Oxford Lane Capital Corp.
Form 497
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File No. 333-205405

PROSPECTUS SUPPLEMENT
(to Prospectus dated November 24, 2015)

Oxford Lane Capital Corp.

$25,000,000
Common Stock

We are a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to maximize our portfolio s total return. We have implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit.

We have entered into an equity distribution agreement, dated March 7, 2016, with Ladenburg Thalmann & Co. Inc. relating to the shares of common stock offered by this prospectus supplement and the accompanying prospectus.

The equity distribution agreement provides that we may offer and sell shares of our common stock having an aggregate offering price of up to $25,000,000 from time to time through Ladenburg Thalmann & Co. Inc., as our sales agent. Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the NASDAQ Global Select Market or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

Ladenburg Thalmann & Co. Inc. will receive a commission from us up to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. under the equity distribution agreement. Ladenburg Thalmann & Co. Inc. is not required to sell any specific number or dollar amount of common stock, but will use its commercially reasonable efforts consistent with its sales and trading practices to sell the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. See Plan of Distribution beginning on page S-21 of this prospectus supplement. The sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less Ladenburg Thalmann & Co. Inc. s commission, will not be less than the net asset value per share of our common stock at the time of such sale.

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On March 4, 2016, the last reported sales price on the NASDAQ Global Select Market for our common stock was $9.01 per share. We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of December 31, 2015 was $8.13.

Please read this prospectus supplement and the accompanying prospectus before investing in our securities and keep each for future reference. This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor ought to know before investing in our securities. We are required to file annual, semi-annual and quarterly reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us by mail at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275 or on our website at *http://www.oxfordlanecapital.com*. The SEC also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. Shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page S-17 of this prospectus supplement and page 18 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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.

Ladenburg Thalmann

Prospectus Supplement dated March 7, 2016.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

We have filed with the SEC a registration statement on Form N-2 (File Nos. 333-205405 and 811-22432) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on November 24, 2015. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from or is additional to the information contained in the accompanying prospectus, you should rely only on the information contained in this prospectus supplement. Please carefully read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Available Information and Risk Factors included in the accompanying prospectus, respectively, before investing in our common stock.

Neither we nor Ladenburg Thalmann & Co. Inc. has authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate as of the dates on their respective covers. Our financial condition, results of operations and prospects may have changed since those dates. To the extent required by law, we will amend or supplement the information contained in this prospectus supplement and the accompanying prospectus to reflect any material changes subsequent to the date of this prospectus supplement and the accompanying prospectus and prior to the completion of any offering pursuant to this prospectus supplement and the accompanying prospectus.

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SUMMARY

The following summary contains basic information about the offering of shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that is important to you. For a more complete understanding of the offering of shares of our common stock pursuant to this prospectus supplement, we encourage you to read this entire prospectus supplement and the accompanying prospectus, and the documents to which we have referred in this prospectus supplement and the accompanying prospectus. Together, these documents describe the specific terms of the shares we are offering. You should carefully read the sections entitled Risk Factors and Business and our financial statements included in the accompanying prospectus.

Except where the context requires otherwise, the terms Oxford Lane Capital, the Company, the Fund, we, us and our refer to Oxford Lane Capital Corp.; Oxford Lane Management and investment adviser refer to Oxford Lane Management, LLC; BDC Partners and administrator refer to BDC Partners, LLC; and Alaric and Alaric Compliance Services refer to Alaric Compliance Services, LLC.

Overview

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio s risk-adjusted total return.

We have implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Below investment grade securities are often referred to as junk. Our investment strategy also includes warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from $5 million to $50 million, although the investment size may vary consistent with the size of our overall portfolio.

Oxford Lane Management manages our investments and its affiliate arranges for the performance of the administrative services necessary for us to operate.

Distributions

In order to qualify as a regulated investment company, or RIC, and to eliminate our liability for corporate-level U.S. federal income tax on the income we distribute to our stockholders, we are required, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, to distribute to our stockholders on an annual basis at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

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The following table reflects the cash distributions, including dividends, distributions reinvested and returns of capital, if any, per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount[1]
Fiscal 2017			
December 11, 2015	June 16, 2016	June 30, 2016	$0.60
Total (2017)			0.60
Fiscal 2016			
December 11, 2015	March 16, 2016	March 30, 2016	0.60
November 4, 2015	December 16, 2015	December 31, 2015	0.60
July 29, 2015	September 30, 2015	October 30, 2015	0.60
May 13, 2015	June 16, 2015	June 30, 2015	0.60
Total (2016)			2.40
Fiscal 2015			
January 28, 2015	March 17, 2015	March 31, 2015	0.60
November 5, 2014	December 17, 2014	December 31, 2014	0.60
August 1, 2014	September 16, 2014	September 30, 2014	0.60
May 19, 2014	June 16, 2014	June 30, 2014	0.60
Total (2015)			2.40
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 [2]
November 6, 2013	December 17, 2013	December 31, 2013	0.55
July 24, 2013	September 16, 2013	September 30, 2013	0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			2.35
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			$12.25

(1) All of our cash distributions to date were funded from net investment income, except approximately $0.07 per share, $0.38 per share and $0.14 per share of the distributions paid on June 29, 2012, June 28, 2013, and June 30, 2014, respectively, which were funded from long term capital gains. The tax characterization of cash distributions for the year ended March 31, 2015 will not be known until the tax return for that year is finalized.

(2) Represents a special dividend for the fiscal year ended March 31, 2014.

For the nine months ended December 31, 2015, we paid dividends totaling $421,888, $5,471,037 and $3,698,782 on the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series

2024 Term Preferred Shares, respectively. For the fiscal year ended March 31, 2015, we paid $1,344,083, $5,286,287 and $2,912,844 on the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series 2024 Term Preferred Shares, respectively. For fiscal year 2014, we paid $1,344,083 and $2,638,151 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively. For fiscal year 2013, we paid $459,228 in preferred dividends on the Series 2017 Term Preferred Shares. The 2017 Term Preferred Shares were fully redeemed in July 2015.

For accounting purposes the distributions declared on our common stock for the fiscal years ended March 31, 2015, 2014, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. For the fiscal years ended March 31, 2014, 2013, 2012 and 2011, taxable earnings exceeded our distributions, and there was no tax return of capital for these years. The tax characterization of distributions for the year ended March 31, 2015 will not be known until the tax return is finalized. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder s original investment in our common stock to the extent of a shareholder s basis in our stock. Generally, a tax return of capital will reduce an investor s basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a distribution consisting of a return of capital. The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

We have elected to be treated, and intend to continue to qualify annually, as a RIC under Subchapter M of the Code beginning with our 2011 taxable year. To maintain RIC tax treatment, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. In order to avoid certain U.S. federal excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our ordinary income for the calendar year; (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year; and, (3) 100% of any ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax. In addition, although we currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated as if you had received an actual distribution of the capital gains we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We may make distributions by issuing additional shares of our common stock under our distribution reinvestment plan, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. We reserve the right to purchase shares in the open market in connection with our implementation of the distribution reinvestment plan. See Distribution Reinvestment Plan in the accompanying prospectus. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

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Distribution Policy

Oxford Lane is subject to significant and variable differences between its accounting income and its taxable income particularly as it relates to our CLO equity investments. We invest in CLO entities which generally constitute passive foreign investment companies and which are subject to complex tax rules; the calculation of taxable income attributed to a CLO equity investment can be dramatically different from the calculation of income for financial reporting purposes. Taxable income is based upon the distributable share of earnings as determined under tax regulations for each CLO equity investment, which may be consistent with the cash flows generated by those investments (although significant differences are possible), while accounting income is currently based upon an effective yield calculation. The Fund s final taxable earnings for the nine months ending December 31, 2015 will not be known until our tax returns are filed but our experience has been that cash flows have historically represented a generally reasonable estimate of taxable earnings. While reportable GAAP earnings from our CLO equity investments for the nine months ended December 31, 2015 were approximately $44.0 million, we received or were entitled to receive approximately $67.6 million in distributions. In general, we currently expect our annual taxable income to be higher than our GAAP earnings on the basis of the difference between cash distributions actually received (and record date distributions to be received) and the effective yield income. Our distribution policy is based upon our estimate of our taxable net investment income, with further consideration given to our realized gains or losses, if any, on a taxable basis.

Oxford Lane Management

Our investment activities are managed by Oxford Lane Management, which is an investment adviser that has registered under the Investment Advisers Act of 1940, or the Advisers Act. Under our investment advisory agreement with Oxford Lane Management, which we refer to as our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets, as well as an incentive fee based on our performance. See Investment Advisory Agreement in the accompanying prospectus.

We expect to benefit from the ability of our investment adviser s team to identify attractive opportunities, conduct diligence on and value prospective investments, negotiate terms where appropriate, and manage and monitor a diversified portfolio although we do not intend to operate as a diversified investment company within the meaning of the 1940 Act. Our investment adviser s senior investment team members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts to provide us with our principal source of investment opportunities.

Our investment adviser is led by Jonathan H. Cohen, our Chief Executive Officer, and Saul B. Rosenthal, our President. Messrs. Cohen and Rosenthal are assisted by Darryl M. Monasebian, Executive Vice President, and Hari Srinivasan and Debdeep Maji, who serve as Managing Directors for Oxford Lane Management. We consider Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji to be Oxford Lane Management s senior investment team.

Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji together with the other members of Oxford Lane Management s investment team, have developed an infrastructure that we believe provides Oxford Lane Capital with a competitive advantage in locating and acquiring attractive CLO investments.

Charles M. Royce is a non-managing member of Oxford Lane Management. Mr. Royce serves as Chief Executive Officer and a member of the Board of Managers of Royce & Associates, LLC (Royce & Associates). He also manages or co-manages ten of Royce & Associates open- and closed-end registered funds. Mr. Royce currently serves on the

Board of Directors of The Royce Funds and TICC Capital Corp. Mr. Royce is also a non-managing member of TICC Management, LLC, the investment adviser for TICC Capital Corp. Mr. Royce, as a non-managing member of Oxford Lane Management, does not take part in the management or participate in the operations of Oxford Lane Management; however, Mr. Royce may be available from time to time to Oxford Lane Management to provide certain consulting services without compensation. Royce & Associates is a wholly owned subsidiary of Legg Mason, Inc.

