

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.  
Form 486BPOS  
December 22, 2015

As filed with the Securities and Exchange Commission on December 22, 2015  
Securities Act Registration No. 333-194573

Investment Company Act Registration No. 811-21413

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM N-2

- Registration Statement under the Securities Act of 1933  
     Pre-Effective Amendment No.  
     Post-Effective Amendment No. 3  
    and/or  
 Registration Statement Under the Investment Company Act of 1940  
     Amendment No. 8

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BlackRock Floating Rate Income Strategies Fund, Inc.  
(Exact Name of Registrant as Specified in Charter)

100 Bellevue Parkway  
Wilmington, Delaware 19809  
(Address of Principal Executive Offices)

(800) 882-0052  
(Registrant's Telephone Number, Including Area Code)

John Perlowski, President  
BlackRock Floating Rate Income Strategies Fund, Inc.  
55 East 52nd Street  
New York, New York 10055  
(Name and Address of Agent for Service)

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Copies to:

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500 Boylston Street  
Boston, Massachusetts 02116

Janey Ahn, Esq.  
BlackRock Advisors, LLC  
55 East 52nd Street  
New York, New York 10055

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration

Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box . . . . x

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

owhen declared effective pursuant to section 8(c).

x Immediately upon filing pursuant to no-action relief granted to Registrant on October 19, 2015.

3,050,000 Shares  
BlackRock Floating Rate Income Strategies Fund, Inc.  
Common Stock

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PART I

INFORMATION ABOUT BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

Item 1. Outside Front Cover

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

The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its Managed Assets (as defined herein on page I- 4 ) in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. Debt securities rated below investment grade commonly are referred to as "junk bonds." Secured loans may be either fully or partially secured at the time of investment. In addition to senior loans, floating rate debt securities may include, without limitation, instruments such as catastrophe and other event linked bonds, bank capital securities, corporate bonds, notes, money market instruments and certain types of mortgage related and other asset backed securities. Due to their floating or variable rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a floating rate debt security is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed rate debt instrument, although the value of a floating rate debt security may nonetheless decline as interest rates rise and due to other factors, such as real or perceived changes in credit quality or financial condition of the issuer or borrower, volatility in the capital markets or other adverse market conditions.

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

- 1.c. The Fund is offering up to 3,050,000 shares of common stock.
- 1.d. You should read this Prospectus, which concisely sets forth information about the Fund, before deciding whether to invest in the Fund's common stock and retain it for future reference. Additional information about the Fund and materials incorporated by reference have been filed with the Securities and Exchange Commission (the "SEC") and are available upon either written or oral request, free of charge, by calling 1-800-882-0052, by writing to the Fund,

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

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

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

1.e. This Prospectus is dated December 22, 2015 .

1.f. Not applicable.

1.g. The Fund's common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "FRA." Sales of the Fund's common stock, if any, under this Prospectus may be made in transactions that are deemed to be "at the market" as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current net asset value ("NAV") per share plus the per share amount of the commission to be paid to the Fund's distributor (the "Minimum Price"), BlackRock Investments, LLC (the "Distributor"). The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts. As of December 21, 2015, the last reported sale price for the Fund's common stock on the NYSE was \$ 12.76 per share.

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

1.h. 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.

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

1.j.

Investing in the Fund's common stock involves certain risks that are described in Item 8.3 beginning on page I- 20 of Part I of this Prospectus, and under Item 8 in Part II of this Prospectus under "Risk Factors," beginning on page II-35 of Part II. Certain of these risks are summarized in Item 3.2 beginning on page I-10 of Part I of this Prospectus.

1.k. Not applicable.

2. Not applicable.

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Item 2. Cover Pages; Other Offering Information

1. Exchange listing: see Item 1.g.
2. Not applicable.
3. Not applicable.

Item 3. Fee Table and Synopsis

1. Shareholder Transaction Expenses

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

Percentage  
of net  
assets  
attributable  
to common  
shares

Annual Expenses

Management Fee (4)	1.05%
Interest Expense (5)	0.37%
Other Expenses (6)	0.14%
Total Annual Fund Operating Expenses (7)	1.56%

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

(2) Based on a sales price per share of \$14.70, which represents a small premium to the Minimum Price, i.e. NAV plus sales load of the Fund's common stock on December 4, 2015. Offering expenses generally include, but are not limited to, the preparation, review and filing with the SEC of the Fund's registration statement (including this Prospectus), the preparation, review and filing of any associated marketing or similar materials, costs associated with the printing, mailing or other distribution of the Prospectus and/or marketing materials, associated filing fees, NYSE listing fees, and legal and auditing fees associated with the offering.

