25
	0.76	0.81[2]	0.87[2]	0.99[2]	0.97[2]	0.96[2]	0.91[2]	1.14[2]	1.45[2]
d	(0.14)	(0.47)	0.04	0.42	0.90	(0.36)	1.48	(3.04)	(2.03)
	0.62	0.34	0.91	1.41	1.87	0.60	2.39	(1.09)	(0.58)

d									
	(0.75)	(0.81)	(0.89)	(1.03)	(0.93)	(0.86)	(0.94)	(1.29)	(1.55)
	---	---	---	---	---	(0.06)	(0.02)	---	---
.	---	---	---	---	---	---	---	---	---
d	(0.75)	(0.81)	(0.89)	(1.03)	(0.93)	(0.92)	(0.96)	(1.29)	(1.55)
	$ 14.78	$ 14.91[4]	$ 15.38	$ 15.36	$ 14.98	$ 14.04	$ 14.36	$ 12.93	$ 16.12
.	$ 13.70	$ 12.94	$ 14.26	$ 14.96	$ 15.20	$ 13.33	$ 14.61	$ 12.26	$ 14.49
ment									
	5.00%	2.88%[4]	6.45%	9.68%	13.91%	4.04%	18.91%	(8.88)%	(2.56)%
	12.14%	(3.71)%	1.33%	5.28%	21.74%	(2.91)%	27.59%	(3.88)%	(4.28)%
erage Net									
	1.54%	1.56%	1.48%	1.54%[6]	1.67% [8]	1.60%	1.45%	1.96%	2.61%
r	1.54%	1.56%	1.48%	1.52%[6]	1.67% [8]	1.60%	1.45%	1.96%	2.60%
r d	1.14%	1.19%	1.15%	1.15% [6,7]	1.35% [7,8]	1.30%	1.22%	1.31%	1.18%

	5.27%	5.39%	5.65%	6.49%	6.67%	6.44%	6.43%	10.18%	8.49%
al									
	$ 550,271	$ 555,104	$ 572,463	$ 571,802	$ 276,990	$ 259,205	$ 264,379	$ 237,160	$ 295,005
	$ 225,000	$ 196,000	$ 235,000	$ 214,000	$ 117,000	$ 93,000	$ 53,000	$ 38,000	$ 101,500
	$ 190,486	$ 221,633	$ 210,521	$ 201,830	$ 88,197	$ 79,195	$ 48,258	$ 50,591	$ 102,272
	48%	43%	58%	88%	53%	91%	96%	58%	49%
d									
	$ 3,446	$ 3,832	$ 3,436	$ 3,672	$ 3,367	$ 3,787	$ 5,988	$ 7,241	$ 3,906

(1) Consolidated Financial Highlights.

(2) Based on average shares outstanding.

(3) Determined in accordance with federal income tax regulations.

(4) For financial reporting purposes, the market value of certain investments were adjusted as of report date. Accordingly the net asset value (NAV) per share and total return performance presented herein are different than the information previously published on August 31, 2015.

(5) Total investment returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.

2. Not applicable.

3. See Item 4.1., above.

Item 5. Plan of Distribution

1. The Distributor has agreed to underwrite up to 3,050,000 shares of the Fund s common stock on a reasonable efforts basis. See Item 5 in Part II for additional information regarding the Distributor.

2. The Fund s common stock will only be sold on such days as shall be agreed to by the Fund and the Distributor. The Fund s common stock will be sold at market prices, which shall be determined with reference to trades on the NYSE, subject to the Minimum Price. See Item 1.1.g., above.

3. The sum of all compensation paid to FINRA members in connection with this public offering of shares of common stock, including the sales commission paid to or retained by the Distributor and amounts paid to or retained by participating broker-Sub-Placement Agents, will not exceed, in the aggregate, 1.00% of the total public offering price of the shares of common stock sold in this offering. See Item 1.1g., above, and Item 5 in Part II.

4. See Item 5 in Part II.

5. Not applicable.

6. See Item 5 in Part II.

7. Not applicable.

8. Not applicable.

9. Not applicable.

10. See Item 5 in Part II.

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Item 6. Selling Shareholders

Not applicable.