In addition, we will reimburse BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under an

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administration agreement by and among us and BDC Partners (the Administration Agreement), including rent, the fees and expenses associated with performing administrative functions, and our allocable portion of the compensation of our Chief Financial Officer and any administrative support staff, including accounting personnel. We will also pay the costs associated with the functions performed by our Chief Compliance Officer under the terms of an agreement between us and Alaric Compliance Services, a compliance consulting firm. These arrangements could create conflicts of interest that our Board of Directors must monitor.

Investment Focus

Our investment objective is to maximize our portfolio s risk-adjusted total return. Our current focus is to seek that return by investing in structured finance investments, specifically the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of Senior Loans, and which generally have very little or no exposure to real estate loans, or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy also includes investing in warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. As of December 31, 2015, we held debt investments in three different CLO structures and income notes and subordinated notes (i.e. equity) in 34 different CLO structures. We may also invest, on an opportunistic basis, in a variety of other types of corporate credits.

The CLO investments we currently hold in our portfolio generally represent either a residual economic interest, in the case of an equity tranche, or a debt investment collateralized by a portfolio of Senior Loans. The value of our CLO investments generally depend on both the quality and nature of the underlying portfolio it references and also on the specific structural characteristics of the CLO itself.

CLO Structural Elements

Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are generally limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit.

A CLO vehicle is formed by raising multiple tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. As interest payments are received the CLO vehicle makes contractual interest payments to each tranche of debt based on their seniority. If there are funds remaining after each tranche of debt receives its contractual interest rate and the CLO vehicle meets or exceeds required collateral coverage levels (or other similar covenants) the remaining funds may be paid to the equity tranche. The contractual provisions setting out this order of payments are set out in detail in the CLO vehicle s indenture. These provisions are referred to as the priority of payments or the waterfall and determine any other obligations that may be required to be paid ahead of payments of interest and principal on the securities issued by a CLO vehicle. In addition, for payments to be made to each tranche, after the most senior tranche of debt, there are various tests which must be complied with, which are different for each CLO vehicle.

CLO indentures typically provide for adjustments to the priority of payments in the event that certain cashflow or collateral requirements are not maintained. The collateral quality tests that may divert cashflows in the priority of payments are predominantly determined by reference to the par values of the underlying loans, rather than their current market values. Accordingly, we believe that CLO equity and junior debt investments allow investors to gain diversified exposure to the Senior Loan market on a levered basis without being structurally subject to mark-to-market price fluctuations of the underlying loans. As such, although the current valuations of CLO equity and junior debt tranches are expected to fluctuate based on price changes within the loan market, interest rate movements and other macroeconomic factors, those tranches will generally be expected to continue to receive distributions from the CLO vehicle periodically so long as the underlying portfolio does not suffer defaults, realized losses or other covenant violations sufficient to trigger changes in the waterfall allocations. We therefore believe that an investment portfolio consisting of CLO equity and junior debt investments of this type has the ability to provide attractive risk-adjusted rates of return.

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The diagram below is for illustrative purposes only. The CLO structure highlighted below is only a hypothetical structure and structures among CLO vehicles in which we may invest may vary substantially from the hypothetical example set forth below.

The Syndicated Senior Loan Market

We believe that while the syndicated leveraged corporate loan market is relatively large, with Standard and Poor s estimating the total par value outstanding at approximately $864 billion as of February 5, 2016, this market remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market permits wider exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

The Senior Loan market is characterized by various factors, including:

Seniority. A Senior Loan typically ranks senior in a company s capital structure to all other forms of debt or equity. As such, that loan generally maintains the senior-most claim on the company s assets and cash flow, and, we believe should, all other things being equal, offer the prospect of a relatively more stable and lower-risk holding.

Floating rate instruments. A Senior Loan typically contains a floating versus a fixed interest rate, which we believe provides some measure of protection against the risk of interest rate fluctuation.

Frequency of interest payments. A Senior Loan typically provides for scheduled interest payments no less frequently than quarterly.

In the current environment, we believe the above attributes seem particularly desirable.

Investment Opportunity

We believe that the market for CLO-related assets continues to provide us with the opportunity to generate attractive risk-adjusted returns within our strategy. We believe that a number of factors support this conclusion, including:

We believe that the long-term and relatively low-cost capital that many CLO vehicles have secured, compared with current asset spreads and associated LIBOR floors have created opportunities to purchase certain CLO equity and junior debt instruments that may produce attractive risk-adjusted returns. Although the senior secured corporate loan market has been volatile recently due in part to the oil and gas sector, this volatility may be beneficial as it has allowed some collateral managers of CLO vehicles to invest in loans at greater discounts to par and at wider loan spreads. Additionally, given that the CLO vehicles we invest in are not mark-to-market vehicles, this term financing is extremely beneficial in periods of market volatility that we are currently experiencing. We believe that CLO equity and junior debt instruments continue to offer attractive risk-adjusted returns.

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We believe that the market to invest in warehouse facilities, which are short and medium-term facilities that are generally expected to form the basis of CLO vehicles (which we may participate in or be repaid by), has created additional attractive risk-adjusted investment opportunities for us.

We believe that investing in CLO securities, and CLO equity instruments and warehouse facilities in particular, requires a high level of research and analysis. We believe that transactions in this market can only be adequately conducted by knowledgeable market participants since this market and these structures tend to be highly specialized.

We believe that the U.S. risk retention requirements imposed for CLO managers under Section 941 of the Dodd-Frank Act has created some uncertainty in the market in regards to future CLO issuances. Given that certain CLO managers may require capital provider partners to satisfy this requirement when it becomes effective on December 24, 2016, we believe that this may create additional opportunities (and additional risks) for us in the future.

We believe that the U.S. CLO market is relatively large with an outstanding deal balance of approximately $436 billion.[1] We estimate that the amount outstanding of the junior-most debt tranches (specifically the tranches originally rated BB and B) and equity tranches together are approximately $70 billion.[2]

We continue to review a large number of CLO investment vehicles in the current market environment, and we expect that the majority of our portfolio holdings, over the near to intermediate-term, will continue to be focused on CLO debt and equity securities, with the more significant focus over the near-term on CLO equity securities and warehouse facilities.

Summary Risk Factors

The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Oxford Lane Capital involves other risks, including the following:

We have a limited operating history as a closed-end investment company;

Our investment portfolio is recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our portfolio investments;

We are dependent upon Oxford Lane Management s key personnel for our future success;

Our incentive fee structure and the formula for calculating the fee payable to Oxford Lane Management may incentivize Oxford Lane Management to pursue speculative investments, use leverage when it may be unwise to do so, or refrain from de-levering when it would otherwise be appropriate to do so;

A general increase in interest rates may have the effect of making it easier for our investment adviser to receive incentive fees, without necessarily resulting in an increase in our net earnings;

Our portfolio of investments may lack diversification among CLO vehicles which may subject us to a risk of significant loss if one or more of these CLO vehicles experiences a high level of defaults on its underlying Senior Loans;

The Senior Loan portfolios of the CLO vehicles in which we will invest may be concentrated in a limited number of industries, which may subject those vehicles, and in turn us, to a risk of significant loss if there is a downturn in a particular industry in which a number of our CLO vehicles investments are concentrated;

The CLO equity market has recently experienced a significant downturn, which has negatively impacted our net asset value per share and, if those reduced values are realized over time, you may not receive dividends or our dividends may decline or may not grow over time.

1. As of January 8, 2016. Source: Wells Fargo Securities, LLC.

2. Oxford Lane has estimated this amount based on Guggenheim CLO new issue summary, as of December 22, 2015.

The application of the risk retention rules to CLOs may have broader effects on the CLO and loan markets in general, potentially resulting in fewer or less desirable investment opportunities for the Company.
Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in such CLO vehicles defaults on its payment obligations or fails to perform as we expect;
Investing in CLO vehicles, Senior Loans and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance;
Our equity investment distributions from CLO vehicles will likely be materially reduced if three month LIBOR increases;
A disruption or downturn in the capital markets and the credit markets could impair our ability to raise capital and negatively affect our business;
Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage;
We may borrow money and/or issue preferred stock to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and will increase the risk of investing in us;
We may experience fluctuations in our quarterly results;
We will be subject to corporate-level U.S. federal income tax if we are unable to maintain our RIC status under Subchapter M of the Code;
Common shares of closed-end management investment companies, including Oxford Lane Capital, have in the past frequently traded at discounts to their net asset values, and we cannot assure you that the market price of shares of our common stock will not decline below our net asset value per share;
Our common stock price may be volatile and may decrease substantially;
There is a risk that our stockholders may not receive distributions or that our distributions may not grow or may be reduced over time, including on a per share basis as a result of the dilutive effects of this offering;
Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, will not be available for distributions to our common stockholders;
Our common stock is subject to a risk of subordination relative to holders of our debt instruments and holders of our preferred stock; and
Holders of our preferred stock have the right to elect members of our Board of Directors and class voting rights on certain matters.

See Risk Factors beginning on page 18 of the accompanying prospectus. In addition, the other information included in this prospectus supplement and the accompanying prospectus contains a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

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Operating and Regulatory Structure

Oxford Lane Capital is a Maryland corporation that is a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. As a registered closed-end fund, we are required to meet regulatory tests. See Regulation as a Registered Closed-End Investment Company in the accompanying prospectus. We may also borrow funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

Our investment activities are managed by Oxford Lane Management and supervised by our Board of Directors. Oxford Lane Management is an investment adviser that is registered under the Advisers Act. Under our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory Agreement in the accompanying prospectus. We have also entered into an administration agreement with BDC Partners, which we refer to as the Administration Agreement, under which we have agreed to reimburse BDC Partners for our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement in the accompanying prospectus.

BDC Partners also serves as the managing member of Oxford Lane Management. Messrs. Cohen and Rosenthal, in turn, serve as the managing member and non-managing member, respectively, of BDC Partners.

Recent Developments

Financial Results as of December 31, 2015

For the quarter ended December 31, 2015, we recorded net investment income, calculated in accordance with generally accepted accounting principles (GAAP) of approximately $8.2 million, or approximately $0.46 per share. During the quarter, we also recorded unrealized depreciation of approximately $51.0 million and realized losses of approximately $4.1 million. In total we had a net decrease in net assets from operations of approximately $46.9 million, or $2.62 per share.

