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FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

| Check this box if no longer subject to |
|--|
| Section 16. Form 4 or Form 5 |
| obligations may continue. See |
| Instruction 1(b). |

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL OMB Number: 3235-0287 Estimated average burden

| Estimated average burden | | |
|--------------------------|--|-----|
| hours per response: | | 0.5 |

| 1. Nume and Address of Reporting Ferson | | n* | 2. Issuer Name and Ticker or Trading Symbol KCAP Financial, Inc. [KCAP] | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) | | | | | |
|---|-------------------------|----------|---|--|-------------------------------------|--------------------------|--|--|--|
| | | | | | Director | 10% Owner | | | |
| (Last) C/O KCAP FINA | (First) ANCIAL, INC. | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 05/04/2017 | | Officer (give title below) | Other (specify below) | | | |
| 295 MADISON AVENUE, 6TH FLOOR | | LOOR | | | | | | | |
| | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | 6. Individual or Joint/Group Filing (Check Applic Line) | | | | | |
| (Street) | | | | X | Form filed by One Report | ing Person | | | |
| NEW YORK | NY | 10017 | | | Form filed by More than C Person | One Reporting | | | |
| (City) | (State) | (Zip) | | | | | | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

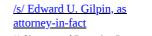
| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | Transaction Code (Instr. | | 4. Securities A Disposed Of (5) | | | 5. Amount of Securities Beneficially Owned Following Reported | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--|---|-----------------------------|---|--|---------------|-------------------|---|---|---|
| | | | Code | v | Amount | (A) or (D) | Price | Transaction(s) (Instr. 3 and 4) | | (1130.4) |
| Common Stock | 05/04/2017 | | A | | 1,000 ⁽¹⁾ | Α | \$ <mark>0</mark> | 26,497 | D | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transa Code (8) | | of Deriv Secu Acqu (A) or Dispo of (D) (Instr | 5. Number of Expiration Date Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 7. Title Amour Securi Under Deriva Securi and 4) | nt of ties ying tive ty (Instr. 3 | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|---|---|--|---|------------------------------|---|--|---|---------------------|--|---|---|--|--|--|--|
| | | | | Code | v | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |

Explanation of Responses:

1. Shares of restricted stock granted to the reporting person pursuant to the Company's 2017 Non-Employee Director Plan. Of these shares, 50% vested immediately on the grant date, and the remaining 50% will vest on the earlier of (i) the first anniversary of the grant date or (ii) the date immediately preceding the 2018 annual meeting of the Company's shareholders (or meeting in lieu of the Company's annual meeting of shareholders), and in certain other circumstances.



05/04/2017

Date

** Signature of Reporting Person

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.