

JAMES A. LEBOVITZ

james.lebovitz@dechert.com
+1 215 994 2510 Direct
+1 215 655 2510 Fax

June 7, 2012

Josephine J. Tao, Esq.
Assistant Director
Office of the Trading Practices and Processing
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Request for Exemptive Relief from Rule 102 of Regulation M

Dear Ms. Tao:

We are counsel to FS Investment Corporation II (the "Company"), a Maryland corporation that is an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). On behalf of the Company, we request that the Division of Trading and Markets (the "Division") of the Securities and Exchange Commission (the "SEC") grant the Company an exemption from the prohibitions of Rule 102(a) of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to periodic repurchases that may be made by the Company of its shares of common stock ("shares") under its proposed share repurchase program (the "Repurchase Program") pursuant to the authority provided by Rule 102(e) of Regulation M.

The Company

The Company is a Maryland corporation that was formed on July 13, 2011. Its investment objectives are to generate current income and, to a lesser extent, long-term

capital appreciation. The Company is externally managed by FSIC II Advisor, LLC (the “Adviser”). Pursuant to authority delegated by the board of directors of the Company (the “Board”), all investment decisions for the Company will be made by the Adviser, which will be compensated pursuant to the terms of the Investment Advisory and Administrative Services Agreement entered into between the Company and the Adviser and approved by the Board on February 8, 2012.

The Company initially filed a registration statement on Form N-2 (the “Registration Statement”) under the Securities Act of 1933, as amended (the “Securities Act”), on July 19, 2011, which was declared effective by the SEC on February 14, 2012, with respect to the offer and sale of up to 200,000,000 shares to be sold in a continuous offering under Rule 415 of the Securities Act. The Company, through its affiliated dealer manager, FS² Capital Partners, LLC, intends to sell its shares on a “best efforts” basis at an initial offering price of \$10.00 per share,¹ except for sales to the Company’s executive officers, directors and others designated by management, who may pay the offering price per share net of some or all of the selling commissions and dealer manager fees.

The Company’s public offering is a minimum-maximum offering, pursuant to which the Company is required to raise at least \$2.5 million in gross proceeds from subscribers who are not affiliated with the Company or the Adviser (the “Minimum Offering Requirement”) by February 16, 2013 (the anniversary of the date of the Company’s final prospectus filed pursuant to Rule 497 (as may be supplemented or amended, the “Prospectus”). Prior to receiving gross proceeds of \$2.5 million from unaffiliated subscribers, all subscription payments will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for the benefit of the subscribers, pending release to the Company once the Minimum Offering Requirement is met.

The Company intends to file post-effective amendments to the Registration Statement in order to continue the offering for at least two years, or until the Company

¹ The 1940 Act prohibits business development companies from selling shares at prices below net asset value per share unless they first receive stockholder approval for such sales. To the extent that the Company’s net asset value per share increases, the Company will sell its shares at a price necessary to ensure that shares are not sold at a price, after the deduction of selling commissions and dealer manager fees, that is below net asset value per share.

has sold the maximum number of shares registered in the current offering. The Company intends to declare ordinary cash distributions in respect of its shares on either a semi-monthly or monthly basis and pay such distributions on a monthly basis. The Company has adopted an “opt in” Distribution Reinvestment Plan (the “DRP”) pursuant to which stockholders may elect to have the full amount of their cash distributions reinvested in the Company’s shares. All such reinvested distributions will be used to purchase the Company’s shares at a price equal to 95% of the price at which shares are sold at the semi-monthly closing occurring immediately following the distribution payment date.

The Company does not currently intend to list its shares on a national securities exchange or any other market or to provide any liquidity to stockholders except for periodic repurchases of its shares through its Repurchase Program until the occurrence of a “liquidity event.”² The Registration Statement clearly indicates to stockholders that the Company intends to seek to complete a liquidity event within five years following the completion of its “offering stage,” which is considered to be complete as of the termination date of the Company’s most recent public equity offering, if a public equity offering has not been conducted during any continuous two-year period. Accordingly, the Company intends to provide limited liquidity to its stockholders by periodically offering to repurchase its shares pursuant to its Repurchase Program.

The Repurchase Program

Beginning with the first full calendar quarter following the date on which the Company meets the Minimum Offering Requirement, and on a quarterly basis thereafter, the Company intends to offer to repurchase shares on such terms as may be determined by the Board in its complete and absolute discretion (subject, in any case, to the conditions set forth in this letter) unless, in the judgment of the independent directors of the Board, such repurchases would not be in the best interests of the Company’s stockholders or would violate applicable law. The Company will conduct any such

² “Liquidity event” is defined in the Registration Statement to be an event that could include (1) a listing of the Company’s shares on a national securities exchange, (2) the sale of all or substantially all of the Company’s assets either on a complete portfolio basis or individually followed by a liquidation, or (3) a merger or another transaction approved by the Board in which the Company’s stockholders will receive cash or shares of a publicly-traded company.

repurchase offers in accordance with the requirements of Rule 13e-4 and Regulation 14E under the Exchange Act and pursuant to the rules of the 1940 Act. In months in which the Company repurchases shares, it will conduct repurchases on the same date that it holds its first semi-monthly closing for the sale of shares in its public offering.