Estimated distributable net investment income (EDNII) for the quarter ended December 31, 2015 was approximately $17.3 million or $0.96 per share. EDNII represents that portion of our estimated annual taxable net investment income available for distribution to our common shareholders attributable to the quarter. Our distribution policy is based, to a significant extent, on our EDNII.

On a supplemental basis, we provide information relating to EDNII which is a non-GAAP measure. This measure is provided in addition to, but not as a substitute for, net investment income. Our non-GAAP measures may differ from similar measures by other companies, even if similar terms are used to identify such measures. EDNII represents net investment income adjusted for additional taxable income on our CLO equity investments.

Income from CLO equity investments, for generally accepted accounting purposes, is recorded using the effective yield method. This method requires the calculation of an effective yield to expected redemption based upon an estimation of the amount and timing of future cash flows, including recurring cash flows as well as future principal payments; the difference between the actual cash received (and record date distributions to be received), and the effective yield calculation is an adjustment to cost. Accordingly, investment income recognized on CLO equity investments in the GAAP statement of operations differs from the estimated taxable net investment income (which is generally based upon the cash distributions actually received and record date distributions to be received by us during the period), and the resulting difference is referred to below as CLO equity additional estimated taxable income.

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The following table provides a reconciliation of net investment income to EDNII for the three months ended December 31, 2015:

	Three Months Ended December 31, 2015	
	Amount	Per Share Amounts
Net investment income	$ 8,195,866	$ 0.46
CLO equity additional estimated taxable income	9,076,748	0.50
Estimated distributable net investment income	$ 17,272,614	$ 0.96

Total investment income, calculated in accordance with generally accepted accounting principles for the quarter ended December 31, 2015 amounted to approximately $16.0 million, which represents an increase of approximately $1.5 million when compared to the quarter ended September 30, 2015.

For the quarter ended December 31, 2015, we recorded GAAP investment income from our portfolio as follows:

approximately $15.5 million from our CLO equity investments,
approximately $0.2 million from our CLO debt investments,
approximately $0.3 million from all other sources.

While reportable GAAP earnings from our CLO equity class investments for the three months ended December 31, 2015 was approximately $15.5 million, we received or were entitled to receive approximately $24.5 million in distributions. Our experience has been that cash flows have historically represented a reasonable estimate of CLO equity investment taxable earnings. In general, we currently expect our annual taxable income to be higher than our GAAP earnings on the basis of the difference between cash distributions actually received (and record date distributions to be received) and the effective yield income. Our distribution policy will be based upon our estimate of that taxable income (as required for a regulated investment company).

Our total expenses for the quarter ended December 31, 2015 were approximately $7.8 million, compared to total expenses of approximately $8.6 million for the quarter ended September 30, 2015.

The decrease in expense is largely driven by lower interest expense resulting from the July 24, 2015 extinguishment of the Series 2017 Preferred Shares.

Total assets stood at approximately $315.9 million as of December 31, 2015 compared with total assets of $382.2 million at September 30, 2015.

As of December 31, 2015, net asset value per share was $8.13 compared with net asset value per share as of September 30, 2015 of $11.33.

As of December 31, 2015, the weighted average GAAP yield of our CLO debt investments at current cost stood at approximately 9.0%, compared with 8.2% as of September 30, 2015.

As of December 31, 2015, the weighted average GAAP effective yield of CLO equity investments at current cost was approximately 15.4%, compared with 13.9% as of September 30, 2015.

As of December 31, 2015, the weighted average cash distribution yield of cash income producing CLO equity investments at current cost was approximately 25.6% which stood at 26.6% as of September 30, 2015.

Preferred Stock Repurchase Program

On December 2, 2015, our Board of Directors authorized a Preferred Stock Repurchase Program for the purpose of repurchasing up to $25 million worth of the outstanding shares of the Company s 7.50% Series 2023 Term Preferred Stock and up to $25 million worth of the outstanding shares of the Company s 8.125% Series 2024 Term Preferred Stock. Under this repurchase program, prior to December 31, 2015 we repurchased 49,268 shares of our Series 2023 Term Preferred Stock, at an average price of $24.14 per share, and since December 31, 2015, we have repurchased 688,127 shares of the Series 2023 Term Preferred Stock,

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at an average price of $24.24 per share and 405,909 shares of the Series 2024 Term Preferred Stock, at an average price of $24.67 per share. We may, but are not obligated, to repurchase our outstanding Preferred Stock in the open market from time to time through June 30, 2016.

As a result of the shares of Preferred Stock repurchased to date under the Preferred Stock Repurchase Program, we have cured our non-compliance as of December 31, 2015 with the asset coverage requirement in the Preferred Stock governing documents, in accordance with the cure provisions therein.

Distributions and Dividends

Our Board of Directors declared distributions for fourth fiscal quarter 2016 and first fiscal quarter 2017 of $0.60 per common share

- Record date is March 16, 2016
- Payable on March 31, 2016
- Record date is June 16, 2016
- Payable June 30, 2016

Our distribution policy is based primarily upon estimates of the ultimate taxable earnings for each tax year, which are primarily (but not entirely) based upon the cash flows for each investment. The final taxable amounts cannot be known until our tax return is filed, but our experience has been that cash flows have historically represented a reasonable estimate of taxable earnings.

There have historically been significant differences between our GAAP earnings and our taxable earnings and this is likely to continue, particularly related to CLO equity investments where the our taxable earnings are based upon distributable earnings while GAAP earnings are based upon an effective yield calculation. In general, we currently expect our near-term taxable earnings to continue to be higher than our reportable GAAP earnings.

Our Board of Directors has also declared the required monthly dividends on our Series 2023 and Series 2024 Term Preferred Shares (each, a Share), as follows:

	Per Share Dividend Amount Declared	2016 Record Dates	2016 Payable Dates
Series 2023	$0.15625	March 16, April 15, May 16	March 31, April 29, May 31
Series 2024	$0.16930	March 16, April 15, May 16	March 31, April 29, May 31

In accordance with their terms, each of the Series 2023 and Series 2024 Shares will pay a monthly dividend at a fixed rate of 7.50% and 8.125%, respectively, of the $25.00 per share liquidation preference, or $1.875 and $2.03125 per share per year, respectively. This fixed annual dividend rate is subject to adjustment under certain circumstances, but will not in any case be lower than 7.50% and 8.125% per year, respectively, for each of the Series 2023 and Series 2024 Shares.

Our Corporate Information

Our offices are located at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, and our telephone number is (203) 983-5275.

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THE OFFERING

Common stock offered by us	Shares of our common stock having an aggregate offering price of up to $25,000,000.
Common stock outstanding as of March 4, 2016	18,137,818 shares
Manner of offering	At the market offering that may be made from time to time through Ladenburg Thalmann & Co. Inc., as sales agent using commercially reasonable efforts. See Plan of Distribution.
Use of proceeds	We intend to use the net proceeds from this offering for acquiring investments in accordance with our investment objective and strategies described in this prospectus supplement, possibly repurchasing our outstanding preferred stock and for general working capital purposes. Pending these uses, we will invest such net proceeds primarily in cash, cash equivalents, and U.S. government securities or other high-quality debt investments that mature in one year or less from the date of investment. The management fee payable by us to our investment adviser will not be reduced while our assets are invested in such securities. See Use of Proceeds.
Distribution	To the extent that we have income available, we intend to distribute quarterly distributions to our stockholders. The amount of our distributions, if any, will be determined by our Board of Directors. Any distributions to our stockholders will be declared out of assets legally available for distribution. See Price Range of Common Stock and Distributions in the accompanying prospectus.
Taxation	We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, we generally do not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax status, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Price Range of Common Stock and Distributions in the accompanying prospectus and Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
NASDAQ Global Select Market symbol of common stock	OXLC
Risk factors	An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page S-17 of this prospectus supplement and page 18 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Oxford Lane Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Oxford Lane Capital Corp.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	2.00 %[(1)]
Offering expenses borne by us (as a percentage of offering price)	0.74 %[(2)]
Distribution reinvestment plan expenses	None [(3)]
Total stockholder transaction expenses (as a percentage of offering price)	2.74 %
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	4.32 %[(4)]
Incentive fees payable under our investment advisory agreement (20% of net investment income)	4.92 %[(5)]
Interest payments on borrowed funds	0.00 %[(6)]
Preferred stock dividend payment	7.52 %[(7)]
Other expenses (estimated)	1.96 %[(8)]
Acquired fund fees and expenses	33.79 %[(9)]
Total annual expenses (estimated)	52.51 %

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above, and that we pay the transaction expenses set forth in the table above, including a sales load of 2.00% paid by you (the commission to be paid by us with respect to common stock sold by us in this offering).

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 392	$ 721	$ 829	$ 879

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is included in the example. Also, while the example assumes reinvestment of all distributions at net asset value, participants in our distribution reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the distribution payment date, which may be at, above or below net asset value. See Distribution Reinvestment Plan for additional information regarding our distribution reinvestment plan.

(1) Represents the commission with respect to the shares of our common stock being sold in this offering, which we will pay to Ladenburg Thalmann & Co. Inc. in connection with sales of shares of our common stock effected by Ladenburg Thalmann & Co. Inc. under the equity distribution agreement. There is no guaranty that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The offering expenses of this offering are estimated to be approximately $185,000.

(3) The expenses of the distribution reinvestment plan are included in other expenses.

(4) Assumes gross assets of $313.2 million and $141.2 million of leverage (includes $168.5 million of preferred stock issued and outstanding as of December 31, 2015, adjusted for $27.3 million of preferred stock repurchased from January 1, 2016 through March 4, 2016), and assumes net assets of $145.1 million (which has been adjusted to reflect the repurchase of $27.3 million of preferred stock since December 31, 2015 through March 4, 2016). The above calculation reflects our base management fee as a percentage of our net assets. Our base management fee under the Investment Advisory Agreement, however, is based on our gross assets, which is defined as all the assets of Oxford Lane Capital, including those acquired using borrowings for investment purposes. As a result, to the extent we use leverage, it would have the effect of increasing our base management fee as a percentage of our net assets. See Investment Advisory Agreement in the accompanying prospectus.

