

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

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. _____

Post-Effective Amendment No. _____

(Check appropriate box or boxes.)

Rand Capital Corporation
(Exact Name of Registrant as Specified in Charter)

2200 Rand Building, Buffalo, New York 14203
(Address of Principal Executive Offices)(Zip Code)

Registrant's Telephone Number, including Area Code (716) 853-0802

Allen F. Grum, President
Rand Capital Corporation
2200 Rand Building
Buffalo, New York 14203
(716) 853-0802

(Name, address and telephone number, including area
code, of agent for service)

Copies of all communications sent to agent for
service of process should be sent to:

Ward B. Hinkle, Esq.
Hodgson, Russ, Andrews, Woods & Goodyear, LLP
1800 One M & T Plaza
Buffalo, New York 14203

Approximate Date of Proposed Public offerings: 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:

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

when declared effective pursuant to section 8(c)

Calculation of Registration Fee Under the Securities Act of 1933

<TABLE>
<CAPTION>

Title of Securities Being Registered	Proposed Maximum Amount Being Registered	Proposed Maximum Offering Price Per Share (1)	Amount of Aggregate Offering Price	Registration Fee
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<S>	<C>	<C>	<C>	<C>
Common Stock	1,791,122	\$1.688	\$3,023,414	\$916.09

</TABLE>

(1) Based on the average bid and asked prices on April 17, 1997.

RAND CAPITAL CORPORATION
Registration Statement of Form N-2

CROSS REFERENCE SHEET

Part A

Item Number	Caption
1. Outside Front Cover	Outside front cover
2. Inside Front and Outside Back Cover Page	Inside front cover
3. Fee Table and Synopsis	Fee Table; Summary
4. Financial Highlights	Financial Highlights
5. Plan of Distribution	Cover page; Plan of Distribution
6. Selling Shareholders	Selling Shareholders
7. Use of Proceeds	Use of Proceeds
8. General Description of the Registrant	Summary; History and Business
9. Management	Management
10. Capital Stock, Long-Term Debt, and Other Securities	Capital Stock; Dividend Policies
11. Defaults and Arrears on Senior Securities	Not Applicable
12. Legal Proceedings	Legal Proceedings; Supplement
13. Table of Contents of the Statement of Additional Information	Table of Contents of Statement of Additional Information

Part B

Item Number	Caption
14. Cover Page	Cover page
15. Table of Contents	Table of Contents
16. General Information and History	Not applicable
17. Investment Objective and Policies	Portfolio Turnover
18. Management	Management
19. Control Persons and Principal Holders of Securities	Control Persons and Principal Holders of Securities
20. Investment Advisory and Other Services	Investment Advisory and Other Services
21. Brokerage Allocation and Other Practices	Allocation of Brokerage

22. Tax Status

Tax Status

23. Financial Statements

Financial Statements

Part C

Information to be included in Part C is set forth under the appropriate Item, as numbered in Part C of this Registration Statement.

PROSPECTUS

RAND CAPITAL CORPORATION

1,791,122 COMMON SHARES

Rand Capital Corporation (the "Company" or "Rand") is a registered investment company that is classified as a diversified, closed-end management company. Its objective is long-term capital appreciation through high risk venture capital investments in companies having growth potential but whose securities, in most cases, have no public market. The Company's office is at 2200 Rand Building, Buffalo, New York 14203, telephone number (716) 853-0802.

The securities offered hereby will be offered and sold by the selling shareholders described under "Selling Shareholders" (the "Selling Shareholders") for their respective accounts. Each Selling Shareholder will receive all of the net proceeds from the sale of the Shares owned by such shareholder. The distribution of the Shares by the Selling Shareholders may be effected from time to time in one or more transactions in the over-the-counter market or in negotiated transactions at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Company will not receive any of the proceeds from the sale of the Shares.

This Prospectus sets forth concisely the information about the Company that a prospective investor ought to know before investing. This Prospectus and the attached Statement of Additional Information ("SAI") of even date should be retained for future reference. Additional information about the Company including the SAI has been filed with the Securities and Exchange Commission, and additional copies of the SAI are available upon oral or written request and without charge by writing to the Company or calling (716) 853-0802. The table of contents of the Statement of Additional Information appears at page __ below.

The Common Stock is traded in the over-the-counter market and listed on NASDAQ under the symbol "RAND." On April __, 1997 the last reported bid price for the Common Stock as reported on the NASDAQ consolidated reporting system was \$____ per share. See "Price Range of Common Stock."

The Common Stock offered hereby involves a high degree of risk. See "SUMMARY OF THE OFFERING -- Risk Factors." Historically, the Company's shares have frequently traded at a discount from net asset value. See "FINANCIAL HIGHLIGHTS."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>

<CAPTION>

	Price to Public (1)	Sales Load	Proceeds to Company
<S> Per Share	<C> \$ _____	<C> -0-	<C> -0-
Total	\$ _____	-0-	-0-

</TABLE>

- (1) Estimated, based on last reported bid price for the Company's common stock on April __, 1997.
- (2) The expenses of the offering (other than commissions paid by the Selling Shareholders) are estimated to be \$62,000 and will be borne by the Company.

The date of this Prospectus and attached SAI is April __, 1997.

No dealer, salesman, or other person has been authorized to give any information or make any representations, other than those contained in this Prospectus, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offering in any state in which such offering may not be lawfully made.

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Until May __, 1997 (25 days after the commencement of this offering), all dealers effecting transactions in the Shares, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters.

Investors are advised to read this Prospectus and to retain it for future reference.

RAND CAPITAL CORPORATION, 2200 RAND BUILDING, BUFFALO, NY 14203
(716) 853-0802

FEE TABLE

The following table shows per share expenses of the Company as a percentage of net asset value per share.

Shareholder Transaction Expenses..... -0-

Annual Expenses (as a percentage of net assets attributable to common shares) (1):

Management fees(2)..... 6.16%

Other Expenses(3) 3.76%

Total Annual Expenses..... 9.92%

(1) Estimated for the current fiscal year based on the average annual operating expenses of the Company for 1995 and 1996 as a percentage of net asset value attributable to common shares.

(2) Includes expenses incurred within the Company's own organization in connection with the research, selection and supervision of investments. Such expenses have been deemed to include salaries, employee benefits, director fees, consulting fees, and travel expenses.

(3) Other expenses include legal, accounting, stockholders and office expense, occupancy expense, insurance, and other expenses.

The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the fund will bear directly or indirectly.

The following Example estimates the aggregate amount of expenses expected to be incurred by the Company aggregated for the periods shown. THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES. ACTUAL EXPENSES MAY BE MORE OR LESS THAN THOSE SHOWN.

Example (1)	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 investment assuming a 5% annual return:	\$99	\$282	\$445	\$782

(1) The example assumes (a) the percentage rates listed under "Annual Expenses" remain the same each year except for interest expense on retired debt; (b) reinvestment of all dividends and distributions at net asset value; and (c) reflect all recurring and nonrecurring fees including any underwriting discounts and commissions.

SUMMARY

Except as specifically indicated otherwise, all numbers of Rand common stock indicated in this prospectus are approximate numbers resulting from adjustment for a five-for-four stock split on May 26, 1995.

The Issuer. Rand Capital Corporation is a registered investment company, classified as a diversified, closed-end management company, which primarily makes venture capital investments in small, developing, unseasoned companies. Rand commenced operations in 1969.

The Offering. The Selling Shareholders identified under "Selling Shareholders" are offering hereby up to 1,791,221 shares (the "Shares") of the Company's common stock. The Selling Shareholders will sell the Shares on a delayed or continuous basis for their own accounts. The exact timing and amount of such sales will be within the discretion of the respective Selling Shareholders. See "Plan of Distribution."

Trading. The Company's common stock has traded in the over-the-counter market since 1971 (NASDAQ symbol: RAND).