Item 7. Use of Proceeds

The net proceeds from the issuance of common stock hereunder will be invested in accordance with the Fund s investment objectives and policies as set forth in this Prospectus. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in accordance with the Fund s investment objectives and policies within three months from the date on which the proceeds from an offering are received by the Fund. Such investments may be delayed if suitable investments are unavailable at the time or for other reasons, such as market volatility and lack of liquidity in the markets of suitable investments. Pending such investment, it is anticipated that the proceeds will be invested in short-term or long-term securities issued by the U.S. government and its agencies or instrumentalities or in high quality, short-term money market instruments.

Item 8. Description of the Fund

1. The Fund was formed under the laws of the State of Maryland on August 14, 2003 and commenced operations on October 31, 2003. The Fund is registered under the 1940 Act as a diversified, closed-end management investment company. The Fund was known as Floating Rate Income Strategies Fund, Inc. prior to September 29, 2006. The Fund s principal office is located at 100 Bellevue Parkway, Wilmington, Delaware 19809, and its telephone number is (800) 882-0052.

2. Investment Objectives and Principal Investment Policies:

Investment Objectives. The Fund s investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments (floating rate debt securities). The Fund s investment objective is a fundamental policy and may not be changed without stockholder approval. No assurance can be given that the Fund s investment objective will be achieved.

Floating Rate Debt Securities and Senior Loans. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its Managed Assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. Secured loans may be either wholly or partially secured at the time of investment. In addition to senior loans, floating rate debt securities may include, without limitation, instruments such as catastrophe and other event linked bonds, bank capital securities, corporate bonds, notes, money market instruments and certain types of mortgage related and other asset backed securities. Due to their floating or variable rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a floating rate debt security is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed rate debt instrument, although the value of a floating rate debt security may nonetheless decline as interest rates rise and due to other factors, such as real or perceived changes in credit quality or financial condition of the issuer or borrower, volatility in the capital markets or other adverse market conditions.

The Fund may invest directly in floating rate debt securities or synthetically through the use of derivatives.

The Fund s policy to invest, under normal market conditions, at least 80% of its Managed Assets in floating rate debt securities, as described above, is a non-fundamental policy and may be changed by the Board of Directors of the Fund (the Board, and each member, a Director) provided that stockholders are provided with at least 60 days prior notice of any change, unless such change was previously approved by shareholders, as required by the rules under the 1940 Act.

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Other Investments. The Fund may invest up to 20% of its total assets in securities other than floating rate debt securities, including, but not limited to, fixed rate debt securities such as convertible securities, bonds, notes, fixed rate loans and mortgage related and other asset backed securities issued on a public or private basis, collateralized debt obligations, preferred securities, commercial paper, U.S. government securities, structured notes, credit linked notes, credit linked trust certificates and other hybrid instruments.

To a limited extent, incidental to and in connection with its investment activities or pursuant to a convertible feature in a security, the Fund may acquire warrants and other debt and equity securities. The Fund may also acquire other debt and equity securities of a borrower or issuer in connection with an amendment, waiver, conversion or exchange of a senior loan or other debt security or in connection with a bankruptcy or workout of the borrower or issuer.

High Yield Securities (Junk Bonds). The Fund may invest without limit, and generally intends to invest a substantial portion of its assets, in high yield securities, including senior loans and other floating or fixed rate debt securities, that are rated below investment grade by the established rating services (Ba or lower by Moody s or BB or lower by S&P) or, if unrated, are considered by the Investment Advisor to be of comparable quality. High yield bonds commonly are referred to as junk bonds. The high yield securities in which the Fund invests may include credit linked notes, structured notes, credit linked trust certificates or other instruments evidencing interests in special purpose vehicles or trusts that hold interests in high yield securities. Other than with respect to Distressed Securities (which are discussed below), the high yield securities in which the Fund may invest do not include securities which, at the time of investment, are in default or the issuers of which are in bankruptcy. The Fund may also invest in investment grade securities, which are securities rated at least BBB as determined by S&P, Baa3 as determined by Moody s or, if unrated, determined to be of comparable quality by the Investment Advisor. See Appendix A Ratings of Securities for information concerning rating categories.

Distressed Securities. The Fund may not invest more than 10% of its total assets (at the time of investment) in securities that are rated Caa1 or lower (if rated by Moody s) or CCC+ or lower (if rated by S&P) by each agency rating such security or, if unrated, are considered by the Investment Advisor to be of comparable quality or are otherwise considered to be distressed securities (Distressed Securities).