(5) Amount reflects the estimated annual incentive fees payable to our investment adviser, Oxford Lane Management, during the fiscal year following this offering. The estimate assumes that the incentive fee earned will be proportional to the fee earned during the nine months ended December 31, 2015. Based on our current business plan, we anticipate that substantially all of the net proceeds of this offering will be invested within three months after completion of this offering depending on the availability of investment opportunities that are consistent with our investment objective and other market conditions and/or to meet working capital needs. We expect that it will take up to three months to invest all of the proceeds of this offering, in part because equity and junior debt investments in CLO vehicles require substantial due diligence prior to investment.

The incentive fee, which is payable quarterly in arrears, equals 20.0% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.0% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide our investment adviser with 20.0% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and

20.0% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20.0% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

No incentive fee is payable to our investment adviser on realized capital gains. For a more detailed discussion of the calculation of this fee, see Investment Advisory Agreement in the accompanying prospectus.

(6) Assumes that we maintain our current level of no outstanding borrowings as of December 31, 2015 other than preferred stock, which is considered a form of leverage. We may issue additional shares of preferred stock pursuant to the registration statement of which this prospectus forms a part. In the event we were to issue additional preferred stock, our borrowing costs, and correspondingly our total annual expenses, including our base management fee as a percentage of our net assets, would increase. See also note 7 below.

(7) Assumes that we continue to have an aggregate of $90.7 million of preferred stock with a preferred rate of 7.50% per annum, and an aggregate of $50.5 million of preferred stock with a preferred rate of 8.125% per annum, which were the amounts outstanding as of March 4, 2016 due to the repurchase of preferred stock from January 1, 2016 through March 4, 2016.

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(8) Other expenses ($2.8 million) assumes that other expenses for the year will be proportional to other expenses incurred during the nine months ended December 31, 2015.

(9) Reflects the estimated annual collateral manager fees that will be indirectly incurred by us in connection with our investments in CLO equity tranches during the twelve months following the date of this prospectus supplement, assuming the CLO equity investments held as of December 31, 2015 and net assets of $145.1 million (which has been adjusted to reflect the repurchase of $27.3 million of preferred stock from January 1, 2016 through March 4, 2016). Collateral manager fees are charged on the total assets of the CLO vehicle, including the assets acquired with borrowed funds, but are assumed to be paid from the residual cash flows after interest payments to the senior debt tranches. Therefore, these collateral manager fees (which are generally 0.40% to 0.50% of total assets) are effectively much higher when allocated only to the equity tranches. The debt tranches that we hold generally are not deemed to pay any such collateral manager fees. The calculation also includes operating expense ratios of the CLO vehicles of approximately 0.5%. These are only estimates of such operating expenses, as we generally do not have specific expense information on the CLO vehicles in which we invest and the actual amount of such expenses may be significantly different. Operating expenses of CLO vehicles are not routinely reported to shareholders on a basis consistent with the methodology employed for other estimates. As a result of our investments in such CLO equity investments, our stockholders will be required to pay two levels of fees and expenses in connection with their investment in our common stock, including fees payable under our Investment Advisory Agreement and fees and expenses charged to us on the CLO equity tranches in which we are invested.

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SUPPLEMENTARY RISK FACTOR

Investing in our common stock involves a number of significant risks. Before you invest in our common stock, you should be aware of various risks, including those described below and those set forth in the accompanying prospectus. You should carefully consider these risk factors, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an additional investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment. The risk factors described below, together with those set forth in the accompanying prospectus, are the principal risk factors associated with an investment in us as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours.

***The CLO equity market has recently experienced a significant downturn, which has negatively impacted our net asset value per share and, if these reduced values are realized over time, you may not receive dividends or our dividends may decline or may not grow over time*.**

There has been a significant recent price decline in the CLO equity market, in which we are an active participant. As a result, the fair value of our portfolio, and our net asset value per share, declined significantly in the second half of 2015. Due to the continued uncertainty in the CLO equity market, we cannot assure you that we will achieve expected investment results and/or maintain our current level of cash distributions. Our future dividends are dependent upon the investment income we receive on our portfolio investments, including our CLO equity investments. To the extent such CLO investments are terminated prior to the specified maturity date such proceeds derived from a termination may be less than originally contemplated at that time of such investment. This may result in proceeds which may not be of a sufficient amount to invest in future CLO investments in order to generate cash returns that will enable us to maintain the same level of dividends. This may be result in a meaningful reduction in, or complete cessation of, our dividends going forward. In addition, due to the asset coverage test applicable to us as a registered closed-end management investment company, a reduction in the fair value of our investments may limit our ability to make distributions.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, will, may, believes, seeks, estimates, would, could, should, targets, projects, and variations of these words a expressions are intended to identify forward-looking statements.

The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of a CLO vehicle s portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of a CLO vehicle s portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from our investments.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair the ability of a CLO vehicle s portfolio companies to continue to operate, which could lead to the loss of some or all of our investment in such CLO vehicle;
- a contraction of available credit and/or an inability to access the equity markets could impair our investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
- the risks, uncertainties and other factors we identify in Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking

statements, which apply only as of the respective dates of this prospectus supplement and the accompanying prospectus. However, we will update this prospectus supplement and the accompanying prospectus to reflect any material changes to the information contained herein. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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USE OF PROCEEDS

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act, including sales made directly on the NASDAQ Global Select Market or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than the amount set forth in this paragraph depending on, among other things, the market price of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. However, the sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less Ladenburg Thalmann & Co. Inc. s commission, will not be less than the net asset value per share of our common stock at the time of such sale. If we sell shares of our common stock with an aggregate offering price of $25 million, we anticipate that our net proceeds, after deducting sales agent commissions and estimated expenses payable by us, will be approximately $24.3 million.

We intend to use the net proceeds from the sale of our securities pursuant to this prospectus supplement for acquiring investments in accordance with our investment objective and strategies described in this prospectus supplement, possibly repurchasing our outstanding preferred stock and for general working capital purposes. Based on our current business plan, we anticipate that substantially all of the net proceeds of this offering will be invested within three months after completion of this offering depending on the availability of investment opportunities that are consistent with our investment objective and other market conditions. We expect that it will take approximately one to three months to invest all of the proceeds of this offering, in part because equity and junior debt investments in CLO vehicles require substantial due diligence prior to investment. We may also pay operating expenses, including advisory and administrative fees and expenses, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering.

Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. The management fee payable by us will not be reduced while our assets are invested in such securities. See Regulation as a Closed-End Investment Company Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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PLAN OF DISTRIBUTION

Ladenburg Thalmann & Co. Inc. is acting as our sales agent in connection with the offer and sale of shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Upon written instructions from us, Ladenburg Thalmann & Co. Inc. will use its commercially reasonable efforts consistent with its sales and trading practices to sell, as our sales agent, our common stock under the terms and subject to the conditions set forth in our equity distribution agreement with Ladenburg Thalmann & Co. Inc. dated March 7, 2016. We will instruct Ladenburg Thalmann & Co. Inc. as to the amount of common stock to be sold by it. We may instruct Ladenburg Thalmann & Co. Inc. not to sell common stock if the sales cannot be effected at or above the price designated by us in any instruction. The sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less Ladenburg Thalmann & Co. Inc. s commission, will not be less than the net asset value per share of our common stock at the time of such sale. We or Ladenburg Thalmann & Co. Inc. may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act, including sales made directly on the NASDAQ Global Select Market or similar securities exchange or sales made to or through a market maker other than on an exchange at prices related to the prevailing market prices or at negotiated prices.

Ladenburg Thalmann & Co. Inc. will provide written confirmation of a sale to us no later than the opening of the trading day on the NASDAQ Global Select Market following each trading day in which shares of our common stock are sold under the equity distribution agreement. Each confirmation will include the number of shares of common stock sold on the preceding day, the net proceeds to us and the compensation payable by us to Ladenburg Thalmann & Co. Inc. in connection with the sales.

Ladenburg Thalmann & Co. Inc. will receive a commission from us equal to the lesser of (i) 2.0% of the gross sales price per share from such sale and (ii) the difference between the gross sale price per share from such sale and our most recently determined net asset value per share, with respect to any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. under the equity distribution agreement. We estimate that the total expenses for the offering, excluding compensation payable to Ladenburg Thalmann & Co. Inc. under the terms of the equity distribution agreement, will be approximately $185,000. In addition to the commission payable to Ladenburg Thalmann & Co. Inc., we have agreed to reimburse Ladenburg Thalmann & Co. Inc. for its reasonable out-of-pocket expenses, including fees and disbursements of counsel, incurred by Ladenburg Thalmann & Co. Inc. in connection with this offering; provided that such reimbursements shall not exceed $50,000.

Settlement for sales of shares of common stock will occur on the third trading day following the date on which such sales are made, or on some other date that is agreed upon by us and Ladenburg Thalmann & Co. Inc. in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the number of shares of our common stock sold through Ladenburg Thalmann & Co. Inc. under the equity distribution agreement and the net proceeds to us.

In connection with the sale of the common stock on our behalf, Ladenburg Thalmann & Co. Inc. may be deemed to be an underwriter within the meaning of the Securities Act, and the compensation of Ladenburg Thalmann & Co. Inc. may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to Ladenburg Thalmann & Co. Inc. against certain civil liabilities, including liabilities under the Securities Act.

The offering of our shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (i) the sale of the dollar amount of common stock subject to the equity distribution agreement or (ii) the termination of the equity distribution agreement. The equity distribution agreement may be terminated by us in our sole discretion under the circumstances specified in the equity distribution

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agreement by giving notice to Ladenburg Thalmann & Co. Inc.. In addition, Ladenburg Thalmann & Co. Inc. may terminate the equity distribution agreement under the circumstances specified in the equity distribution agreement by giving notice to us.