Investment Objective and Policies. The Company primarily invests for long-term capital appreciation, not current income. The Company typically invests in debt securities of a new or developing company and concurrently acquires an equity interest in the form of stock, warrants or options to acquire stock or the right to convert the debt securities into stock. The debt securities acquired by the Company must frequently be subordinated to the issuer's indebtedness to banks and other institutional lenders and would be considered below investment grade. When the Company acquires venture securities, they are not readily marketable and are usually restricted securities as to which there are substantial restrictions on resale under the Securities Act of 1933, as amended (the "Securities Act"). See "HISTORY AND BUSINESS -- Investment Objective and Policies."

Risk Factors. Investment in the Common Stock is speculative and involves substantial risks. Some of the principal risks are as follows.

1. High risk, illiquid investments. The Company invests in securities of new or young, developing companies, which generally have no record of earnings or success. The debt instruments that the Company receives when it makes venture investments are usually subordinated to bank lending and would be considered below "investment grade." The securities the Company acquires, when acquired, are not readily marketable and, even if a buyer can be found, the securities are "restricted securities" under the Securities Act and the sale of the securities is subject, therefore, to certain legal restrictions. The Company may invest 100% of its assets in "restricted securities." See "HISTORY AND BUSINESS -- Investment Objectives and Policies." Since there is no quoted market price for such securities, such securities must be valued in good faith by Rand's Board of Directors on some other basis, and such determination involves the risk that the securities may not be accurately valued.
2. Losses on Investments. The venture investments that the Company makes bear a high degree of risk and, during the ten year period ended December 31, 1996, approximately 15 of the 42 venture investments made by the Company have resulted in total or very substantial losses. In addition, the Company had operating losses in 20 of the last 28 years. See "HISTORY AND BUSINESS -- Investment Objective and Policies."
3. No dividends. The Company invests for capital appreciation, not current income. The Company has never paid a cash dividend. The Company has made distributions of the shares of venture companies on two occasions. See "DIVIDEND POLICIES."
4. Subordinated Loans; Need for Follow-On Investments. While the Company typically acquires both debt and equity securities in a venture company, the debt securities are usually subordinated to the venture company's indebtedness to banks. Even if the venture is successful, the Company may be requested to invest additional funds at a future date to keep the venture alive or otherwise protect the Company's investment. There is no assurance, however, that the Company will have the funds to make any desirable follow-on investment or that the Company's ability to make follow-on investments may not be limited by its diversification policies. See "HISTORY AND BUSINESS --Investment Objective and policies."
5. Limitations created by policy regarding diversification of investments. Due to the Company's election to be classified as a "diversified" investment company, the Company is required to maintain at least 75% of the value of its total assets in cash and cash items, government securities, securities of other investment companies, and other securities for the purposes of this calculation limited in respect of any one issuer to an amount not greater than 5% of the value of the total assets of the Company and to not greater than 10% of the outstanding voting securities of such issuer. See "HISTORY AND BUSINESS -- Diversification and Concentration of Investments." As of March 31, 1997, the Company's total assets were approximately \$8,767,000. Accordingly, the Company is generally limited to making investments of \$438,350 or less in any one issuer, and the Company's ability to make follow-on investments in companies in which its existing investment is approximately \$438,350 or more may be severely limited at any time when its portfolio is approaching its diversification limits.
6. Tax status. Unlike many investment companies, the Company has not qualified and may not qualify as a "regulated investment company" entitled to special tax benefits under Federal tax law. See the information under "TAX STATUS," in the attached Statement of Additional Information which is hereby incorporated herein by reference.
7. Market overhang. The shares which the Selling Shareholders have indicated their intention to sell into the market from time to time creates a substantial "market overhang" of 1,821,122 shares, or 31.9% of the Company's outstanding stock, that may be

sold into the market at any time. During the period from April 1, 1996 through April 1, 1997, the average weekly trading volume of the Company's Common Stock was approximately 50,000 shares (or approximately 0.9% of the shares currently outstanding). Given the historically thin trading market in the Company's common stock, this market overhang may reduce the market price of the Company's Common Stock and may lead to unusual downside volatility during the period that the Shares are being sold.

8. Leveraging. The Company may borrow money and leverage its assets, although it has only done so during its 28 year operating history (a) pursuant to obligations of its former subsidiary, Rand SBIC, Inc. to the U.S. Small Business Administration pursuant to the rules of that agency, and (b) on a fully secured, short term (less than 60 days) basis to meet immediate cash flow needs. The use of leverage exaggerates the effect of investment gains and losses. If the Company's investments failed to return anticipated interest, dividends or proceeds of sale, the use of leverage would create the risk that the Company would be unable to meet its obligations for borrowed money and be forced to liquidate some assets at distress prices. See "HISTORY AND BUSINESS -- Investment Objective and Policies."

9. Legal Proceedings -- Significant litigation affecting the Company. Based on a venture capital investment made by the Company in 1973, the Company was named as a defendant in an action to recover response and remediation costs in excess of \$1,000,000 under the Federal Comprehensive Environmental Response, Cleanup and Liability Act (CERCLA), the New Jersey Spill Compensation and Control Act and various common law theories. Although the Company's Motion for Summary Judgement and dismissal of all claims against it has been granted and the Company believes that an appeal is unlikely, the Plaintiff's time for appeal has not yet run. See "LEGAL PROCEEDINGS."

10. No proceeds to the Company, dilutive effect. The securities offered hereby will be sold for the accounts of the respective Selling Shareholders, and the Company will not receive any of the proceeds from such sales. Since the Company will bear expenses of the offering estimated at \$62,000 as a result of the offering the net asset value of the Company's Common Stock will be reduced by that amount.

<TABLE>
<CAPTION>

FINANCIAL HIGHLIGHTS

March 31, 1997, December 31, 1996, December 31, 1995, December 31, 1994, December 31, 1993, December 31, 1992
(unaudited)

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance						
Net Asset Value - Beginning	\$1.53	2.21	3.19	3.07	3.07	2.12
Net Investment Income (loss)	(0.03)	(0.09)	(0.09)	(0.07)	(0.04)	(0.01)
Net Realized and Unrealized Gains (Losses)	0.04	(0.59)	(0.89)	0.18	(0.02)	0.96
Total From Investment Oper.	0.01	(0.68)	(0.98)	0.11	(0.07)	0.95

	0.00	0.00	0.00	0.00	0.00	0.00
Distributions - Net Invest Inc.						
	0.00	0.00	0.00	(0.14)	0.00	0.00
Distributions - Capital Gains						
Returns of Capital	0.00	0.00	0.00	0.00	0.00	0.00
Total Distributions	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Effect of Change in Accounting Method	0.00	0.00	0.00	0.00	0.03	0.00
Change Resulting From Purchase or Sale of Company Stock	0.00	0.00	0.00	0.01	0.00	0.00
Net Asset Value - End	1.51	1.53	2.21	3.19	3.07	3.07
Per Share Market Value (Adjusted) - End	1.88	1.44	3.50	4	4-3/8	3-5/8
Total Investment Return	(0.01)	(0.31)	(0.31)	0.03	(0.02)	0.31
Ratios/Supple -mental Data						
Net Assets, End of Period	1.51	1.53	2.21	3.19	3.07	3.07
Ratio of Expenses to Average Net Assets	2.62%	9.75	8.73	6.13%	5.86%	6.66%
Ratio of Net Income (loss) to Average Net Assets	(1.84)%	(5.04)	(3.48)	(2.32)%	(1.11)%	(0.38)%
Portfolio Turnover	4.9%	22.50%	14%	5.00%	4.79%	7.72%
Number of Shares	5,708,034	4,225,477	4,225,477	4,185,477	3,357,170	3,357,170

<TABLE>
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FINANCIAL HIGHLIGHTS (Con't)

December 31, 1991 December 31, 1990 December 31, 1989 December 31, 1988 December 31, 1987