The Company intends to limit the number of shares to be repurchased during any calendar year to that number of shares it can repurchase with the proceeds received from its sale of shares under the DRP. At the discretion of the Board, the Company may also use cash on hand, cash available from borrowings and cash from liquidation of securities investments as of the end of the applicable period to repurchase shares. In addition, beginning with the calendar quarter ending March 31, 2013, the Company will limit the number of shares to be repurchased in any calendar year to 10% of the weighted average number of its shares outstanding in the prior calendar year, or 2.5% in each quarter, though the actual number of shares that the Company offers to repurchase may be less in light of the limitation noted above. Further, the Company will offer to repurchase such shares on each date of repurchase at a price equal to 90% of the then-current offering price on each date of repurchase.

If a stockholder wishes to tender his/her shares to be repurchased, he/she must either tender at least 25% of the shares such stockholder purchased or all of the shares that he/she owns. If a stockholder chooses to tender only a portion of his/her shares, then he/she must maintain a minimum balance of \$5,000 worth of shares following a tender of shares for repurchase. If the amount of repurchase requests exceeds the number of shares the Company seeks to repurchase, the Company will repurchase shares on a pro rata basis. As a result, the Company may repurchase less than the full number of shares that stockholders request to have repurchased. Any periodic repurchase offers will be subject, in part, to the Company's available cash and compliance with the 1940 Act.

The Board will require that the Company offer to repurchase shares or portions thereof from stockholders pursuant to written tenders only on terms the Board determines to be fair to the Company and to its stockholders. Repurchases of shares by the Company will be paid solely in cash and will be effective after receipt and acceptance by the Company of all eligible written tenders of shares from its stockholders.

When the Board determines that the Company will repurchase shares or fractions thereof, tender offer materials will be provided to each of the Company's stockholders

describing the terms thereof as well as information each stockholder should consider in deciding whether and how to participate in such repurchase opportunity.

Any tender offer presented to the Company's stockholders will remain open for a minimum of 20 business days following the commencement of the tender offer. In the materials that will be sent to the Company's stockholders, the Company will include the date that the tender offer will expire. All tenders for repurchase requests must be received prior to the expiration of the tender offer in order to be valid. If there are any material revisions to the tender offer materials (not including the price at which shares may be tendered) sent to the Company's stockholders, the Company will send revised materials reflecting such changes and will extend the tender offer period by a minimum of five additional business days. If the price at which shares may be tendered is changed, the Company will extend the tender offer period by a minimum of ten additional business days.

In order to submit shares to be tendered, stockholders will be required to complete a letter of transmittal, which will be included in the materials sent to stockholders, as well as any other documents required by the letter of transmittal. At any time prior to the expiration of the tender offer, stockholders may withdraw their tenders by submitting a notice of withdrawal to the Company. If shares have not been accepted for payment by the Company, tenders may be withdrawn at any time prior to 40 business days following the expiration of the tender offer.

The Company will not repurchase shares, or fractions thereof, if such repurchase will cause it to be in violation of the securities or other laws of the United States, Maryland or any other relevant jurisdiction.

In the event that the Adviser or any of its affiliates holds shares, any of those entities may tender shares for repurchase in connection with any repurchase offer on the same basis as any other stockholder, except for the initial investments of Michael C. Forman and David J. Adelman, the co-founders of the Company, who made aggregate initial seed contributions to the Company of approximately \$200,000 and agreed to purchase (through entities controlled by each of them) an aggregate of approximately \$2 million in shares pursuant to a private placement in April 2012. Messrs. Forman and Adelman will not tender these shares for repurchase as long as the Adviser remains the Company's investment adviser.

Discussion

Rule 102(a) of Regulation M prohibits issuers and those affiliated with issuers, among others, from bidding for, purchasing or attempting to induce another to bid for or purchase a security that is the subject of a then-current distribution during the applicable restricted period. Rule 102(e) of Regulation M authorizes the SEC to exempt from the provisions of Rule 102 any transaction or series of transactions, either unconditionally or subject to specified terms and conditions.

The Company respectfully requests that the Division, pursuant to the authority delegated to it by the SEC and the authority of Rule 102(e) of Regulation M, grant the Company an exemption from the prohibitions of Rule 102(a) of Regulation M to permit it to effect repurchases of shares under the Repurchase Program, as proposed, during the course of the Company's public offering. The Company does not intend to list its shares on a national securities exchange or other market and does not anticipate that there will be any liquidity in its shares prior to the occurrence of a "liquidity event," as defined in the Prospectus. The Repurchase Program is designed to provide a limited source of liquidity for the Company's stockholders prior to the occurrence of a liquidity event.