Potential Conflicts of Interest

Ladenburg Thalmann & Co. Inc. and its affiliates have provided, or may in the future provide, various investment banking, commercial banking, financial advisory, brokerage and other services to us and our affiliates for which services they have received, and may in the future receive, customary fees and expense reimbursement. In connection with our initial public offering of common stock, which was consummated on January 25, 2011, Ladenburg Thalmann & Co. Inc. served as the sole book running manager. We paid underwriting discounts and commissions of $2,555,000 to the underwriters. In connection with our rights offering consummated in August 2011, Ladenburg Thalmann & Co. Inc. served as dealer manager, and we paid fees of $355,163 to Ladenburg Thalmann & Co. Inc. In connection with our rights offering consummated in April 2012, Ladenburg Thalmann & Co. Inc. served as co-dealer manager, and we paid fees of an aggregate of $1,379,549 to the co-dealer managers. In connection with our Series 2017 Term Preferred Shares offering consummated in November 2012, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $711,506 to the joint book-running managers. In connection with our rights offering consummated in February 2013, Ladenburg Thalmann & Co. Inc. served as dealer manager, and we paid fees of an aggregate of $1,462,805 to the dealer manager. In connection with our preferred stock offering consummated in June 2013, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $862,000 to the joint book-running managers. In connection with our 2013 at the market offering, which commenced in August 2013, Ladenburg Thalmann & Co. Inc. served as our sales agent, and we agreed to pay Ladenburg Thalmann & Co. Inc. a commission equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. pursuant to such offering and to reimburse Ladenburg Thalmann & Co. Inc. up to $50,000 for reasonable out-of-pocket expenses. No sales were made pursuant to our 2013 at the market offering. In connection with our preferred stock offering consummated in November 2013, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $1,590,993 to the joint book-running managers. In connection with our rights offering that expired on March 3, 2014, Ladenburg Thalmann & Co. Inc. served as co-dealer manager, and we paid fees of an aggregate of $2,734,534 to the co-dealer managers. In connection with our common stock offering consummated in March 2014, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $930,000 to the joint book-running managers. In connection with our preferred stock offering consummated in May 2014, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $1,070,000 to the joint book-running managers. In connection with our at the market offering consummated in August 2014, Ladenburg Thalmann & Co. Inc. served as our sales agent, we have agreed to pay Ladenburg Thalmann & Co. Inc. a commission equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. pursuant to such offering and to reimburse Ladenburg Thalmann & Co. Inc. up to $50,000 for reasonable out-of-pocket expenses. In connection with our preferred stock offering in September 2014, Ladenburg Thalmann & Co. Inc. served as a financial advisor, and we paid fees of an aggregate of $61,250 to Ladenburg Thalmann & Co. Inc. In connection with our preferred stock offering in November 2014, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $1,000,000 to the joint book-running managers. In connection with our common stock offering in June 2015, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $1,008,000 to the joint book-running managers. In connection with our Series 2023 Term Preferred Shares offering consummated in June 2015, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of $1,200,000 to the joint book-running managers.

Ladenburg Thalmann & Co. Inc. and its affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, Ladenburg Thalmann & Co. Inc. and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of our company. Ladenburg Thalmann & Co. Inc. and its affiliates may also

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make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of Ladenburg Thalmann & Co. Inc. is 570 Lexington Avenue, 12th Floor, New York, NY 10022.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC. Certain legal matters in connection with the offering will be passed upon for the sales agent by Blank Rome LLP, New York, New York.

EXPERTS

The financial statements as of March 31, 2015 and for the year ended March 31, 2015 included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act. The registration statement contains additional information about us and the securities being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, semi-annual and quarterly reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC s website at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the SEC s Public Reference Section, Washington, D.C. 20549. This information is also available free of charge by contacting us at Oxford Lane Capital Corp., 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275, or on our website at *http://www.oxfordlanecapital.com*.

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OXFORD LANE CAPITAL CORP.

SCHEDULE OF INVESTMENTS DECEMBER 31, 2015 (Unaudited)

Item 1. Schedule of Investments

COMPANY[1]	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE[2]	% of Net Assets
Collateralized Loan Obligation — Debt Investments						
Neuberger Berman CLO XIII, Ltd.	structured finance	CLO secured notes Class F[3][4][6] (LIBOR + 6.50%, due January 23, 2024)	$4,500,000	$3,956,505	$2,835,000	
OFSI Fund VII, Ltd.	structured finance	CLO secured notes Class F[3][4][6] (LIBOR + 5.65%, due October 18, 2026)	5,564,000	4,683,930	3,797,430	
Telos CLO 2013-3, Ltd.	structured finance	CLO secured notes Class F[3][4][6] (LIBOR + 5.50%, due January 17, 2024)	3,000,000	2,740,813	2,144,700	
Total Collateralized Loan Obligation — Debt Investments				$11,381,248	$8,777,130	5.95%
Collateralized Loan Obligation — Equity Investments						
AIMCO CLO, Series 2014-A	structured finance	CLO subordinated notes[5][7] (Estimated yield 14.56%, maturity July 20, 2026)	$26,000,000	$18,475,415	$11,462,343	

AMMC CLO XII, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 15.42%, maturity May 10, 2025)	7,178,571	4,203,484	3,589,286
Ares XXV CLO Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 8.24%, maturity January 17, 2024)	15,500,000	10,037,890	6,975,000
Ares XXVI CLO Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 15.16%, maturity April 15, 2025)	3,750,000	2,258,827	1,510,543
Ares XXIX CLO Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 13.03%, maturity April 17, 2026)	12,750,000	9,722,887	5,284,986
Atrium XII CLO	structured finance	CLO subordinated notes(5)(7)(9) (Estimated yield 15.27%, maturity October 22, 2026)	42,762,500	38,798,720	40,624,375
Battalion CLO VII Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 14.52%, maturity October 17, 2026)	24,000,000	19,926,415	12,960,000
Benefit Street Partners CLO V Ltd.	structured finance	CLO preference shares(5)(7) (Estimated yield 15.38%, maturity October 20,	15,000,000	12,318,648	8,550,000

		2026)			
B&M CLO 2014-1 LTD	structured finance	CLO subordinated notes(5)(7) (Estimated yield 20.54%, maturity April 16, 2026)	2,000,000	1,258,606	840,000
Carlyle Global Market Strategies CLO 2013-2, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 22.02%, maturity April 18, 2025)	10,125,000	6,633,286	5,932,128
Carlyle Global Market Strategies CLO 2015-1, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 17.99%, maturity April 20, 2027)	5,000,000	3,719,509	3,250,000
Cedar Funding III CLO, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 10.53%, maturity May 20, 2026)	21,000,000	15,926,907	11,550,000
Catamaran CLO 2015-1 Ltd	structured finance	CLO subordinated notes(5)(7) (Estimated yield 15.49%, maturity April 22, 2027)	27,348,000	21,776,455	17,229,240
Hull Street CLO Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 17.26%, maturity October 18, 2026)	15,000,000	12,257,336	7,050,000
Ivy Hill Middle Market Credit VII, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 16.00%, maturity October 20,	7,000,000	5,814,217	5,090,846

2025)

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See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

SCHEDULE OF INVESTMENTS (continued) DECEMBER 31, 2015 (Unaudited)

COMPANY[1]	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE[2]	% of Net Assets
Collateralized Loan Obligation Equity Investments (continued)						
Longfellow Place CLO IX, Ltd.	structured finance	CLO subordinated notes[5][7] (Estimated yield 26.61%, maturity January 15, 2024)	$2,562,000	$1,340,593	$851,186	
Mountain Hawk II CLO, Ltd.	structured finance	CLO subordinated notes[5][7] (Estimated yield 7.40%, maturity July 20, 2024)	10,000,000	8,604,118	4,079,000	
Mountain Hawk III CLO, Ltd.	structured finance	CLO income notes[5][7] (Estimated yield 11.53%, maturity April 18, 2025)	15,000,000	11,652,062	4,530,618	
	structured finance	CLO M notes[8] (Maturity April 18, 2025)	2,389,676		504,255	
Neuberger Berman CLO XIII, Ltd.	structured finance	CLO subordinated notes[5][7] (Estimated yield 6.07%, maturity January 23, 2024)	6,255,000	2,951,642	1,876,500	
OFSI Fund VII, Ltd.	structured finance	CLO subordinated notes[5][7]	28,840,000	21,990,221	14,632,151	

		(Estimated yield 15.04%, maturity October 18, 2026)			
OZLM XIV, LTD	structured finance	CLO subordinated notes(5)(7)(9) (Estimated yield 15.01%, maturity January 15, 2029)	13,500,000	11,451,897	11,340,000
OZLM VII Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 15.85%, maturity July 17, 2026)	20,000,000	15,321,404	11,129,174
Parallel 2015-1 Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 18.07%, maturity July 20, 2027)	7,750,000	6,334,863	4,882,500
Seneca Park CLO, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 15.65%, maturity July 17, 2026)	32,000,000	25,638,507	17,605,066
Shackleton II CLO, Ltd.	structured finance	CLO income notes(5)(7) (Estimated yield 11.85%, maturity October 20, 2023)	10,000,000	7,978,555	4,800,000
Sound Point CLO VIII, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 23.96%, maturity April 15, 2027)	5,000,000	3,648,964	3,151,478
	structured finance	CLO subordinated F notes(8) (Maturity April 15, 2027)	224,719	202,247	201,422
			10,000,000	8,912,931	7,500,000

Sound Point CLO IX, Ltd.	structured finance	CLO subordinated notes(5)(7)(9) (Estimated yield 16.02%, maturity July 20, 2027)			
Telos CLO 2013-3, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 16.16%, maturity January 17, 2024)	13,333,334	9,344,946	6,933,334
Telos CLO 2013-4, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 23.42%, maturity July 17, 2024)	8,700,000	5,835,170	4,447,097
TICP CLO IV, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 17.85%, maturity July 20, 2027)	19,750,000	16,471,270	12,442,500
Venture XVI CLO, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 19.56%, maturity April 15, 2026)	15,000,000	11,863,230	7,288,945
Venture XVII CLO, Ltd.	structured finance	CLO subordinated notes(5)(7) (Estimated yield 20.99%, maturity July 15, 2026)	13,000,000	9,727,082	6,537,397

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See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

SCHEDULE OF INVESTMENTS (continued) DECEMBER 31, 2015 (Unaudited)

COMPANY[1]	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE[2]	% of Net Assets
Collateralized Loan Obligation Equity Investments (continued)						
Venture XVIII CLO, Ltd.	structured finance	CLO subordinated notes[5][7] (Estimated yield 18.13%, maturity October 15, 2026)	$7,000,000	$5,565,123	$3,802,255	
	structured finance	CLO subordinated F notes[8] (Maturity October 15, 2026)	357,055		301,432	
Wind River 2014-3 CLO Ltd.	structured finance	CLO subordinated notes[5][7] (Estimated yield 15.46%, maturity January 22, 2027)	18,530,000	16,158,021	13,526,900	
Other CLO equity related investments	structured finance	CLO other[8]			3,376,460	
Total Collateralized Loan Obligation Equity Investments				$384,121,448	$287,638,417	195.13%
Total Investments				**$395,502,696**	**$296,415,547**	**201.08%**
LIABILITIES IN EXCESS OF OTHER ASSETS					(149,009,533)	
NET ASSETS (equivalent to $8.13 per share based on 18,137,818 shares of common stock outstanding)					**147,406,014**	

(1) We do not control and are not an affiliate of any of our portfolio companies, each as defined in the Investment Company Act of 1940 (the 1940 Act). In general, under the 1940 Act, we would be presumed to control a portfolio company if we owned 25% or more of its voting securities and would be an affiliate of a portfolio company if we owned 5% or more of its voting securities.