<S> Per Share Operating Performance	<C>	<C>	<C>	<C>	<C>
Net Asset Value - Beginning	2.07	2.53	2.44	2.07	2.13
Net Investment Income (loss)	0.02	(0.04)	0.00	0.00	0.00
Net Realized and Unrealized Gains (Losses)	0.06	(0.28)	0.09	0.40	(0.06)
Total From Investment Oper.	0.06	(0.32)	0.09	0.40	(0.06)
	0.00	0.00	0.00	0.00	0.00
Distributions - Net Invest Inc.					
	0.00	0.00	0.00	0.00	0.00
Distributions - Capital Gains Returns of Capital	0.00	0.00	0.00	0.00	0.00
Total Distributions	0.00	(0.14)	0.00	0.00	0.00
Cumulative Effect of Change in Accounting Method	0.00	0.00	0.00	(0.03)	0.00
Change Resulting From Purchase or Sale of Company Stock	0.00	0.00	0.00	0.00	0.00
Net Asset Value - End	2.12	2.07	2.53	2.44	2.07
Per Share Market Value (Adjusted) - End	1-3/8	1-1/8	1-1/4	1-1/8	1-1/8
Total Investment Return	0.03	(0.15)	0.04	0.16	(0.03)
Ratios/Supple- mental Data					
Net Assets, End of Period	2.13	2.07	2.53	2.44	2.07
Ratio of Expenses to Average Net Assets	9.34%	8.96%	8.58%	9.88%	10.32%
Ratio of Net Income (loss) to Average Net Assets	.92%	(1.89)%	0.00%	0.00%	0.00%
Portfolio	36.76%	14.78%	13.82%	7.36%	31.59%

Turnover

Number of Shares	3,357,170	3,357,170	3,357,170	3,357,170	3,357,170
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NOTES:

(1) Data has been restated to reflect 25% stock distributions in 1992, 1993, 1994 and 1995, and reflects the Company's private placement in 1997.

(2) The information contained in this Table of Financial Highlights was obtained from the Company's Annual Report to Shareholders for each indicated year. The financial highlights for the years 1996, 1995, 1994, 1993, 1992, 1991, 1990 and 1989 were audited by Deloitte & Touche LLP whose report on such information for each of the five years in the period ended December 31, 1996 is included in the Annual Report for each respective year.

HISTORY AND BUSINESS

Introduction

Rand Capital Corporation, which was organized as a New York corporation in February 1969, is a venture capital investment company having as its principal purpose investment in small, young and, in some cases, newly-created enterprises which are principally engaged in the development or exploitation of inventions, technological improvements, new products and services not previously generally available. It is registered under the Investment Company Act of 1940 (the "1940 Act") and is classified under the 1940 Act as a closed-end, diversified, management investment company.

The Company has operated under its present name since 1969. During the past five years the Company has not engaged in any business other than as an investment company.

Investment Objective and Policies

The Company's investment objective is long-term capital appreciation, primarily through investments in small, developing companies. Accordingly, it invests its funds principally in undertakings commonly referred to as "venture capital" investments, which involve a high degree of risk and which, in the Company's opinion, have the potential for significant capital appreciation.

Typically, the Company will invest in unseasoned companies, and, in some cases, it may assist in the formation of new companies and may be a substantial shareholder. On occasion, it may invest in companies which have been operating for a period of time and have a record of revenues or earnings. Generally, the portfolio company's capital will be supplied by its founders on an equity basis, by the Company through a combination of debt and equity securities and by banks or other institutions as senior or secured creditors. The bank and institutional lenders generally require that the Company subordinate its rights as a creditor to their rights. The venture debt securities that the Company invests in would be considered to be below investment grade.

Enterprises selected for investment will ordinarily have developed or will be developing what the Company considers new or unusual concepts such as advanced technology or new products, methods or techniques of production or marketing. In selecting companies for investment, the Company will consider quality of management and any operating record; the soundness of the idea, service or product to be developed or being developed; the effect of market and economic conditions and governmental policies on the company and its products; the nature of its competition; and, if substantial plant and equipment are necessary to the company's operations, the suitability or cost of

such facilities.

When acquiring debt securities, the Company will consider the ability of the issuer to service interest and principal repayment requirements. The economic terms of the investment are generally a matter of negotiation between the Company and the venture company; other investors may also participate in the negotiation. In some cases where the long-term prospects of the investment appear attractive to the Company, but continuing development work will preclude payment of interest in the near-term, the Company will agree to a deferment of interest payments. The Company frequently defers payment of principal installments by portfolio companies for periods of up to three years. However, the Company's own requirements of current income to meet some or all of its operating expenses will necessarily act as some restraint upon a repeated selection of investments which fail to produce current income. In 1996, on the basis of a re-evaluation made by the Company and its Board of Directors, a determination was made to place greater emphasis on making investments that provide a current return.

From time to time, because of a temporary lack of suitable venture capital opportunities or in order to provide liquidity to support the Company's operations, the Company may invest in liquid and current income-type investments consisting of federal or state government securities and securities issued by their agencies and instrumentalities that are guaranteed by them, certificates of deposit, bankers' acceptances, commercial paper or other short-term securities, high-rated, publicly-traded corporate debt obligations, first mortgage construction loans where a commitment has been obtained from a long-term lender to acquire the permanent first mortgage loan to be placed upon the completed property, money market funds, or it may retain its funds in cash. Such investments in liquid and current income-type investments do not themselves have the potential for significant capital appreciation called for by the Company's principal investment strategy.

The Company spends a substantial portion of its employee's time monitoring its investments and furnishing advisory services to the companies in its venture capital investment portfolio. Upon occasion, the Company has received compensation in cash and in securities of a portfolio company for advisory services furnished to a portfolio company. Although such compensation has rarely been significant in the past, the Company, under appropriate circumstances, will seek to increase its income from such advisory services in the future. Where the Company deems it beneficial to have its nominee on the board of directors of a venture company in which it invests, it may obtain a commitment by the portfolio company or its shareholders to effect that result. As of the date of this Prospectus, nominees of the Company serve on the boards of directors of four of the companies in which it has venture investments.

Fundamental Policies

The following investment policies of the Company are fundamental policies and may not be changed without approval of the lesser of (1) more than 50% of the Company's outstanding voting securities or (2) 67% or more of the voting securities present at a meeting of security holders at which a quorum is present.

1. The Company may invest up to 100% of its assets in restricted securities.
2. The Company may issue senior securities in the form of debentures and preferred stock and may borrow money from banks and other lenders, on an unsecured basis, all within the limitation of the 1940 Act. However, an order issued by the Securities and Exchange Commission which permitted Rand to invest in a small business investment company subsidiary prohibits the issuance of preferred stock. See "Other Restrictions on

Investment" hereunder and "Capital Stock -- Preferred Stock."

3. The Company will not:

(a) purchase and sell commodities or commodity contracts;

(b) trade in contracts commonly called puts or calls or combinations thereof, except that it may acquire warrants, options or other rights to subscribe to or sell securities in furtherance of its investment objectives;

(c) underwrite securities of other issuers, except that it may acquire portfolio securities under circumstances where, if sold, the Company might be deemed a statutory underwriter for purposes of the Securities Act of 1933;

(d) purchase any securities of a company if any of the directors or officers of the Company owns more than 1/2 of 1% and such persons owning more than 1/2 of 1% together own 5% or more, of the shares of such company.

4. The Company will diversify its investments so as to maintain its classification as a "diversified company" within the meaning of the 1940 Act, that is, at least 75% of the value of its total assets shall be represented by cash and cash items (including receivables), Government securities, securities of other investment companies, and other securities for the purposes of this calculation limited in respect of any one issuer to an amount not greater in value than 5% of the value of the total assets of the Company and to not more than 10% of the outstanding voting securities of such issuer. "Government securities" refers to any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

5. The Company will not concentrate its investments in any one industry, that is, it will not invest more than 25% of its total assets (at values current at the time of the investment) in any one industry.

6. The Company may invest in real estate development companies, but it may not directly hold real estate except for office use or in connection with the orderly liquidation of a debt or other investment. Holdings in real estate companies and for office use will not exceed 25% of the value of its total assets after each such investment.

7. The Company may make loans and purchase debt securities in furtherance of its investment objectives. The loans that the Company makes are made in connection with high-risk, venture capital investments, are usually subordinated to bank or other institutional loans, and would be considered below "investment grade." See, "SUMMARY -- Risk Factors --1. High risk, illiquid investments," above.