(3) The Reinvestment Plan Agent's (as defined under "Item 10—Dividend Reinvestment Plan" in Part II) fees for the handling of the reinvestment of dividends will be paid by the Fund. However, you will pay a \$0.02 per share fee

incurred in connection with open-market purchases, which will be deducted from the value of the dividend. You will also be charged a \$2.50 sales fee and pay a \$0.15 per share fee if you direct the Reinvestment Plan Agent to sell your shares of common stock held in a dividend reinvestment account. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay.

- (4) The Fund currently pays BlackRock Advisors, LLC, its investment adviser (the “Investment Advisor”), a contractual management fee at an annual rate of 0.75% based on an aggregate of (i) the Fund’s average daily net assets and (ii) the proceeds of any outstanding borrowings used for leverage (together, “average daily Managed Assets”). The Fund uses leverage, in the form of a credit facility, which as of August 31, 2015 amounted to approximately 26 % of the Fund’s Managed Assets (approximately 35 % of the Fund’s net assets). “Managed Assets” means the total assets of the Fund (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund’s accrued liabilities (other than money borrowed for investment purposes). The Fund’s net assets attributable to common stock are the Fund’s Managed Assets minus the value of the Fund’s assets attributable to money borrowed for investment purposes. Thus, when the Fund uses leverage, its net assets attributable to common stock are less than its Managed Assets and its expenses (including the management fee) stated as a percentage of its net assets attributable to common stock are greater than they would be if stated as a percentage of its Managed Assets. This table reflects the fact that you, as a common shareholder, bear the expenses of the Fund’s use of leverage in the form of higher fees as a percentage of the Fund’s net assets attributable to common stock than if the Fund did not use leverage.
- (5) Reflects leverage, in the form of a credit facility, in an amount equal to approximately 26 % of the Fund’s Managed Assets (approximately 35 % of the Fund’s net assets) as of August 31, 2015 . The interest expense borne by the Fund will vary over time in accordance with the level of the Fund’s use of leverage and variations in market interest rates. Interest expense is required to be treated as an expense of the Fund for accounting purposes.
- (6) Based on the fiscal year ended August 31, 2015 .
- (7) Represents total annual expense including interest. The total annual expense excluding interest is 1.19 %. The Investment Advisor voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Investment Advisor indirectly through its investment in affiliated money market funds. However, the Investment Advisor does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with the Fund's investment in other affiliated investment companies, if any. This waiver amounted to less than 0.01% of the Fund's net assets attributable to common stock for the fiscal year ended August 31, 2015. See Item 20 below.



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

The following example illustrates the expenses (including the sales load of \$10.00 and offering costs of \$ 0.18 ) that you would pay on a \$1,000 investment in common stock , assuming (i) total net annual expenses of 1.56 % of net assets attributable to common stock in years 1 through 10, and (ii) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
Total expenses incurred	\$26	\$59	\$94	\$194

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

#### Capitalization

The Fund may offer and sell up to 3,050,000 shares of its common stock, \$0.10 par value per share, from time to time through the Sub-Placement Agent as sub-placement agent under this Prospectus. There is no guarantee that there will be any sales of the Fund's common stock pursuant to this Prospectus. The table below assumes that the Fund will sell 3,050,000 shares of its common stock at a price of \$ 14.70 per share (which represents a small premium to the Minimum Price – i.e., NAV plus sales load of the Fund's common stock on December 4, 2015 ). Actual sales, if any, of the Fund's common stock under this Prospectus may be greater or less than \$ 14.70 per share, depending on the market price of the Fund's common stock at the time of any such sale and/or the Fund's NAV for purposes of calculating the Minimum Price. The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts.

The following table sets forth the Fund's capitalization (1) on a historical basis as of August 31, 2015 (audited); and (2) on a pro forma as adjusted basis to reflect the assumed sale of 3,050,000 shares of common stock at \$ 14.70 per share, in an offering under this Prospectus, after deducting the assumed commission of \$ 457,500 (representing an estimated commission to the Distributor of 1.00% of the gross proceeds of the sale of shares of common stock, out of which the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund's common stock sold by that broker-dealer).