(2) Fair value is determined in good faith by the Board of Directors of the Company.

(3) Notes bear interest at variable rates.

(4) Cost value reflects accretion of original issue discount or market discount, and amortization of premium.

(5) Cost value reflects accretion of effective yield less any cash distributions received or entitled to be received from CLO equity investments.

(6) The CLO secured notes generally bear interest at a rate determined by reference to three-month LIBOR which resets quarterly. For each CLO debt investment, the rate determined by reference is as of December 31, 2015.

(7) The CLO subordinated notes and income notes are considered equity positions in the CLO funds. Equity investments are entitled to recurring distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund s securities less contractual payments to debt holders and fund expenses. The estimated yield indicated is based upon a current projection of the amount and timing of these recurring distributions and the estimated amount of repayment of principal upon termination. Such projections are periodically reviewed and adjusted, and the estimated yield may not ultimately be realized.

(8) Fair value represents discounted cash flows associated with fees earned from CLO equity investments.

(9) Investment has not made inaugural distribution for relevant period end. See Note 3. Investment Income.

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 (Unaudited)

NOTE 1. INVESTMENT VALUATION

Oxford Lane Capital Corp. (OXLC , we or the Fund) fair values its investment portfolio in accordance with the provisions of ASC 820, *Fair Value Measurement and Disclosure*. An estimate made in the preparation of OXLC s financial statements is the valuation of investments, as well as the related amounts of unrealized appreciation and depreciation of investments recorded. OXLC believes that there is no single definitive method for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments OXLC makes.

ASC 820-10 clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities in markets that are not active; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. OXLC considers the attributes of current market conditions on an on-going basis and has determined that due to the general illiquidity of the market for its investment portfolio, whereby little or no market data exists, almost all of OXLC s investments are based upon Level 3 inputs as of December 31, 2015.

The Fund may also invest directly in senior secured loans (either in the primary or secondary markets). In valuing such investments, Oxford Lane Management, LLC (OXLC Management) will prepare an analysis of each loan, including a financial summary, covenant compliance review, recent trading activity in the security, if known, and other business developments related to the portfolio company. Any available information, including non-binding indicative bids obtained from a recognized industry pricing service and agent banks which may not be considered reliable, will be presented to the OXLC Board of Directors (the Board or Board of Directors) to consider in its determination of fair value. In some instances, there may be limited trading activity in a security even though the market for the security is considered not active. In such cases the Board will consider the number of trades, the size and timing of each trade and other circumstances around such trades, to the extent such information is available, in its determination of fair value. At December 31, 2015, the Fund did not have any direct investments in senior secured loans.

Collateralized Loan Obligations   Debt and Equity

OXLC has acquired debt and equity positions in CLO investment vehicles and has purchased CLO warehouse facilities. These investments are special purpose financing vehicles. In valuing such investments, OXLC considers the operating metrics of the specific investment vehicle, including compliance with collateralization tests, defaulted and restructured securities, and payment defaults, if any. In addition, OXLC considers the indicative prices provided by a recognized industry pricing service as a primary source, and the implied yield of such prices, supplemented by actual trades executed in the market at or around period-end, as well as the indicative prices provided by the broker who arranges transactions in such investment vehicles. OXLC also considers those instances in which the record date for an equity distribution payment falls on the last day of the period, and the likelihood that a prospective purchaser would require a downward adjustment to the indicative price representing substantially all of the pending distribution. Additional factors include any available information on other relevant transactions including firm bids and offers in the market and information resulting from bids-wanted-in-competition. OXLC Management or the Board of Directors may request an additional analysis by a third-party firm to assist in the valuation process of CLO investment vehicles. All information is presented to the Board of Directors for its determination of fair value of these investments.

OXFORD LANE CAPITAL CORP.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 (Unaudited)

NOTE 2. FAIR VALUE

The Fund s assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820-10 at December 31, 2015, were as follows:

Assets	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1) ($ in millions)	Significant Other Observable Inputs (Level 2) ($ in millions)	Significant Unobservable Inputs (Level 3) ($ in millions)	Total ($ in millions)
CLO debt	$	$	$ 8.8	$ 8.8
CLO equity			287.6	287.6
Total	$	$	$ 296.4	$ 296.4

Financial Instruments Disclosed, But Not Carried, At Fair Value

The following table presents the carrying value and fair value of the Fund s financial liabilities disclosed, but not carried, at fair value as of December 31, 2015 and the level of each financial liability within the fair value hierarchy:

($ in millions)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Series 2023 Term Preferred Shares	$ 107.8	$ 104.0	$	$ 104.0	$
Series 2024 Term Preferred Shares	60.7	61.4		61.4	
Total	$ 168.5	$ 165.4	$	$ 165.4	$

Significant Unobservable Inputs for Level 3 Investments

In accordance with ASC 820-10, the following table provides quantitative information about the Fund s Level 3 fair value measurements as of December 31, 2015. The Fund s valuation policy, as described above, establishes parameters for the sources and types of valuation analysis, as well as the methodologies and inputs that the Fund uses in determining fair value. If the Board of Directors or OXLC Management determines that additional techniques, sources or inputs are appropriate or necessary in a given situation, such additional work may be undertaken. The weighted average calculations in the table below are based on the principal balances within each respective valuation techniques and methodologies and asset category.

	Quantitative Information about Level 3 Fair Value Measurements				
Assets	Fair Value as of December 31, 2015 ($ in millions)	Valuation Techniques/ Methodologies	Unobservable Input	Range/Weighted Average	
CLO debt	$6.0	Market quotes	NBIB[1]	68.3%	71.5%/69.4%
	2.8	Liquidation Analysis	N/A	N/A[3]	
CLO equity	267.8	Market quotes	NBIB[1]	30.0%	95.0%/57.3%
	11.3	Recent transactions	Actual trade[2]	N/A[3]	
	4.1	Discounted cash flow	Discount rate	N/A[3]	
CLO equity side letters	4.4	Discounted cash flow	Discount rate	10.6%	16.2%/13.5%
Total Fair Value for Level 3 Investments	$296.4				

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OXFORD LANE CAPITAL CORP.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 (Unaudited)

NOTE 2. FAIR VALUE (continued)

(1) The Fund generally uses prices provided by an independent pricing service or broker or agent bank non-binding indicative bid prices (NBIB) on or near the valuation date as the primary basis for the fair value determinations for CLO debt and equity investments, which may be adjusted for pending equity distributions as of valuation date. These bid prices are non-binding, and may not be determinative of fair value. Each bid price is evaluated by the OXLC Valuation Committee (the Valuation Committee) in conjunction with additional information compiled by OXLC Management, including performance and covenant compliance information as provided by the independent trustee.

(2) Prices provided by independent pricing service are evaluated in conjunction with actual trades, and in certain cases, the value represented by actual trades may be more representative of fair value as determined by the Valuation Committee.

(3) Represents a single investment fair value position, and therefore the range/weighted average is not applicable.

Significant increases or decreases in any of the unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

NOTE 3. INVESTMENT INCOME

Interest Income Equity Investments

Interest income from investments in the equity class securities of CLO vehicles (typically income notes or subordinated notes) is recorded using the effective interest method in accordance with the provisions of ASC 325-40, *Beneficial Interests in Securitized Financial Assets*, based upon an estimation of an effective yield to maturity utilizing assumed cash flows, including those CLO equity investments that have not made their inaugural distribution for the relevant period end. The Fund monitors the expected residual payments, and effective yield is determined and updated quarterly, as needed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by the Fund during the period.

The Fund also records income on its investments in CLO warehouse facilities based on a stated rate as per the underlying note purchase agreement or an estimated rate.

Interest Income   Debt Investments

Interest income is recorded on an accrual basis using the contractual rate applicable to each debt investment and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Generally, when interest and/or principal payments on a loan become past due, or if the Fund otherwise does not expect the borrower to be able to service its debt and other obligations, the Fund will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to restructuring such that the interest income is deemed to be collectible. The Fund generally restores non-accrual loans to accrual status when past due principal and interest is paid and, in the Fund s judgment, the payments are likely to remain current. As of December 31, 2015, the Fund had no non-accrual assets held in its portfolio.

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OXFORD LANE CAPITAL CORP.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 (Unaudited)

NOTE 3. INVESTMENT INCOME (continued)

Other Income

Other income includes distributions from fee letters and success fees associated with portfolio investments. Distributions from CLO equity fee letter investments are an enhancement to the return on a CLO equity investment and are based upon a percentage of the collateral manager s fees, and are recorded as other income when earned. The Fund may also earn success fees associated with its investments in CLO warehouse facilities, which are contingent upon a take-out of the warehouse by a permanent CLO structure; such fees are earned and recognized when the take-out is completed.

NOTE 4. U.S. FEDERAL INCOME TAXES

The Fund intends to operate so as to qualify to be taxed as a RIC under Subchapter M of the U.S. Tax Code (the Code) and, as such, to not be subject to U.S. federal income tax on the portion of its taxable income and gains distributed to stockholders. To qualify for RIC tax treatment, OXLC is required to distribute at least 90% of its investment company taxable income, as defined by the Code.

Because U.S. federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statement to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. Our dividend policy is based upon our estimate of our taxable net investment income, which includes actual distributions from our CLO equity class investments, with further consideration given to our realized gains or losses on a taxable basis.

As of December 31, 2015, the cost and net unrealized depreciation of securities on a tax basis were as follows:

Cost for federal income tax purposes	$436,446,403
Gross unrealized appreciation	$7,325,191
Gross unrealized depreciation	(147,356,047)
Net unrealized depreciation	$(140,030,856)

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NOTE 4. U.S. FEDERAL INCOME TAXES

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$500,000,000

Oxford Lane Capital Corp.