Non-U.S. Securities. The Fund may invest without limitation in debt securities of issuers domiciled outside the United States (Non-U.S. Securities). The Fund, however, will not invest more than 10% of its total assets in debt securities of issuers located in emerging market countries. The Fund will invest primarily in U.S. dollar denominated debt securities. The Fund will not invest more than 10% of its total assets in debt securities denominated in currencies other than the U.S. dollar or that do not provide for payment to the Fund in U.S. dollars, including obligations of non-U.S. governments and their respective subdivisions, agencies and government sponsored enterprises. The Investment Advisor generally considers emerging market countries to be any country that is defined as having an emerging or developing economy by the World Bank or its related organizations or the United Nations or its subsidiaries.

Bonds. The Fund may invest in bonds of varying maturities issued by U.S. and non-U.S. corporations and other business or governmental entities. Bonds can be variable or fixed rate debt obligations, including bills, notes, debentures, money market instruments and similar instruments and securities. The Fund may also invest in catastrophe or other event linked bonds. The Fund may invest in securities of any maturity.

Preferred Securities. The Fund may invest in preferred securities, including preferred securities that may be converted into common stock or other securities of the same or a different issuer. The types of preferred securities in which the Fund may invest include trust preferred securities.

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Convertible Securities. The Fund may invest in convertible securities. A convertible security is a bond, debenture, note, preferred security or other security that may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time at a specified price or formula.

Illiquid Securities. The Fund may invest without limit in illiquid securities, which are floating rate debt securities, senior loans, high yield securities and other securities that lack a secondary trading market or are otherwise considered illiquid.

1940 Act and Tax Diversification Requirements. The Fund is classified as diversified within the meaning of the 1940 Act, which means that it is must satisfy the 5% and 10% requirements described in item (ii) below with respect to 75% of its total assets. The Fund s investments will be limited so as to qualify the Fund as a regulated investment company for purposes of Federal tax laws. Requirements for qualification as a regulated investment company include limiting its investments so that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Fund s total assets will be invested in (A) the securities of a single issuer (other than U.S. government securities and securities of other regulated investment companies), (B) the securities of two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses, or (C) the securities of one or more qualified publicly traded partnerships, and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets will be invested in the securities of a single issuer and the Fund will not own more than 10% of the outstanding voting securities of a single issuer (other than U.S. government securities and securities of other regulated investment companies).

Tax-related limitations may be changed by the Board to the extent appropriate in light of changes to applicable tax requirements.

The Fund will not invest in senior loans that would require the Fund to make any additional investments in connection with such future advances if such commitments would cause the Fund to fail to meet these diversification requirements.

Other Investment Policies:

Leverage. The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of August 31, 2016, this leverage represented approximately 29% of the Fund s Managed Assets (approximately 41% of the Fund s net assets). At times, the Fund could utilize leverage through borrowings, the issuance of short term debt securities, the issuance of shares of preferred stock or a combination thereof. The Fund has the ability to utilize leverage through borrowings or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its Managed Assets (which includes the amount obtained from such borrowings or debt issuance). The Fund also has the ability to utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its Managed Assets (which includes the amount obtained from such issuance). The Fund may also leverage through the use of reverse repurchase agreements. There can be no assurance that the Fund will borrow in order to leverage its assets or, if it does, what percentage of the Fund s assets such borrowings will represent. The Fund does not currently anticipate issuing any preferred stock.

Indexed and Inverse Floating Obligations. The Fund may invest in securities whose potential returns are directly related to changes in an underlying index or interest rate, known as indexed securities. The return on indexed securities will rise when the underlying index or interest rate rises and fall when the index or interest rate falls. The Fund also may invest in securities whose return is inversely related to changes in an interest rate (inverse floaters).

Interest Rate Transactions. In order to seek to hedge the value of the Fund s portfolio against interest rate fluctuations or to seek to enhance each Fund s return, the Fund may enter into various interest rate

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transactions such as interest rate swaps and the purchase or sale of interest rate caps and floors. The Fund may enter into these transactions to seek to preserve a return or spread on a particular investment or portion of its portfolio, to seek to protect against any increase in the price of securities the Fund anticipates purchasing at a later date or to seek to enhance its return. However, the Fund also may invest in interest rate swaps to seek to enhance income or to seek to increase the Fund s yield, for example, during periods of steep interest rate yield curves (i.e., wide differences between short term and long term interest rates). The Fund is not required to pursue these portfolio strategies and may choose not to do so. The Fund cannot guarantee that any strategies it uses will work.