The Company does not have any policy directly limiting the amount of its portfolio turnover. However, high portfolio turnover is not generally consistent with the Company's investment objective of long term capital appreciation through venture capital investments. During the last three full fiscal years, the aggregate dollar amounts of purchases and sales of portfolio securities, other than Government securities, were: 1996 -- \$5,001,693; 1995 -- \$3,889,108 and, 1994 -- \$1,228,797.

Insofar as the Company's investment policies would permit it to invest in a real estate investment company, see "Other Restrictions on Investment," below.

The Company's policy not to acquire puts or calls,

except rights to acquire or sell securities to further its investment objectives, has been interpreted by the Company's management in light of its principal investment strategy to seek long term-capital appreciation through high risk venture capital investments in companies having growth potential, but whose securities are generally not publicly traded. Thus, in the case of call options, the Company has made loans to portfolio companies and received debt instruments in face amounts equal to the amounts loaned together with warrants to purchase common stock from the portfolio company at prices that would generally be favorable to the Company if the portfolio company is successful during the period prior to the expiration date of the warrant. Frequently, the warrants are exercisable at the option of the Company by conversion of part or all of the debt instrument in lieu of additional cash payments. Generally, this procedure is an alternative to making an investment in the common or preferred stock of the portfolio company and, accordingly, is not viewed as creating additional risks but is seen as providing cash flow through interest payments on the debt instruments while preserving some ability to cash-out of the investment at maturity or upon default on the debt instrument in the event that the portfolio company is not successful within an appropriate time period. The debt securities thus acquired by the Company must frequently be subordinated to the issuer's indebtedness to banks and other institutional lenders and would be considered below "investment grade."

In the case of put options, the Company occasionally makes investments in the common stock of a portfolio company while simultaneously obtaining a put option to sell the stock, at the Company's option, back to the portfolio company at an amount equal to its purchase price during a period of time. This investment format is also viewed as a means of reducing risk as compared with investing in the portfolio company's common stock without having such an option.

The term "call option" is frequently used to designate a short-term contract (generally having a duration of nine months or less) under which the purchaser of the call option, in return for payment of the option premium (the option's current market price), obtains the right to buy a publicly traded security to which the option relates at a specified exercise price at any time during the term of the option. The writer of the call option, who receives the premium, assumes the obligation to deliver the underlying security against payment of the exercise price at any time during the term of the option. The term "put option" is frequently used to designate a similar short-term contract that gives the purchaser of the option, in return for the premium paid, the right to sell the underlying publicly traded security at a specified exercise price at any time during the term of the option. The writer of the put option receives the premium and assumes the obligation to buy the underlying security at the exercise price whenever the option is exercised. The Company's Board of Directors does not consider the writing of or trading in these kinds of "put options" or "call options" to be related to its investment objectives and, accordingly, it views them as prohibited under its fundamental investment policies.

Diversification and Concentration of Investments

Two of the Company's fundamental investment policies, which cannot be changed except with prior shareholder approval, are to make diversified investments and to avoid concentrating its investments in any industry. Under the classification of investment companies provided under Section 5 of the 1940 Act, a "diversified company" must maintain at least 75% of its total assets in cash and cash items (including receivables), Government securities, securities of other investment companies, and other securities for the purposes of the calculation limited in respect of any one issuer to an amount not greater in value than 5% of the value of the total assets of the investment company and to not more than 10% of the outstanding voting securities of such

issuer, provided that a diversified company does not lose its status as such based on a subsequent discrepancy between these requirements and the values of its various investments if any such discrepancy did not exist immediately after making an acquisition. As provided in Section 8(b) of the 1940 Act as interpreted by the Staff of the Securities and Exchange Commission, a registered investment company must announce any policy of concentrating its investments in a particular industry or group of industries, and an investment company avoids concentrating in any industry or group of industries by avoiding making any investment in an industry if, immediately after making the investment, more than 25% of the Company's total assets would be invested in securities of issuers within the industry.

During 1994 and 1995 certain investments, which were acquired in accordance with the Company's policies for diversification of investments and against concentration in one industry or group of industries, appreciated in value to such an extent that the Company's portfolio temporarily ceased to be non-diversified and its investments became concentrated beyond the amount permitted by the Company's policies. The appreciation of these investments did not cause the Company to be in violation of its policies requiring diversification and against concentration within a single industry, because those policies govern the way in which new investments may be made, and they do not affect existing investments whose value has changed.

Presently, the Company's portfolio of investments is diversified. Nevertheless, if an existing investment were to subsequently increase in value to an extent that caused the Company's portfolio to be non-diversified and excessively concentrated in a single industry, all investments in portfolio securities would thereafter have to be (a) limited to not more than 5% of total assets and not more than 10% of voting securities of the issuer, and (b) made in a different industry. These limitations could adversely affect the Company's ability to make investments in a manner that would be judged by management as being most likely to receive optimum returns.

Although the Company intends to continue to follow its policies of diversifying its investments and not concentrating its investments in any one industry, where significant appreciation in the value of an existing investment causes the Company's portfolio to no longer be diversified and to be concentrated to an extent that would not have been permissible for a new investment, the Company will not liquidate part or all of the investment solely for the purpose of establishing diversification and removing the concentration, but will retain the investment until the Board of Directors determines that it would be in the best interest of the Company to dispose of the investment.

Other Restrictions on Investment

In addition to the fundamental policies enumerated above, statutory requirements affect investment concentration. Section 12(d) of the 1940 Act prevents the Company from investing in an unregistered investment company if, immediately after acquisition of the securities of the other company, the Company would have more than 5% of its assets invested in the securities of the other company or the Company would own more than 3% of the voting securities of the other company.

The Company does not ordinarily expect to acquire a majority interest in its venture investments. However, it is the Company's policy that, subject to the limitations created by its policy on diversification, when the Company believes it necessary to protect its investment or enhance its investment opportunities, the Company may acquire up to 100% of the equity interest in another company.

Recent Private Sale of Common Stock

The Company made a private offering of common stock in which it sold 1,174,037 on January 16, 1997 and 308,520 shares on March 3, 1997 to private investors pursuant to the terms of Subscription Agreements dated as of those dates (collectively, the "Subscription Agreement"). The Subscription Agreement contained registration rights provisions whereby the Company agreed to cause the offer and sale of as many of the shares as the subscribers should request to be registered under the Securities Act of 1933 for sale to the public. This Prospectus has been prepared and filed pursuant to the registration rights provisions under the Subscription Agreement.

Share Price Data

The Company's common stock is traded in the over-the-counter market and listed on NASDAQ under the symbol "Rand." The following table shows the per share net asset value ("NAV"), the high bid price, the premium or discount (expressed as a percentage) of the high bid price to per share NAV, the low bid price, and the premium or discount (expressed as a percentage) of the low bid price to per share NAV for the Company's common stock during the two most recent fiscal years and for each full fiscal quarter since the beginning of the current fiscal year. The bid prices are over-the-counter market quotations that reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. The stock price bid data and net asset values have been adjusted for stock distributions including a five-for-four stock distribution to shareholders of record on May 26, 1995.

<TABLE>

<CAPTION>

	High NAV	% of Bid	Low NAV	% of Bid	NAV
<S>	<C>	<C>	<C>	<C>	<C>
1995:					
1st Quarter.....	\$3.25	\$4.20	129%	\$3.60	111%
2nd Quarter.....	\$3.30	\$5.375	163%	\$4.50	136%
3rd Quarter.....	\$3.33	\$7.00	210%	\$5.25	158%
4th Quarter.....	\$2.21	\$6.50	294%	\$3.00	136%
1996:					
1st Quarter.....	\$2.11	\$3.50	166%	\$1.00	47%
2nd Quarter.....	\$1.76	\$2.25	128%	\$1.375	99%
3rd Quarter.....	\$1.66	\$2.125	128%	\$1.50	90%
4th Quarter.....	\$1.53	\$1.688	110%	\$1.188	78%
1997:					
1st Quarter.....	\$1.51	\$2.00	132%	\$1.438	95%

</TABLE>

Information concerning the Company's allocation of brokerage, transfer and dividend paying agent, and custodian is hereby incorporated by reference from information presented under the heading "ALLOCATION OF BROKERAGE, TRANSFER AGENT, AND CUSTODIANSHIP" in the attached Statement of Additional Information.