	As of August 31, 2015 (audited)	Pro Forma (unaudited) As adjusted
Common shares outstanding, \$0.10 par value per share	37,232,488	40,282,488
Paid-in capital	\$ 659,804,576	\$ 704,182,076
Undistributed net investment income	\$ 101,791	\$ 101,791
Accumulated net realized loss	\$ (92,834,790 )	\$ (92,834,790 )

Net unrealized appreciation (depreciation)	\$ (11,967,466 )	\$ (11,967,466 )
Net Assets	\$ 555,104,111	\$ 599,481,611
Net asset value per share	\$ 14.91	\$ 14.88

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

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

**The Offering** The Fund is offering up to 3,050,000 shares of common stock in transactions that are deemed to be "at the market" as defined in Rule 415 under the Securities Act, which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current NAV per share plus the per share amount of the commission to be paid to the Distributor. The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts. As of December 21, 2015, the last reported sale price for the Fund's common stock on the NYSE was \$ 12.76 per share.

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

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

**Investment Objective** The Fund's investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments ("floating rate debt

securities”). The Fund’s investment objective is a fundamental policy and may not be changed without stockholder approval. No assurance can be given that the Fund’s investment objective will be achieved.

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

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

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

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

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

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

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

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

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

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

The Fund may invest without limitation in debt securities of issuers domiciled outside the United States. The Fund, however, will not invest more than 10% of its total assets in debt securities of issuers located in emerging market countries. The Fund will invest primarily in U.S. dollar

denominated debt securities. The Fund will not invest more than 10% of its total assets in debt securities denominated in currencies other than the U.S. dollar or that do not provide for payment to the Fund in U.S. dollars, including obligations of non-U.S. governments and their respective subdivisions, agencies and government

sponsored enterprises. The Investment Advisor generally considers emerging market countries to be any country that is defined as having an emerging or developing economy by the World Bank or its related organizations or the United Nations or its subsidiaries.

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

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

#### Leverage

The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of August 31, 2015, this leverage represented approximately 26 % of the Fund's Managed Assets (approximately 35 % of the Fund's net assets). At times, the Fund could utilize leverage through borrowings, the issuance of short term debt securities, the issuance of shares of preferred stock or a combination thereof. The Fund has the ability to utilize leverage through borrowings or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its Managed Assets (which includes the amount obtained from such borrowings or debt issuance). The Fund also has the ability to utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its Managed Assets (which includes the amount obtained from such issuance). The Fund may also leverage through the use of reverse repurchase agreements. There can be no assurance that the Fund will borrow in order to leverage its assets or, if it does, what percentage of the Fund's assets such borrowings will represent. The Fund does not currently anticipate issuing any preferred stock.

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

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

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

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

#### Distributions

The Fund intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of the Fund's shares of common stock. The Fund intends to pay any capital gains distributions at least annually. A return of capital distribution may involve a return of the shareholder's original investment. Though not currently taxable, such a distribution



may lower a shareholder's basis in the Fund, thus potentially subjecting the shareholder to future tax consequences in connection with the sale of Fund shares, even if sold at a loss to the shareholder's original investment. When total distributions

exceed total return performance for the period, the difference will reduce the Fund's total assets and NAV and, therefore, could have the effect of increasing the Fund's expense ratio and reducing the amount of assets the Fund has available for long term investment.

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

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

Listing	The Fund's common stock is listed on the NYSE under the symbol "FRA."
Custodian and Transfer Agent	State Street Bank and Trust Company serves as the Fund's custodian, and Computershare Trust Company, N.A. serves as the Fund's transfer agent.
Administrator	State Street Bank and Trust Company serves as the Fund's administrator and fund accountant.
Market Price of Shares	Common shares of closed-end investment companies frequently trade at prices lower than their NAV. The Fund cannot assure you that its common stock will trade at a price higher than or equal to NAV. The Fund's common stock trades in the open market at market prices that are a function of several factors, including dividend levels (which are in turn affected by expenses), NAV, call protection for portfolio securities, portfolio credit quality, liquidity, dividend stability, relative demand for and supply of the common stock in the market, general market and economic conditions and other factors. The Fund's common stock is designed primarily for long-term investors and you should not purchase common shares of the Fund if you intend to sell it shortly after purchase. The issuance of additional common stock pursuant to this Prospectus may also have an adverse effect on prices for the Fund's common stock in the secondary market by increasing the supply of common stock available for sale.
Special Risk Considerations	An investment in the Fund's common stock involves risk. You should consider carefully the risks identified below, which are described in detail under "Risk Factors" beginning on page II-35 of Part II of this Prospectus.

Principal risks of investing in the Fund include:

- **Interest Rate Risk.** Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. This risk is heightened given that certain interest rates are at historical lows.
- **Issuer Risk.** The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, reduced demand for the issuer's goods and services, historical and prospective earnings of the issuer a