Under the Repurchase Program, the repurchase price will never exceed the then-current offering price because repurchases will be conducted at 90% of the offering price in effect of each date of repurchase. Stockholders of the Company are apprised of the availability of the Repurchase Program at the time they purchase their shares by means of the Prospectus but will only be solicited for participation in the Repurchase Program by means of the materials required by the rules relating to issuer tender offers under Rule 13e-4 and Regulation 14E of the Exchange Act. Repurchases will not be made with the purpose of trading in, and should not have the effect of manipulating or raising the offering price of, the Company's shares. To date, the Company has not repurchased any shares pursuant to the Repurchase Program.

Repurchases of shares under the Repurchase Program should not manipulate the Company's share price in connection with the Company's offering because (i) there is no public trading market for the Company's shares and (ii) the repurchase price under the Repurchase Program will be fixed at 90% of the offering price in effect on each date of repurchase and will, therefore, always be less than the then-current offering price of the Company's shares. Moreover, the extent of the Repurchase Program will be limited by the Company's intention to limit the number of shares repurchased in any calendar year

to (i) the number of shares the Company can repurchase with the proceeds received from the sale of its shares under the DRP and (ii) beginning with the calendar quarter ending March 31, 2013, the lesser of (A) 10% of the weighted average number of shares outstanding in the prior calendar year, or 2.5% each quarter and (B) the number of shares the Company can repurchase with the proceeds received from the sale of its shares under the DRP. These and all other terms of the Repurchase Program will be clearly set forth in the Prospectus.

The Company believes that the relief it requests in this letter is consistent with the relief granted under Regulation M by the Division in FS Energy and Power Fund (January 10, 2012), FS Investment Corporation (April 20, 2009), Request for Class Exemption From Rule 102(a) of Regulation M (October 22, 2007), REITPlus, Inc. (October 9, 2007), Cole Credit Property Trust II, Inc. (April 11, 2007), Hines Real Estate Investment Trust, Inc. (September 7, 2006), NNN Healthcare/Office REIT, Inc. (August 24, 2006), NNN Apartment REIT, Inc. (April 19, 2006), Dividend Capital Total Realty Trust, Inc. (January 31, 2006), Inland American Real Estate Trust, Inc. (June 7, 2005), Boston Capital Real Estate Investment Trust, Inc. (February 10, 2005), Paladin Realty Income Properties, Inc. (October 14, 2004), Hines Real Estate Investment Trust, Inc. (June 18, 2004), CNL Retirement Properties, Inc. (May 19, 2004), Wells Real Estate Investment Trust II, Inc. (December 9, 2003), Inland Western Retail Real Estate Trust, Inc. (August 25, 2003), and T REIT, Inc. (June 4, 2001).

In particular, we note that (i) the Company will terminate its Repurchase Program in the event a secondary market for its shares develops; (ii) so long as the Company is engaged in a public offering, the per share price for shares to be repurchased under the Repurchase Program will never be greater than the then-current offering price of the Company's shares in the public offering; (iii) the number of shares to be repurchased under the Repurchase Program in any calendar year is not expected to exceed (A) the number of shares the Company can repurchase with the proceeds received from the sale of its shares under the DRP, and (B) beginning with the calendar quarter ending March 31, 2013, the lesser of (1) 10% of the weighted average number of shares outstanding in the prior calendar year, or 2.5% each quarter and (2) the number of shares the Company can repurchase with the proceeds received from the sale of its shares under the DRP; and (iv) the terms of the Repurchase Program will be fully disclosed in the Prospectus.

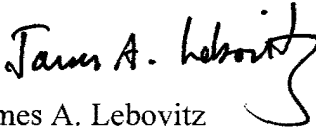
The Company also believes that the requested relief is consistent with relief granted in Panther Partners, L.P. (March 3, 1994) and Dean Witter Cornerstone Funds II, III and IV (June 3, 1992) with respect to certain limited partnerships under former Rule 10b-6 where (i) no secondary market existed or was expected to develop for the limited partnership interests, (ii) the motivation for repurchasing limited partnership interests was to create liquidity for limited partners, (iii) the limited partnership interests were repurchased at prices that were based on the valuation of such partnerships' net assets and (iv) the repurchase programs were to be terminated in the event a secondary market developed. The Company believes the Repurchase Program as proposed is consistent with those plans described in the aforementioned cases and, similarly, has a very low risk of the type of manipulation that Regulation M was promulgated to address.

For these reasons we believe that the proposed Repurchase Program, as described herein, would not have the effect of influencing or manipulating the market for the shares to be offered and sold in the Company's public offering. We, therefore, respectfully request that the Division grant the Company an exemption from Rule 102(a) of Regulation M with respect to periodic repurchases of the Company's shares pursuant to the Repurchase Program.

* * * *

If you have any questions regarding this request or need any additional information, please feel free to contact me at (215) 994-2510 or Thomas Friedmann at (202) 261-3313.

Very truly yours,



James A. Lebovitz

cc: Gerald F. Stahlecker
Stephen S. Sypher
FS Investment Corporation II
Thomas Friedmann, Esq.
Dechert LLP