PLAN OF DISTRIBUTION

The securities offered hereby will be offered and sold by the selling shareholders described under "Selling Shareholders" (the "Selling Shareholders") for their respective accounts. The Company will not receive any of the net proceeds from the Common Stock being offered by the Selling Shareholders.

The Selling Shareholders may sell shares of Common Stock in any of the following ways: (i) through dealers; (ii)

through agents; or (iii) directly to one or more purchasers. The distribution of the Shares by the Selling Shareholders may be effected from time to time in one or more transactions in the over-the-counter market or in negotiated transactions at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Selling Shareholders may effect such transactions by selling Shares to or through broker-dealers, including broker-dealers who are market makers in the Common Stock, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the Selling Shareholders and/or commissions from purchasers of Shares for whom they may act as agent. The Selling Shareholders and any broker-dealer or agents that participate in the distribution of the Shares by the Selling Shareholders may be deemed to be underwriters under the Securities Act of 1933, and any discounts, concessions or commissions received by any such broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

SELLING SHAREHOLDERS

The following table sets forth information regarding (1) the name of each Selling Shareholder, (2) the amount and percentage of Shares owned by each Selling Shareholder immediately prior to the commencement of the Offering, (3) the number of Shares to be offered hereunder by each Selling Shareholder, and (4) the amount and percentage of Shares expected to be owned by each Selling Shareholder after the completion of the Offering. Except for the Shares to be sold by Mr. Newman and Colmac Holdings Limited, all of the Shares were acquired by the Selling Shareholders pursuant to the private offering described under "HISTORY AND BUSINESS -- Recent Private Offering." Except under the terms of such private offering and as indicated in the foot notes to the table, no Selling Shareholder has had any material relationship with the Company during the last three years.

<TABLE>
<CAPTION>

BEFORE THE OFFERING

NAME	SHARES PERCENT OF OWNED OUTSTANDING		TO BE SOLD	SHARES PERCENT OF OWNED OUTSTANDING	
	<C>	<C>		<C>	<C>
<S> Gregory Abbott	48,429	*	48,429	-0-	*
The Clatskanie Trust, C. Balbach TTE	20,000	*	12,000	8,000	*
The Todd Trust, C. Balbach TTE	20,000	*	20,000	-0-	*
Paul D. Bauer	22,900	*	12,900	10,000	*
Thomas R. Beecher, Jr. (1)	29,835	*	10,000	19,835	*
Venture Investment Club	64,516	1.1%	64,516	-0-	*
Mark A. Browning	13,000	*	13,000	-0-	*
Samuel R. Cappiello	39,758	*	32,258	7,500	*
Mark Chaplin	10,000	*	10,000	-0-	*
Barrington Capital	32,258	*	32,258	-0-	*

Group, LP						
Donald I. Dussing	16,129	*	16,129	-0-	*	
James R. Endler, IRA	32,258	*	32,258	-0-	*	
Michael Farrell	64,516	1.1%	64,516	-0-	*	
Patricia A. Fors	64,516	1.1%	64,516	-0-	*	
Richard Garman	50,000	*	50,000	-0-	*	
Arthur A. Glick	16,129	*	16,129	-0-	*	
The Deerfield Corporation	161,290	2.8%	161,290	-0-	*	
Herbert J. Heimerl, Jr.	6,451	*	6,451	-0-	*	
William N. Hudson, Jr.	26,500	*	26,500	-0-	*	
Luiz F. Kahl (1)	64,516	1.1%	64,516	-0-	*	
Allan G. Kenzie (2)	100,000	1.8%	20,000	80,000	1.4%	
Langley H. Kenzie (2)	20,000	*	15,294	4,706	*	
David & Margot Kenzie (2)	10,000	*	10,000	-0-	*	
Michael & Joe Steinitz	10,000	*	10,000	-0-	*	
Daniel C. Kenzie (2)	10,000	*	10,000	-0-	*	
Allen G. Kenzie, TTE (2) FBO Langley C. King	16,000	*	16,000	-0-	*	
Allan G. Kenzie, TTE (2) FBO Connor A. King	16,000	*	16,000	-0-	*	
Rachel K. King, TTE (2) FBO Mary L. Kenzie	20,000	*	20,000	-0-	*	
Mary L. Kenzie, TTE (2) FBO Rachel K. King	20,000	*	20,000	-0-	*	
Lippes Family, LLC	20,000	*	20,000	-0-	*	
Paul E. Locke	5,000	*	5,000	-0-	*	
Wendelyn M. Duquette, Trustee FBO Laura C. Duquette	2,000	*	2,000	-0-	*	
Wendelyn M. Duquette, TTE	2,000	*	2,000	-0-	*	

FBO Nicole O. Duquette						
Wendelyn M. Duquette, TTE FBO Maxwell A. Duquette	2,000	*	2,000	-0-	*	
Theodore E. Marks, II, TTE FBO Derek R. Marks	2,000	*	2,000	-0-	*	
Theodore E. Marks, II, TTE FBO Mathew G. Marks	2,000	*	2,000	-0-	*	
Theodore E. Marks, II, TTE FBO Theodore E. Marks, III	2,000	*	2,000	-0-	*	
Heather R. Palmer	6,000	*	6,000	-0-	*	
Joshua R. Marks	6,000	*	6,000	-0-	*	
Wendelyn M. Duquette	3,000	*	3,000	-0-	*	
Theodore E. Marks, III	3,000	*	3,000	-0-	*	
E.W.M. Investments, Inc.	10,000	*	10,000	-0-	*	
Donald McClellan	10,000	*	10,000	-0-	*	
Frank McGuire	32,258	*	32,258	-0-	*	
Colmac Holdings Limited (3)	400,000	7.0%	100,000	300,000	5.3%	
Reginald B. Newman, II (1)	500,000	8.8%	500,000	-0-	*	
Susan M. Nycek (5)	1,340	*	1,340	-0-	*	
J.H. Paull, TTE FBO Melissa S. Paull	20,000	*	20,000	-0-	*	
J.H. Paull, TTE FBO Allison S. Paull	20,000	*	20,000	-0-	*	
Robin K. Penberthy (4)	9,000	*	6,500	2,500	*	
Gregory Photiadis	6,451	*	6,451	-0-	*	
Jayne K. Rand (1)	215,734	3.8%	100	215,634	3.8%	
Karl I. Riner	10,000	*	10,000	-0-	*	
Pierre & Madeleine Savoie	3,225	*	3,225	-0-	*	
Gerald C. Saxe	64,516	*	64,516	-0-	*	
Richard & Jarilyn	6,451	*	6,451	-0-	*	

Searns (6)

Olympic Management Systems	20,000	*	20,000	-0-	*
Randy Strauss	6,451	*	6,451	-0-	*
James H. Thompson	20,000	*	20,000	-0-	*
Joseph N. Williams	3,225	*	3,225	-0-	*
Frederick W. Winter (1)	1,745	*	645	1,100	*

</TABLE>

* Less than 1%.

(1) Director of the Company.

(2) Ross B. Kenzie is Director of the Company. Langley H. Kenzie is Ross Kenzie's wife; the other persons indicated are adult members of Ross Kenzie's family who do not share his household.

(3) Willis S. McLeese, a director of the Company, is the Chairman and principal owner of Colmac Holdings Limited.

(4) Chief Financial Officer and Secretary of Company.

(5) Office Manager of the Company.

(6) Respectively, the Chief Executive Officer and Executive Vice President of Key Resource Group, LLC, an entity to which the Company has, subject to certain conditions, undertaken to make a \$450,000 venture capital investment.

USE OF PROCEEDS

Each of the Selling Shareholders will receive all of the net proceeds from the sale of the Shares owned by such shareholder. The Company will not receive any of the net proceeds from the sale of the Shares.

