

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85406; TP File No. TP 19-03)

March 25, 2019

Order Granting CNL Strategic Capital, LLC a Limited Exemption from Rule 102(a) of Regulation M pursuant to Rule 102(e)

By letter dated March 25, 2019 (the “Letter”), as supplemented by conversations with the staff of the Division of Trading and Markets, counsel for CNL Strategic Capital, LLC (the “Company”) requested that the Commission grant an exemption from Rule 102(a) of Regulation M to permit the Company to effect repurchases of shares of its limited liability interests (the “shares”) pursuant to its proposed share repurchase program (the “Share Repurchase Program”).

As a consequence of the continuous offering of the Company’s shares, the Company will be engaged in a distribution of its shares pursuant to Rule 102 of Regulation M. As a result, bids for or purchases of its shares or any reference security by the Company or any affiliated purchaser of the Company are prohibited during the restricted period applicable under Rule 102, unless specifically excepted by or exempted from Rule 102.

Based on the representations and facts presented in the Letter, we find that it is appropriate in the public interest and is consistent with the protection of investors to grant a conditional exemption from Rule 102 of Regulation M to permit the Company to repurchase shares under its Share Repurchase Program while the Company is engaged in a distribution of its shares. In granting this exemption, we considered the following representations and facts, among others:

- There is no trading market for the Company’s shares;
- The Company will terminate the Share Repurchase Program should a secondary market for its shares develop;

- Shares of the Company will be offered on a continuous basis until the earlier of when the full amount of shares registered under the registration statement have been sold or March 7, 2020, though the Company may extend the offering for up to an additional 18 months;
- The Company represents that their structure is similar to non-listed REITs, BDCs, and other non-listed issuers;
- The role of the Company in effectuating the repurchases under the Share Repurchase Program will be solely ministerial and to facilitate the members' liquidation of their shares;
- Net asset value ("NAV") is computed based on the fair value of the Company's assets, which is determined in accordance with ASC 820,¹ pursuant to the Company's valuation policy;
- The valuation recommendations prepared by the Manager and the Sub-Manager (with the assistance of an independent valuation firm) regarding the Company's assets are reviewed and approved by the Company's audit committee and board of directors;
- The NAV determination and methodology are reviewed by the Company's independent auditors on a quarterly basis and audited by the Company's independent auditors as part of its annual audit;
- The Company disclosed in its prospectus the original valuation methodology and will disclose in a prospectus supplement any material changes to the valuation methodology prior to implementation;
- The Company will repurchase shares under its Share Repurchase Program at a price that

¹ ASC 820, a widely accepted accounting standard which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and requires certain disclosures about fair value measurements.

does not exceed the then current public offering price of its shares²;

- The number of shares that may be repurchased under the Share Repurchase Program will be limited during any calendar quarter;
- The offering price for each class of shares consists of the NAV per share plus selling commissions and dealer manager fees, which are set at a fixed percentage of the offering price depending on the share class;
- The method of calculating these commissions and fees and their current values are set forth in the prospectus;
- Because the Company will repurchase shares at a price equal to the then-current offering price less the selling commissions and dealer manager fees associated with such class of shares, the Company will purchase at a price directly and mechanically linked to NAV; and
- The terms of the Share Repurchase Program, including the methodology and process for calculating the Company's NAV and the repurchase price, will be fully disclosed in the Company's prospectus.

Conclusion

IT IS HEREBY ORDERED, pursuant to Rule 102(e) of Regulation M, that the Company, based on the representations and the facts presented in the Letter (as supplemented by conversations with the staff of the Division of Trading and Markets) and subject to the conditions contained in this order, is exempt from the requirements of Rule 102 with respect to

² The shares will be repurchased at a price that is equal to the NAV per share (which is equal to the then-current offering price less the selling commissions and dealer manager fees associated with that class of shares) as of the last date of the month immediately prior to the repurchase date.

The classes of shares being publicly offered by the Company are: Class A shares, Class T shares, Class D shares, and Class I shares, in any combination with a dollar value of up to the maximum offering amount.

the Company's Share Repurchase Program as described in the Letter.

This exemptive relief is subject to the following conditions:

- The Company shall terminate its Share Repurchase Program during the distribution of its shares if a secondary market for its shares develops.
- The Company will repurchase shares under its Share Repurchase Program at a price that does not exceed the then current public offering price, a price directly and mechanically linked to NAV, of its shares.

This exemptive relief is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. This exemption is based on the facts presented and the representations made in the Letter. Any different facts or representations may require a different response. In the event that any material change occurs in the facts or representations in the Letter, the Share Repurchase Program must be discontinued, pending presentation of the facts for our consideration.

In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the federal securities laws, particularly Section 10(b) and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the persons relying on this exemption. This Order should not be considered a view with respect to any other question that the proposed

transactions may raise, including, but not limited to the adequacy of the disclosure concerning, and the applicability of other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³

Eduardo A. Aleman
Deputy Secretary

³ 17 CFR 200.30-3(a)(6) and (9).