The Fund will not enter into caps or floors if, on a net basis, the aggregate notional principal amount with respect to such agreements exceeds the net assets of the Fund.

The Fund will only enter into interest rate swap, cap or floor transactions with counterparties the Investment Advisor believes to be creditworthy at the time they enter into such transactions.

Credit Default Swap Agreements. The Fund may enter into credit default swap agreements for hedging purposes or to seek to enhance its returns. The credit default swap agreement may have as reference obligations one or more securities that are not currently held by the Fund. The protection buyer in a credit default contract may be obligated to pay the protection seller an upfront or a periodic stream of payments over the term of the contract provided that no credit event on a reference obligation has occurred. If a credit event occurs, the seller generally must pay the buyer the par value (full notional value) of the swap in exchange for an equal face amount of deliverable obligations of the reference entity described in the swap, or the seller may be required to deliver the related net cash amount, if the swap is cash settled. The Fund may be either the buyer or seller in the transaction.

The Fund will enter into credit default swap agreements only with counterparties the Investment Advisor believes to be creditworthy at the time they enter into such transactions.

Total Return Swap Agreements. The Fund may enter into total return swap agreements. Total return swap agreements are contracts in which one party agrees to make periodic payments based on the change in market value of the underlying assets, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate or the total return from other underlying assets. Total return swap agreements may be used to obtain exposure to a security or market without owning or taking physical custody of such security or market.

Credit Linked Trust Certificates. Among the income producing securities in which the Fund may invest are credit linked trust certificates, which are investments in a limited purpose trust or other vehicle which, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to the high yield or another fixed income market. For instance, the Fund may invest in credit linked trust certificates as a cash management tool in order to gain exposure to the high yield markets and/or to remain fully invested when more traditional income producing securities are not available, including during the period when the net proceeds of this offering and any borrowings or offering of preferred stock are being invested.

Call Options. The Fund may purchase call options on any of the types of securities or instruments in which it may invest. The Fund also is authorized to write (i.e., sell) covered call options on the securities or instruments in which it may invest and to enter into closing purchase transactions with respect to certain of such options. The Fund also is authorized to write (i.e., sell) uncovered call options on securities or instruments in which it may invest but that are not currently held by such Fund. The Fund also may purchase and sell call options on indices.

Put Options. The Fund is authorized to purchase put options to seek to hedge against a decline in the value of its securities or to seek to enhance its return. The Fund also has authority to write (i.e., sell) put options

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on the types of securities or instruments that may be held by the Fund, provided that such put options are covered, meaning that such options are secured by designating liquid assets segregated or earmarked on the Fund s books and records. The Fund will not sell puts if, as a result, more than 50% of the Fund s assets would be required to cover its potential obligations under its hedging and other investment transactions. The Fund is also authorized to write (i.e., sell) uncovered put options on securities or instruments in which it may invest but that the Fund does not currently have a corresponding short position or has not deposited cash equal to the exercise value of the put option with the broker-dealer through which it made the uncovered put option as collateral. In connection with such a transaction, the Fund will designate on its books and records unencumbered liquid assets with a value at least equal to the Fund s exposure, on a marked-to-market basis (as calculated pursuant to requirements of the SEC).

Financial Futures and Options Thereon. The Fund is authorized to engage in transactions in financial futures contracts (futures contracts) and related options on such futures contracts either as a hedge against adverse changes in the market value of its portfolio securities or to seek to enhance the Fund s income. The Fund has authority to purchase and write call and put options on futures contracts. The Fund may engage in options and futures transactions on exchanges and options in the over-the-counter markets (OTC options).

The Fund will engage in transactions in OTC options only with banks or dealers the Investment Advisor believes to be creditworthy at the time they enter into such transactions.

The Fund intends to enter into options and futures transactions, on an exchange or in the over-the-counter market, only if there appears to be a liquid secondary market for such options and futures.

The Commodity Futures Trading Commission (CFTC) subjects advisers to registered investment companies to regulation by the CFTC if a fund that is advised by the investment adviser either (i) invests, directly or indirectly, more than a prescribed level of its liquidation value in CFTC-regulated futures, options and swaps (CFTC Derivatives), or (ii) markets itself as providing investment exposure to such instruments. To the extent the Fund uses CFTC Derivatives, it intends to do so below such prescribed levels and will not market itself as a commodity pool or a vehicle for trading such instruments. Accordingly, The Investment Advisor has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act (CEA) pursuant to Rule 4.5 under the CEA. The Investment Advisor is not, therefore, subject to registration or regulation as a commodity pool operator under the CEA in respect of the Fund.