MANAGEMENT

The business and affairs of the Company are managed under the direction of its Board of Directors as required by New York law. The day-to-day operations of the Company are conducted through its officers.

The President and the Executive Vice President of the Company, Allen F. Grum and Nora B. Sullivan, are primarily responsible for the day to day management of the Company's portfolio. Information concerning the length of time Mr. Grum and Ms. Sullivan have been primarily responsible for the Company's portfolio and concerning their business experience is included in the attached Statement of Additional Information under the caption "MANAGEMENT," and is hereby incorporated herein by reference. Information concerning Willis S. McLeese, a director who is not a resident of the United States, is included in the attached Statement of Additional Information and is hereby incorporated herein by reference. Information concerning brokerage allocation, custodianship of the Company's investment securities, and the Company's transfer agent is included in the attached Statement of Additional Information under the caption "ALLOCATION OF BROKERAGE, TRANSFER AGENT AND CUSTODIANSHIP," and is hereby incorporated herein by reference.

To the knowledge of the Company, no person: (a) beneficially owns, either directly or through one or more controlled companies, more than 25% of the voting securities of the Company; (b) has acknowledged or asserted that it controls the Company; or (c) has been adjudged under Section 2(a)(9) of the Investment Company Act of 1940 to control the Company.

CAPITAL STOCK

Rand is authorized to issue 500,000 shares of a class of Preferred Stock having a par value of \$10 per share and 10,000,000 shares of Common Stock having a par value of \$.10 per share.

As of the date of this Prospectus, 5,708,034 shares of Common Stock are issued and outstanding. No shares of Preferred Stock have been issued.

Common Stock

Holders of Common Stock are entitled to dividends and other distributions when and as declared by the Board of Directors and to share ratably in assets available for distribution on liquidation or dissolution of the Company, subject however to the prior rights of holders of the Preferred Stock, when issued. Shares of Common Stock have no conversion rights, are not subject to redemption and have no sinking fund. There are no restrictions on the purchase by the Company of Common Stock, except as provided by law. Each share of Common Stock, voting as a single class, is entitled to one vote for the election of directors and all other matters requiring shareholder vote, and these shares have no cumulative voting rights.

All the outstanding shares of Common Stock are validly issued, fully paid and non-assessable. All shares of Common Stock to be sold pursuant to the offering contained in this Prospectus are currently issued and outstanding. Holders of shares of Common Stock do not have preemptive rights.

Preferred Stock

Subject to the limitations of the 1940 Act and the terms of an Exemptive Order of the Securities and Exchange Commission dated November 5, 1975 pursuant to which the Company was permitted to make investments in a small business investment company subsidiary (the "Exemptive Order"), the Preferred Stock may be issued in one or more series from time to time as the Board of Directors may determine. The Exemptive Order prohibits issuance of any Preferred Stock, and cannot be amended without the specific approval of the Commission. If Preferred Stock were permitted to be issued, the Board of Directors would be authorized under the Company's Certificate of Incorporation to fix the number of shares to be included in each series, the dividend rate, and the designation, relative rights, preferences and limitations (including the right of conversion into Common Stock, if any) pertaining to each such series. No such series shall, however, have a preference or priority over any other series of Preferred Stock on the distribution of the Company's assets or with respect to the payment of dividends.

Under the 1940 Act, Preferred Stock cannot be issued or sold unless immediately after such issuance or sale, the Preferred Stock shall have an asset coverage of 200%; that is, the aggregate involuntary liquidation preference of such Preferred Stock, or the amount to which the Preferred Stock is entitled on the Company's involuntary liquidation, and the aggregate amount of senior securities representing indebtedness may not exceed 50% of the Company's total assets (less all liabilities and indebtedness not represented by senior securities) after issuance or sale of such Preferred Stock. Dividends and other distributions on the shares of Common Stock would be prohibited unless at the time of declaration or distribution the Preferred Stock has at least 200% asset coverage after deducting the amount of the distribution. Preferred Stock would have priority over any class of stock as to distribution of assets and payment of dividends, which dividends would be cumulative.

Tax Status

Information concerning tax matters relating the Company is hereby incorporated by reference to the information under the caption "TAX STATUS" in the attached Statement of Additional Information.

DIVIDEND POLICIES

The Company generally retains all of its cash for use in investments and operating expenses. The Company has never paid a cash dividend on its Common Stock and has no present intention of paying cash dividends on the Common Stock.

In August of 1977, the Company distributed to its shareholders from its portfolio 211,190 common shares of Astronics Corporation, and in July of 1990 the Company distributed to its shareholders from its portfolio 137,496 common shares of Research Frontiers, Inc. Shares of the same class as the shares distributed were publicly traded on the over-the-counter market prior to distributions. From time to time the Company may consider distributing other securities in its portfolio to its shareholders particularly if securities of the same class are registered under the Securities Exchange Act of 1934 and traded in the public securities markets and if the distribution will not violate the provisions of the Securities Act. There is no present intention to make any such distribution.

From time to time the Company has made distributions of its common stock to its shareholders in the form of stock splits. The most recent such distribution was a five-for-four stock split with a record date of May 26, 1995 that was distributed on June 16, 1995.

The Company has entered into no agreements which restrict the payment of dividends.

LEGAL PROCEEDINGS

Stearns & Foster Bedding Company.

On March 21, 1994, a lawsuit was brought against a number of parties, including the Company, in the U.S. District Court for the District of New Jersey, under the title Stearns & Foster Bedding Company v. The Franklin Corporation, et al, (Civil Action No. 94-967 (JCL)). The action sought contribution pursuant to the federal Comprehensive Environmental Response Cleanup and Liability Act (CERCLA) and the New Jersey Spill Compensation and Control Act for response and environmental remediation costs in excess of \$1 million to be incurred in connection with the clean-up of a property owned from 1976 to 1979 by a company alleged to have been under the control of Rand through a venture capital investment. In December of 1996, the Court granted the Company's Motion for Summary Judgment and dismissed all of the claims against it. Although the Plaintiff has the right to appeal the dismissal, the Company has been advised that the Plaintiff has reached a settlement with one of the other Defendants for its remaining claims and, if the settlement is consummated, the litigation will be terminated without right of appeal.

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PART B

STATEMENT OF ADDITIONAL INFORMATION

RAND CAPITAL CORPORATION
2200 RAND BUILDING
BUFFALO, NEW YORK 14203

Rand Capital Corporation (the "Company" or "Rand") is a registered investment company, classified as a diversified, closed-end, management investment company with an investment objective of long-term capital appreciation through high risk venture capital investments in companies having growth potential but whose securities, in most cases, have no public market. This Statement of Additional Information relating to the Company is not a prospectus and should be read in conjunction with the Company's prospectus. A copy of the Company's prospectus can be obtained from the Company, 2200 Rand Building, Buffalo, New York 14203, telephone number (716) 853-0802.

The date of this Statement of Additional Information and of the prospectus to which this Statement of Additional Information relates is April __, 1997.

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PORTFOLIO TURNOVER

While Rand's investment objective of long term capital appreciation through venture capital investments leads to relatively infrequent sales of individual portfolio securities, the nature of its investments can lead to substantial fluctuations in "portfolio turnover" (see "Portfolio Turnover" in the Financial Highlights table of the attached Prospectus) resulting from dramatic fluctuations in the value of individual

investments among the relatively small number of investments in the Company's portfolio. During 1995 and 1996, the Company wrote down and wrote off a number of investments including its investments in Aria Wireless Systems, Inc. and Bydatel Corporation, which had constituted a significant portion of its aggregate portfolio value. During 1996, the Company also made a determination that it would generally not maintain investments in entities after their stock became publicly traded, and this policy resulted in the sale of other investments in 1996 and in the first quarter of 1997. Generally, the Company's management believes that once a portfolio company's stock becomes publicly traded the value of the investment becomes subject to market fluctuations which may not reflect the intrinsic values which Rand seeks to identify and pursue in its normal operations.

MANAGEMENT

The following information is given with respect to each director and officer of the Company.