Common Stock
Preferred Stock
Subscription Rights
Debt Securities

We are a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to maximize our portfolio s total return. We have implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit.

We may offer, from time to time, in one or more offerings or series, up to $500,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, which we refer to, collectively, as our securities. The preferred stock and subscription rights offered hereby may be convertible or exchangeable into shares of our common stock. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share of our common stock less any underwriting discounts or commissions will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority of our common stockholders or (iii) under such other circumstances as the Securities and Exchange Commission (SEC) may permit.

Our securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. Each prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, discount or commissions arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On November 19, 2015, the last reported sales price on the NASDAQ Global Select Market for our common stock was $11.28

per share. Our Series 2023 Term Preferred Shares and our Series 2024 Term Preferred Shares are also traded on the NASDAQ Global Select Market under the symbols OXLCO and OXLCN, respectively. On November 19, 2015, the last reported sales prices on the NASDAQ Global Select Market of our Series 2023 Term Preferred Shares and our Series 2024 Term Preferred Shares were $23.86 and $25.15 per share, respectively. We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of September 30, 2015 was $11.33.

This prospectus and any accompanying prospectus supplement contains important information about us that a prospective investor should know before investing in our securities. Please read this prospectus and any accompanying prospectus supplement before investing and keep it for future reference. We are required to file annual, semi-annual and quarterly reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us by mail at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275 or on our website at *http://www.oxfordlanecapital.com*. The SEC also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

An investment in our securities is subject to risks and involves a heightened risk of total loss of investment. Shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page 18 to read about factors you should consider, including the risk of leverage, before investing in our securities.

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.

This prospectus may not be used to consummate sales of our securities unless accompanied by a prospectus supplement. This prospectus and any accompanying prospectus supplement will together constitute the prospectus for an offering of the Company s securities.

The date of this prospectus is November 24, 2015.

You should rely only on the information contained, collectively, in this prospectus and any accompanying prospectus supplement. We have not authorized any person to give any information or to make any representation other than those contained in this prospectus or any accompanying prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any accompanying prospectus do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers; however, the prospectus and any accompanying prospectus supplement will be updated to reflect any material changes.

OXFORD LANE CAPITAL CORP.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, in one or more offerings up to $500,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, on terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between information in this prospectus and any accompanying prospectus supplement, you should rely only on the information contained in the prospectus supplement. Please carefully read this prospectus and the prospectus supplement together with any exhibits and the additional information described under the headings Available Information and Risk Factors before you make an investment decision.

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SUMMARY

The following summary contains basic information about this offering. It may not contain all the information that is important to an investor. For a more complete understanding of this offering, you should read this entire document and the documents to which we have referred.

Except where the context requires otherwise, the terms Oxford Lane Capital, the Company, the Fund, we, us and our refer to Oxford Lane Capital Corp.; Oxford Lane Management and investment adviser refer to Oxford Lane Management, LLC; BDC Partners and administrator refer to BDC Partners, LLC; and Alaric and Alaric Compliance Services refer to Alaric Compliance Services, LLC.

Overview

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio s risk-adjusted total return.

We have implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Below investment grade securities are often referred to as junk. Our investment strategy also includes warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from $5 million to $50 million, although the investment size may vary consistent with the size of our overall portfolio.

Oxford Lane Management manages our investments and its affiliate arranges for the performance of the administrative services necessary for us to operate.

Distributions

In order to qualify as a regulated investment company, or RIC, and to eliminate our liability for corporate-level U.S. federal income tax on the income we distribute to our stockholders, we are required, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, to distribute to our stockholders on an annual basis at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

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The following table reflects the cash distributions, including dividends, distributions reinvested and returns of capital, if any, per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount[(1)]
Fiscal 2016			
November 4, 2015	December 16, 2015	December 31, 2015	$0.60
July 29, 2015	September 30, 2015	October 30, 2015	0.60
May 13, 2015	June 16, 2015	June 30, 2015	0.60
Total (2016)			1.80
Fiscal 2015			
January 28, 2015	March 17, 2015	March 31, 2015	0.60
November 5, 2014	December 17, 2014	December 31, 2014	0.60
August 1, 2014	September 16, 2014	September 30, 2014	0.60
May 19, 2014	June 16, 2014	June 30, 2014	0.60
Total (2015)			2.40
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 (2)
November 6, 2013	December 17, 2013	December 31, 2013	0.55
July 24, 2013	September 16, 2013	September 30, 2013	0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			2.35
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			$11.05

(1) All of our cash distributions to date were funded from net investment income, except approximately $0.07 per share, $0.38 per share and $0.14 per share of the distributions paid on June 29, 2012, June 28, 2013, and June 30, 2014, respectively, which were funded from long term capital gains. The tax characterization of cash distributions for the year ended March 31, 2015 will not be known until the tax return for that year is finalized.

(2) Represents a special dividend for the fiscal year ended March 31, 2014.

For the six months ended September 30, 2015, we paid dividends totaling $421,888, $3,430,173 and $2,465,855 on the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series 2024 Term Preferred Shares, respectively. For the fiscal year ended March 31, 2015, we paid $1,344,083,

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$5,286,287 and $2,912,844 on the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series 2024 Term Preferred Shares, respectively. For fiscal year 2014, we paid $1,344,083 and $2,638,151 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively. For fiscal year 2013, we paid $459,228 in preferred dividends on the Series 2017 Term Preferred Shares. The 2017 Term Preferred Shares were fully redeemed in July 2015.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2015, 2014, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. For the fiscal periods ended March 31, 2014, 2013, 2012 and 2011, taxable earnings exceeded our distributions, and there was no tax return of capital for these years. The tax characterization of distributions for the year ended March 31, 2015 will not be known until the tax return is finalized. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder s original investment in our common stock to the extent of a shareholder s basis in our stock. Generally, a tax return of capital will reduce an investor s basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a distribution consisting of a return of capital. The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

We have elected to be treated, and intend to continue to qualify annually, as a RIC under Subchapter M of the Code beginning with our 2011 taxable year. To maintain RIC tax treatment, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. In order to avoid certain U.S. federal excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our ordinary income for the calendar year; (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year; and, (3) 100% of any ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax. In addition, although we currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated as if you had received an actual distribution of the capital gains we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We may make distributions by issuing additional shares of our common stock under our distribution reinvestment plan, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. We reserve the right to purchase shares in the open market in connection with our implementation of the distribution reinvestment plan. See Distribution Reinvestment Plan. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

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Distribution Policy

Oxford Lane is subject to significant and variable differences between its accounting income and its taxable income particularly as it relates to our CLO equity investments. We invest in CLO entities which generally constitute passive foreign investment companies and which are subject to complex tax rules; the calculation of taxable income attributed to a CLO equity investment can be dramatically different from the calculation of income for financial reporting purposes. Taxable income is based upon the distributable share of earnings as determined under tax regulations for each CLO equity investment, which may be consistent with the cash flows generated by those investments (although significant differences are possible), while accounting income is currently based upon an effective yield calculation. The Fund s final taxable earnings for the six months ending September 30, 2015 will not be known until our tax returns are filed but our experience has been that cash flows have historically represented a generally reasonable estimate of taxable earnings. While reportable GAAP earnings from our CLO equity investments for the six months ended September 30, 2015 were approximately $28.6 million, we received or were entitled to receive approximately $43.1 million in distributions. In general, we currently expect our annual taxable income to be higher than our GAAP earnings on the basis of the difference between cash distributions actually received (and record date distributions to be received) and the effective yield income. Our distribution policy is based upon our estimate of our taxable net investment income, with further consideration given to our realized gains or losses, if any, on a taxable basis.

Oxford Lane Management

Our investment activities are managed by Oxford Lane Management, which is an investment adviser that has registered under the Investment Advisers Act of 1940, or the Advisers Act. Under our investment advisory agreement with Oxford Lane Management, which we refer to as our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets, as well as an incentive fee based on our performance. See Investment Advisory Agreement.

We expect to benefit from the ability of our investment adviser s team to identify attractive opportunities, conduct diligence on and value prospective investments, negotiate terms where appropriate, and manage and monitor a diversified portfolio although we do not intend to operate as a diversified investment company within the meaning of the 1940 Act. Our investment adviser s senior investment team members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts to provide us with our principal source of investment opportunities.

Our investment adviser is led by Jonathan H. Cohen, our Chief Executive Officer, and Saul B. Rosenthal, our President. Messrs. Cohen and Rosenthal are assisted by Darryl M. Monasebian, Executive Vice President, and Hari Srinivasan and Debdeep Maji, who serve as Managing Directors for Oxford Lane Management. We consider Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji to be Oxford Lane Management s senior investment team.

Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji together with the other members of Oxford Lane Management s investment team, have developed an infrastructure that we believe provides Oxford Lane Capital with a competitive advantage in locating and acquiring attractive CLO investments.

Charles M. Royce is a non-managing member of Oxford Lane Management. Mr. Royce serves as Chief Executive Officer and a member of the Board of Managers of Royce & Associates, LLC (Royce & Associates). He also manages or co-manages ten of Royce & Associates open- and closed-end registered funds. Mr. Royce currently serves on the

Board of Directors of The Royce Funds and TICC Capital Corp. Mr. Royce is also a non-managing member of TICC Management, LLC, the investment adviser for TICC Capital Corp. Mr. Royce, as a non-managing member of Oxford Lane Management, does not take part in the management or participate in the operations of Oxford Lane Management; however, Mr. Royce may be available from time to time to Oxford Lane Management to provide certain consulting services without compensation. Royce & Associates is a wholly owned subsidiary of Legg Mason, Inc.

In addition, we will reimburse BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under an administration agreement by and among us and BDC Partners (the Administration Agreement), including

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rent, the fees and expenses associated with performing administrative functions, and our allocable portion of the compensation of our Chief Financial Officer and any administrative support staff, including accounting personnel. We will also pay the costs associated with the functions performed by our Chief Compliance Officer under the terms of an agreement between us and Alaric Compliance Services, a compliance consulting firm. These arrangements could create conflicts of interest that our Board of Directors must monitor.