Short Sales. The Fund may make short sales of securities.

Foreign Exchange Transactions. The Fund may engage in spot and forward foreign exchange transactions and currency swaps, purchase and sell options on currencies and purchase and sell currency futures and related options thereon (collectively, Currency Instruments) for purposes of hedging against the decline in the value of currencies in which its portfolio holdings are denominated against the U.S. dollar. The Fund will not speculate in Currency Instruments. Accordingly, the Fund will not hedge a currency in excess of the aggregate market value of the securities which it owns (including receivables for unsettled securities sales), or has committed to or anticipates purchasing, which are denominated in such currency. The Fund may, however, hedge a currency by entering into a transaction in a Currency Instrument denominated in a currency other than the currency being hedged (a cross-hedge). The Fund will only enter into a cross-hedge if the Investment Advisor believes that (i) there is a demonstrable high correlation between the currency in which the cross-hedge is denominated and the currency being hedged, and (ii) executing a cross-hedge through the currency in which the cross-hedge is denominated will be significantly more cost-effective or provide substantially greater liquidity than executing a similar hedging transaction by means of the currency being hedged.

Other Investment Strategies. The Fund may also invest in securities pursuant to repurchase agreements and purchase and sale contracts, enter into reverse repurchase agreements with respect to its portfolio investments subject to the investment restrictions set forth herein, purchase interests in senior loans and other portfolio securities on a when-issued basis and purchase or sell such interests or securities on a forward commitment basis, and enter into standby commitment agreements. The Fund may lend securities with a value up to 33 1/3% of its total assets or the limit prescribed by applicable law to banks, brokers and other financial institutions.

Repurchase agreements may be entered into only with a member bank of the Federal Reserve System or primary dealer in U.S. government securities.

Temporary Defensive Strategies. The Fund may vary its investment objective and policies for temporary defensive purposes during periods in which the Investment Advisor believes that conditions in the securities markets or other economic, financial or political conditions warrant and in order to keep the Fund s cash fully invested. The Fund may not achieve its investment objective when it does so.

Investment Process

In selecting floating rate loans or debt and other securities for the Fund, BlackRock will seek to identify issuers and industries that BlackRock believes are likely to experience stable or improving financial conditions. BlackRock s analysis will include:

- credit research on the issuers financial strength;
- assessment of the issuers ability to meet principal and interest payments;
- general industry trends;
- the issuers managerial strength;
- analysis of deal structure and covenants;
- changing financial conditions;
- borrowing requirements or debt maturity schedules; and
- the issuers responsiveness to changes in business conditions and interest rates.

BlackRock will consider relative values among issuers based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects. Using these tools, BlackRock will seek to add consistent value and control performance volatility consistent with the Fund s investment objectives and policies. BlackRock believes this strategy should enhance the Fund s ability to achieve its investment objective.

BlackRock s analysis continues on an ongoing basis for any floating rate loan or debt or other securities in which the Fund has invested. Although BlackRock uses due care in making such analysis, there can be no assurance that such analysis will reveal factors that may impair the value of the floating rate loan or debt.

Fundamental Investment Restrictions:

The following investment restrictions are considered fundamental by the Fund, which means that they may not be changed without the approval of the holders of a majority of the Fund s outstanding shares of common stock (which for this purpose and under the 1940 Act means the lesser of (i) 67% of the shares of common stock represented at a meeting at which more than 50% of the outstanding shares of common stock are represented, or (ii) more than 50% of the outstanding shares of common stock). Under the fundamental investment restrictions, the Fund may not:

(1) make any investment inconsistent with the Fund s classification as a diversified company under the 1940 Act;

(2) make investments for the purpose of exercising control or management;

(3) purchase or sell real estate, commodities or commodity contracts, except that, to the extent

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permitted by applicable law, the Fund may invest in securities directly or indirectly secured by real estate or interests therein or issued by entities that invest in real estate or interests therein, and the Fund may purchase and sell financial futures contracts and options thereon;

(4) issue senior securities or borrow money except as permitted by Section 18 of the 1940 Act or otherwise as permitted by applicable law;

(5) underwrite securities of other issuers, except insofar as the Fund may be deemed an underwriter under the Securities Act in selling portfolio securities;