<TABLE>
<CAPTION>

Name, Age and Address	Positions Held with the Company	Principal Occupation During Past Five Years
-----------------------	---------------------------------	---

<S> <C> <C>

Allen F. Grum (39) 2200 Rand Building Buffalo, New York 14203	President, Director	President of the Company since January 1996, Director since April 1996; prior thereto Senior Vice President of the Company since June 1, 1995; Executive Vice President of Hamilton Financial Corporation (mortgage bankers) 1994; Senior Vice President of Marine Midland Mortgage Corporation, 1991-1994.
Nora B. Sullivan (39) 2200 Rand Building Buffalo, New York 14203	Executive Vice President	Executive Vice President of the Company since September 1995; Senior Associate at Barakat & Chamberlain (financial and economic consulting firm) February to July 1995; attended Columbia Business School from 1993-4, where she received an MBA in Finance and International Business; prior thereto, General Counsel to Integrated Waste Management (solid waste management company) 1991-1992.
Robin K. Penberthy (33) 2200 Rand Building Buffalo, New York 14203	Chief Financial Officer and Secretary of the Company	Chief Financial Officer and Secretary of the Company since January 1996; Scholastic Aptitude Test (SAT) Instructor for The Princeton Review during 1995; prior thereto Administrative Vice President-Investor Relations Manager at

Marine Midland Mortgage Corporation 1993-94; various officer positions at Marine Midland Mortgage Corporation since prior to 1992.

*Reginald B. Newman, II (59) Board Chairman of Directors of the Company since April 1996, and a Director since 1987; Chairman of the Board of Directors of the Company since April 1996, and a Director since 1987; President of NOCO Energy Corporation (petroleum distributor) since prior to 1992.
700 Grand Island Boulevard
Tonawanda, New York 14150

Thomas R. Beecher, Jr. (61) Director Chairman of the Board Director since 1969, August 1991 to April 1996; Attorney; President of Beecher Securities Corporation, (family-owned venture capital company) since prior to 1992.
200 Theater Place
Buffalo, New York 14202

Luiz F. Kahl (60) Director Director since January 1997; President of Vector Group LC (private investment company) since February 1996; President and Chief Executive Officer of The Carborundum Company (producer of structural and electronic ceramic materials) since prior to 1992; Director of National Fuel Gas (utility company) since 1992.
6255 Sheridan Drive
Williamsville, NY 14221

Ross B. Kenzie (65) Director Director since April 1996; Director of Merchants Insurance since prior to 1991. Retired since prior to 1992.
369 Franklin Street
Buffalo, New York 14202

*Willis S. McLeese Director Director since 1986; Chairman of Colmac Holdings Limited (developer, owner and operator of co-generation and alternative energy electric power generating plants), Toronto, Canada since prior to 1992.
45 St. Clair Ave. W. Suite 902
Toronto, Ontario

Jayne K. Rand (36) Director Director since 1989; Vice President of Manufacturers & Traders Trust Co. since 1993, prior thereto Assistant Vice President of Marine Midland Bank, N.A. since prior to 1992.
One M&T Plaza
Buffalo, New York 14203

Frederick W. Winter (53) Director Director since 1996. Dean of the School of Management, University of Buffalo

School of Management of New York at Buffalo
 160 Jacobs Management since 1994; prior
 Center thereto was Head of the
 Buffalo, New York 14260 Department of Business
 Administration at the
 University of Illinois
 since prior to 1992;
 Director of Bell Sports,
 Inc. (bicycye and
 sporting goods
 manufacturer) since
 prior to 1992; Director
 of Alkon Corporation
 (manufacturer of
 pneumatic parts and
 fittings) since 1992.

</TABLE>

Persons designated by an asterisk (*) in the above table are "interested persons" within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended. Mr. Newman and Mr. McLeese are "interested persons" based upon the percentage ownership of the Company's common stock that each one owns.

Willis S. McLeese, who is a resident of Ontario, Canada, has a majority of his assets in the United States through his ownership of Colmac Holdings Limited which owns 100% of Colmac Dynamics, Inc., a Delaware corporation. Mr. McLeese has not authorized an agent in the United States to receive notice of service of process.

Compensation

The following table sets forth information with respect to compensation paid or accrued by the Company in fiscal year 1996 to each director of the Company and to each executive officer or any affiliated person of the Company with aggregate compensation from the Company in excess of \$60,000, and to each director of the Company. The Company is not part of a fund complex.

<TABLE>

<CAPTION>

COMPENSATION TABLE

Name of Person, Position	Aggregate Compensation from Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement
<S> Allen F. Grum President, Director	<C> \$102,405	<C> \$2,750(1)	<C> \$3,701(2)
Nora B. Sullivan Executive Vice President	\$87,042	\$2,550(1)	-0-
Reginald B. Newman II Chairman	\$6,250	-0-	-0-
Thomas R. Beecher, Jr. Director	\$3,750	-0-	-0-
Ross B. Kenzie Director	\$4,250	-0-	-0-
Willis S. McLeese	\$4,750	-0-	-0-

Director			
Jayne K. Rand Director	\$6,250	-0-	-0-
Donald A. Ross Director, Consultant	\$3,750(3)	-0-	(3)
Frederick W. Winter Director	\$4,500	-0-	-0-

</TABLE>

(1) Included within the indicated compensation is payment of Company contributions to the Company's 401(k) Profit Sharing Plan. To date, an aggregate of \$5,300 has been deferred for payment to Mr. Grum and Ms. Sullivan. Under such plan, participants may elect to contribute up to 20% of their compensation on a pre-tax basis by salary reduction. For eligible employees, the Company may make a discretionary flat contribution of 1% of compensation and match an eligible contribution of up to a maximum of five percent (5%). In addition, the Company may contribute an annual discretionary amount as determined by the Board of Directors. In 1996, the Company did not make any discretionary contributions to the 401(k) Plan.

(2) Includes pension benefit payable to the Company's Defined Benefit Pension Retirement Plan described below. Amounts indicated do not include any benefits payable pursuant to the Company's 401(k) Profit Sharing Plan.

(3) See "Consulting and Deferred Compensation Agreements." below. Mr. Ross' service as a director ended on April 17, 1997.

Consulting and Deferred Compensation Agreements

Effective December 31, 1995, the Company and Donald A. Ross terminated his employment agreement and entered into a Consulting Agreement and a Deferred Compensation Agreement. Under the terms of the Consulting Agreement, Mr. Ross was paid \$10,000 in 1996 for providing part-time consulting services, assistance in maintaining continuity in business relations during the transition to new management, and such other services related to the Company's business operations as the Company may reasonably request. Such amounts included any amounts payable for service as a director and on any committee of the Board of Directors. In addition, Mr. Ross receives: medical insurance coverage for the duration of his life and that of his wife for himself, his wife and his dependents, and during the period of his consulting agreement, the use of a car and up to \$1,500 in annual maintenance fees therefor, and \$2,400 annual membership dues at a business club and reimbursement of business entertainment expenses of up to \$2,000 per year at the club. The Consulting Agreement ran for the period of 12 months and was subject to annual review by the Company. This Agreement was not renewed for 1997. Under the Deferred Compensation Agreement, Mr. Ross, or his heirs, received deferred payment for services previously rendered in the amount of \$60,000 for 1996, and will receive \$31,000 for each year thereafter until Mr. Ross reaches age 70.

Defined Benefit Pension Retirement Plan

From 1988 to 1996, the Company maintained a Defined Benefit Pension Retirement Plan (the "Defined Benefit Plan") for all full time employees meeting minimum age and service requirements. At the later of age 65 or the fifth year of participation, participants are entitled to accrued monthly pension benefits computed under a final average pay formula equal to 75% of average monthly compensation, up to a maximum of \$50,000 per year, reduced proportionately for each year of

service less than ten. The non-forfeitable right of an employee to pension benefits accrues after a three year period of employment. Benefits are not reduced by social security payments or by payments from other sources. The Defined Benefit Plan is funded through Company contributions, and benefits are payable under one of several payment options including lifetime annuity and lump sum settlement. Mr. Grum's benefits are not fully vested. This plan was terminated in September 1996.