Investment Focus

Our investment objective is to maximize our portfolio s risk-adjusted total return. Our current focus is to seek that return by investing in structured finance investments, specifically the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of Senior Loans, and which generally have very little or no exposure to real estate loans, or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy also includes investing in warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. As of September 30, 2015, we held debt investments in three different CLO structures, equity investments in 38 different CLO structures, and subordinated notes (i.e. equity) in two warehouse facilities. We may also invest, on an opportunistic basis, in a variety of other types of corporate credits.

The CLO investments we currently hold in our portfolio generally represent either a residual economic interest, in the case of an equity tranche, or a debt investment collateralized by a portfolio of Senior Loans. The value of our CLO investments generally depend on both the quality and nature of the underlying portfolio it references and also on the specific structural characteristics of the CLO itself.

CLO Structural Elements

Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are generally limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit.

A CLO vehicle is formed by raising multiple tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. As interest payments are received the CLO vehicle makes contractual interest payments to each tranche of debt based on their seniority. If there are funds remaining after each tranche of debt receives its contractual interest rate and the CLO vehicle meets or exceeds required collateral coverage levels (or other similar covenants) the remaining funds may be paid to the equity tranche. The contractual provisions setting out this order of payments are set out in detail in the CLO vehicle s indenture. These provisions are referred to as the priority of payments or the waterfall and determine any other obligations that may be required to be paid ahead of payments of interest and principal on the securities issued by a CLO vehicle. In addition, for payments to be made to each tranche, after the most senior tranche of debt, there are various tests which must be complied with, which are different for each CLO vehicle.

CLO indentures typically provide for adjustments to the priority of payments in the event that certain cashflow or collateral requirements are not maintained. The collateral quality tests that may divert cashflows in the priority of payments are predominantly determined by reference to the par values of the underlying loans, rather than their current market values. Accordingly, we believe that CLO equity and junior debt investments allow investors to gain diversified exposure to the Senior Loan market on a levered basis without being structurally subject to mark-to-market price fluctuations of the underlying loans. As such, although the current valuations of CLO equity and junior debt tranches are expected to fluctuate based on price changes within the loan market, interest rate movements and other macroeconomic factors, those tranches will generally be expected to continue to receive distributions from the CLO vehicle periodically so long as the underlying portfolio does not suffer defaults, realized losses or other covenant violations sufficient to trigger changes in the waterfall allocations. We therefore believe that an investment portfolio consisting of CLO equity and junior debt investments of this type has the ability to provide attractive risk-adjusted rates of return.

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The diagram below is for illustrative purposes only. The CLO structure highlighted below is only a hypothetical structure and structures among CLO vehicles in which we may invest may vary substantially from the hypothetical example set forth below.

The Syndicated Senior Loan Market

We believe that while the syndicated leveraged corporate loan market is relatively large, with Standard and Poor s estimating the total par value outstanding at approximately $847 billion as of October 27, 2015, this market remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market permits wider exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

The Senior Loan market is characterized by various factors, including:

Seniority. A Senior Loan typically ranks senior in a company s capital structure to all other forms of debt or equity. As such, that loan generally maintains the senior-most claim on the company s assets and cash flow, and, we believe should, all other things being equal, offer the prospect of a relatively more stable and lower-risk holding.
Floating rate instruments. A Senior Loan typically contains a floating versus a fixed interest rate, which we believe provides some measure of protection against the risk of interest rate fluctuation.
Frequency of interest payments. A Senior Loan typically provides for scheduled interest payments no less frequently than quarterly.

In the current environment, we believe the above attributes seem particularly desirable.

Investment Opportunity

We believe that the market for CLO-related assets continues to provide us with the opportunity to generate attractive risk-adjusted returns within our strategy. We believe that a number of factors support this conclusion, including:

We believe that the long-term and relatively low-cost capital that many CLO vehicles have secured, compared with current asset spreads and associated LIBOR floors have created opportunities to purchase certain CLO equity and junior debt instruments that may produce attractive risk-adjusted returns. Although the senior secured corporate loan market has been volatile recently due in part to the oil and gas sector, this volatility may be beneficial as it has allowed some collateral managers of CLO vehicles to invest in loans at greater discounts to par and at wider loan spreads. Additionally, given that the CLO vehicles we invest in are not mark-to-market vehicles, this term financing is extremely beneficial in periods of market volatility that we are currently experiencing. We believe that CLO equity and junior debt instruments continue to offer attractive risk-adjusted returns.

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We believe that the market to invest in warehouse facilities, which are short and medium-term facilities that are generally expected to form the basis of CLO vehicles (which we may participate in or be repaid by), has created additional attractive risk-adjusted investment opportunities for us.

We believe that investing in CLO securities, and CLO equity instruments and warehouse facilities in particular, requires a high level of research and analysis. We believe that transactions in this market can only be adequately conducted by knowledgeable market participants since this market and these structures tend to be highly specialized.

We believe that the U.S. risk retention requirements imposed for CLO managers under Section 941 of the Dodd-Frank Act has created some uncertainty in the market in regards to future CLO issuances. Given that certain CLO managers may require capital provider partners to satisfy this requirement when it becomes effective on December 24, 2016, we believe that this may create additional opportunities (and additional risks) for us in the future.

We believe that the U.S. CLO market is relatively large with total assets under management of approximately $426 billion.[1] We estimate that the amount outstanding of the junior-most debt tranches (specifically the tranches originally rated BB and B) and equity tranches together are approximately $65 billion.[2]

We continue to review a large number of CLO investment vehicles in the current market environment, and we expect that the majority of our portfolio holdings, over the near to intermediate-term, will continue to be focused on CLO debt and equity securities, with the more significant focus over the near-term on CLO equity securities and warehouse facilities.

Summary Risk Factors

The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Oxford Lane Capital involves other risks, including the following:

- We have a limited operating history as a closed-end investment company;
- Our investment portfolio is recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our portfolio investments;
- We are dependent upon Oxford Lane Management s key personnel for our future success;
- Our incentive fee structure and the formula for calculating the fee payable to Oxford Lane Management may incentivize Oxford Lane Management to pursue speculative investments, use leverage when it may be unwise to do so, or refrain from de-levering when it would otherwise be appropriate to do so;
- A general increase in interest rates may have the effect of making it easier for our investment adviser to receive incentive fees, without necessarily resulting in an increase in our net earnings;
- Our portfolio of investments may lack diversification among CLO vehicles which may subject us to a risk of significant loss if one or more of these CLO vehicles experiences a high level of defaults on its underlying Senior Loans;
- The Senior Loan portfolios of the CLO vehicles in which we will invest may be concentrated in a limited number of industries, which may subject those vehicles, and in turn us, to a risk of significant loss if there is a downturn in a particular industry in which a number of our CLO vehicles investments are concentrated;

1. As of October 13, 2015. Source: Wells Fargo Securities, LLC.

2. Oxford Lane has estimated this amount based on Guggenheim CLO new issue summary, dated October 20, 2015.

The application of the risk retention rules to CLOs may have broader effects on the CLO and loan markets in general, potentially resulting in fewer or less desirable investment opportunities for the Company.
Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in such CLO vehicles defaults on its payment obligations or fails to perform as we expect;
Investing in CLO vehicles, Senior Loans and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance;
Our equity investment distributions from CLO vehicles will likely be materially reduced if three month LIBOR increases;
A disruption or downturn in the capital markets and the credit markets could impair our ability to raise capital and negatively affect our business;
Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage;
We may borrow money and/or issue preferred stock to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and will increase the risk of investing in us;
We may experience fluctuations in our quarterly results;
We will be subject to corporate-level U.S. federal income tax if we are unable to maintain our RIC status under Subchapter M of the Code;
Common shares of closed-end management investment companies, including Oxford Lane Capital, have in the past frequently traded at discounts to their net asset values, and we cannot assure you that the market price of shares of our common stock will not decline below our net asset value per share;
Our common stock price may be volatile and may decrease substantially;
There is a risk that our stockholders may not receive distributions or that our distributions may not grow or may be reduced over time, including on a per share basis as a result of the dilutive effects of this offering;
Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, will not be available for distributions to our common stockholders;
Our common stock is subject to a risk of subordination relative to holders of our debt instruments and holders of our preferred stock; and
Holders of our preferred stock have the right to elect members of our Board of Directors and class voting rights on certain matters.

See Risk Factors beginning on page 18, and the other information included in this prospectus and any accompanying prospectus supplement, for additional discussion of factors you should carefully consider before investing in our securities.

Operating and Regulatory Structure

Oxford Lane Capital is a Maryland corporation that is a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. As a registered closed-end fund, we are required to meet regulatory tests. See Regulation as a Registered Closed-End Investment Company. We may also borrow funds to make investments. In addition, we have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations.

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Our investment activities are managed by Oxford Lane Management and supervised by our Board of Directors. Oxford Lane Management is an investment adviser that is registered under the Advisers Act. Under our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory Agreement. We have also entered into an administration agreement with BDC Partners, which we refer to as the Administration Agreement, under which we have agreed to reimburse BDC Partners for our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement.

BDC Partners also serves as the managing member of Oxford Lane Management. Messrs. Cohen and Rosenthal, in turn, serve as the managing member and non-managing member, respectively, of BDC Partners.

Recent Developments

Distributions and Dividends

On November 4, 2015, our Board of Directors declared a distribution of $0.60 per share of common stock for the third fiscal quarter of 2016, which is payable on December 31, 2015 to shareholders of record as of December 16, 2015.

On November 4, 2015, our Board of Directors declared dividends on the Series 2023 and Series 2024 Term Preferred Shares for the months of December 2015, January 2016 and February 2016.

Our Corporate Information

Our offices are located at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, and our telephone number is (203) 983-5275.

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OFFERINGS

We may offer, from time to time, up to $500,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus. The offering price per share of our securities, less any underwriting commissions or discounts, generally will not be less than the net asset value per share of our securities at the time of an offering. However, we may issue shares of our securities pursuant to this prospectus at a price per share that is less than our net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority of our common stockholders or (iii) under such other circumstances as the SEC may permit. Any such issuance of shares of our common stock below net asset value may be dilutive to the net asset value of our common stock. See Risk Factors Risks Relating to an Investment in our Common Stock.

Our securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Set forth below is additional information regarding offerings of our securities:

Use of Proceeds