(6) make loans to other persons, except (i) to the extent that the Fund may be deemed to be making loans by purchasing senior loans, as a Co-Lender (described in Part II) or otherwise, or other debt securities or enters into repurchase agreements or any similar instruments and (ii) the Fund may lend its portfolio securities in an amount not in excess of 33 1/3% of its total assets, taken at market value, provided that such loans shall be made in accordance with the guidelines set forth in this Prospectus; and

(7) invest more than 25% of its total assets (taken at market value at the time of each investment) in the securities of issuers in any one industry; provided that this limitation shall not apply with respect to obligations issued or guaranteed by the U.S. government or by its agencies or instrumentalities. For purposes of this restriction, the term issuer includes both a borrower and any lender selling a participation interest (as described under Item 8 Portfolio Contents and Techniques Senior Loans in Part II) to the Fund together with any other person interpositioned between the lender selling such participation interest and the Fund with respect to such participation interest.

The Fund interprets its policies with respect to borrowing and lending to permit such activities as may be lawful for the Fund, to the full extent permitted by the 1940 Act or by exemption from the provisions therefrom pursuant to exemptive order of the SEC.

Non-Fundamental Investment Restrictions:

Any policies of the Fund not described as fundamental in this Prospectus may be changed by its Board without stockholder approval. Additional investment restrictions adopted by the Fund, which may be changed by the Board without stockholder approval, provide that the Fund may not:

(1) purchase securities of other investment companies, except to the extent that such purchases are permitted by applicable law;

(2) mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with borrowings mentioned in investment restriction (4) above or except as may be necessary in connection with transactions described under Other Investment Policies above;

(3) purchase any securities on margin, except that the Fund may obtain such short term credit as may be necessary for the clearance of purchases and sales of portfolio securities (the deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts and options thereon is not considered the purchase of a security on margin); or

(4) change its policy of investing, under normal circumstances, at least 80% of its Managed Assets in floating rate debt securities, unless the Fund provides its stockholders with at least 60 days prior written notice.

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Percentage and Rating Limitations:

All percentage and ratings limitations on securities in which the Fund may invest apply at the time of making an investment and shall not be considered violated if an investment rating is subsequently downgraded to a rating that would have precluded the Fund s initial investment in such security. In the event that the Fund disposes of a portfolio security subsequent to its being downgraded, the Fund may experience a greater risk of loss than if such security had been sold prior to such downgrade.

All references to securities ratings by Moody s and S&P herein shall, unless otherwise indicated, include all securities within each such rating category (i.e., Ba1, Ba2 and Ba3 in the case of Moody s and BB+, BB and BB in the case of S&P). For securities with split ratings (i.e., a security receiving two different ratings from two different rating agencies), the Fund will apply the lower of the applicable ratings.

Subsidiary:

The Fund wholly owns FRA Subsidiary, LLC, a Delaware-domiciled entity (the Subsidiary). The Subsidiary enables the Fund to hold investments that are organized as an operating partnership and satisfy regulated investment company (RIC) tax requirements. Income earned and gains realized on the investments held by the Subsidiary are taxable to the Subsidiary. The Fund may invest up to 25% of its total assets in the Subsidiary. The Subsidiary s assets are managed by the Investment Advisor and are subject to the same investment policies and restrictions that apply to the Fund.

The Subsidiary is organized as a Delaware limited liability company and taxed as a corporation for Federal income tax purposes. The Subsidiary s limited liability company agreement provides that the business and affairs of the Subsidiary shall be managed by the Investment Advisor, as the manager of the Subsidiary within the meaning of the Delaware Limited Liability Company Act, subject to the supervision of the Board. The Investment Advisor does not receive separate compensation from the Subsidiary for providing investment management or administrative services. The Fund can remove the manager of the Subsidiary at any time. The Subsidiary does not make investments that Section 17 of the 1940 Act would prohibit the Fund or the Subsidiary from making. State Street Bank and Trust Company serves as the Subsidiary s custodian.

Common Stock Repurchase Program:

On October 26, 2016, the Board approved an open market stock repurchase program that allows the Fund to purchase up to 5% of its outstanding shares of common stock from time to time in open market transactions through November 30, 2017, subject to certain conditions. The amount and timing of any repurchases under the Fund s stock repurchase program will be determined either at the discretion of the Fund s management or pursuant to predetermined parameters and instructions subject to market conditions. There is no assurance that the Fund will repurchase shares of common stock in any partic