Compensation of Directors

During 1996, under the Company's standard compensation arrangements with directors, each non-employee director receives an annual fee of \$1,000 plus \$750 for attendance at each meeting of the Board of Directors and each meeting of a Committee not held on the same day as a Board meeting, and the Chairman of the Board, Mr. Newman, received an annual fee of \$2,500 plus \$750 for attendance at Board and Committee meetings.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

The following table sets forth the holdings of each person who owns of record or beneficially five percent or more of the Company's Common Stock, and by all officers and directors as a group, as of March 13, 1997.

<TABLE>
<CAPTION>

Name and Address	Amount and Nature of Ownership (1)	Percent of Class
------------------	------------------------------------	------------------

More than 5% owners:

<S>	<C>	<C>
Reginald B. Newman II 700 Grand Island Boulevard Tonawanda, New York 14150	500,000	8.8%

Willis S. McLeese (2) 45 St. Clair Avenue, West Suite 902 Toronto, Canada	400,000	7.0%
--	---------	------

All Directors and Officers as a group (11 persons):	1,390,058(3)	24.4%
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</TABLE>

(1) The beneficial ownership information presented is based upon information furnished by each person or contained in filings made with the Securities and Exchange Commission. All amounts of securities listed are owned both of record and beneficially unless otherwise noted.

(2) Such shares are owned by Colmac Holdings Limited, a corporation of which Mr. McLeese is the Chairman and principal owner.

(3) Except as indicated in (2) above and 9,835 shares as to which members of the group have sole voting and shared investment control, members of the group have sole voting and investment power over the shares indicated.

To the knowledge of the Company, no person: (a) beneficially owns, either directly or through one or more controlled companies, more than 25% of the voting securities of the Company; (b) has acknowledged or asserted that it controls the Company; or (c) has been adjudged under Section 2(a)(9) of the Investment Company Act of 1940 to control the Company.

INVESTMENT ADVISORY AND OTHER SERVICES

The Company has no investment adviser and is not a

party to any management-related service contracts. The Company is advised by its officers under the supervision of its Board of Directors.

Deloitte & Touche LLP independent auditors, with an office at Suite 250, Key Bank Tower, 50 Fountain Plaza, Buffalo, New York 14202 acts as independent auditors for the Company. In such capacity, Deloitte & Touche LLP examines and audits the accounts of the Company.

ALLOCATION OF BROKERAGE, TRANSFER AGENT AND CUSTODIANSHIP

Brokerage

Because the Company primarily makes venture capital investments by negotiated transactions involving securities which are not publicly traded, the Company does not ordinarily pay brokerage on its purchase of portfolio securities. From time to time the Company has sought to increase its return on its cash awaiting venture capital investment by purchasing certificates of deposit and government or mortgage backed debt securities from the issuing banks or from dealers in these securities.

The Company has no agreement, understanding or allocation formula with respect to the placement of brokerage. In selecting brokers, the Company may give consideration to a broker who has presented prospective investments to it or has furnished research or other information to it which has been useful in evaluating an investment. However, no Company employee is authorized knowingly to permit any broker to charge the Company a commission exceeding the lowest commission generally available to it.

Transfer Agent

The Company's transfer agent, registrar and dividend paying agent is Continental Stock Transfer & Trust Company, 2 Broad Street, New York, New York 10007.

Custodianship

The Company maintains custody of its own portfolio securities and does not have a third-party custodian. The Company's portfolio securities are kept in a vault maintained at a branch office of Marine Midland Bank, N.A. located in the Rand Building at LaFayette Square, Buffalo, New York 14203.

TAX STATUS

Subchapter M of the Internal Revenue Code establishes special tax provisions for a "regulated investment company." The Company does not now qualify and does not expect to qualify as a regulated investment company for 1997 and is therefore subject to regular corporate tax rates. Rand Capital and Rand SBIC file consolidated tax returns.

The Company may choose to become a regulated investment company in any year in which it can qualify and such election is determined to be beneficial to it. There is no assurance that it will be able to qualify. Once made, an election cannot be revoked.

If the Company were to qualify and to elect to be a regulated investment company, it would (i) distribute all of its net investment income and gains to shareholders and these distributions would be taxable as ordinary income or capital gains, (ii) shareholders might be proportionately liable for taxes on income and gains of the Company, but shareholders not subject to tax on their income would not be required to pay tax on amounts distributed to them, and (iii) the Company would inform shareholders of the amount and nature of the income or gains. Tax items which are treated differently for alternative minimum taxation and regular taxation must be apportioned between a regulated investment company and its shareholders.

In order for the Company to qualify for tax treatment as a regulated investment company, at least (1) 90% of the Company's gross income must be derived from dividends, interest, payments with respect to securities loans, and gains from a sale or other disposition of stock or securities, and less than 30% of its gross income may be derived from the sale or distribution of stock or securities held for less than 3 months, and (2) 50% of the value of its total assets at the close of each quarter must be represented by cash and cash equivalent items, government securities, securities of other regulated investment companies, and securities of companies of which the Company owns 10% or less of the outstanding voting securities and the Company must not invest more than 25% of its assets in any one issuer.

FINANCIAL STATEMENTS

The Statements of Financial Position at December 31, 1995 and December 31, 1996, including the Portfolio of Investments at December 31, 1996 and the related Statements of Operations and Changes in Net Assets for each of the years then ended, and the Schedules of Selected Per Share Data and Ratios for each of the five years in the period ended December 31, 1996, together with the report thereon of Deloitte & Touche LLP dated January 24, 1997 are contained on pages 3 through 16 of the Rand Capital Corporation Annual Report for 1996 and are incorporated herein by reference.

PART C

OTHER INFORMATION

Item 24. Financial Statements and Exhibits

1. Financial Statements:

The following documents are filed as part of this Registration Statement:

The financial statements and the report of Deloitte & Touche LLP set forth on pages 3 through 16 of the Rand Capital Corporation Annual Report for the year ended December 31, 1996 are incorporated by reference in this Form N-2.

Schedules other than those listed above are omitted because of the absence of the conditions under which they are required or because the information called for is included in the financial statements or notes thereto.

- | | Page or
Reference |
|--|----------------------|
| 2. Exhibits: | |
| (a)(1) -Certificate of Incorporation of Registrant -- Certificate of incorporation, filed 2/24/69; Certificate of Amendment, dated 10/27/69; Certificate of Amendment, dated 11/26/69; Certificate of Amendment, dated 7/14/92 | (1) |
| (a)(2) -Certificate of Incorporation of Registrant * -- Certificate of Amendment, dated May 4, 1995; Certificate of Merger of Rand SBIC, Inc. into Rand Capital Corporation, dated 9/27/94; Certificate of Amendment, dated 4/25/96; Certificate of Amendment, dated 4/17/97 | |
| (b) -By-Laws of Registrant | * |
| (c) -[Not applicable] | |
| (d)(1) -Specimen Certificate for Common | |

Stock of Registrant *

- (d)(2) -Form of Subscription Agreement among Registrant and holders of securities being registered *

Exhibit Page or Reference

(e) -[Not applicable]

(f) -[Not applicable]

(g) -[Not applicable]

(h) -[Not applicable]

(i)(1) -Deferred Compensation Agreement, effective December 31, 1995, between the Registrant and Donald A. Ross *

(i)(2) -Registrant's Defined Benefit Pension Retirement Plan, dated January 1, 1988 (2)

(i)(3) -Registrant's 401(k) Profit Sharing Prototype Plan (3)

(j) -[Not applicable]

(k) -[Not applicable]

(l) -Opinion and Consent of Hodgson, Russ, Andrews, Woods & Goodyear LLP *

(m) -Not applicable

(n) -Consent of Independent Auditors *

(o) -Financial Statements (4)

(p) -[Not applicable]

(q) -[Not applicable]

(r) -Financial Data Schedule *

(1) Incorporated by reference to Exhibit 2(a) to Registrant's Registration Statement No. 33-77824, dated April 15, 1994.

(2) Incorporated by reference to Exhibit 2(i)(2) to Registrant's Registration Statement No. 33-77824, dated April 15, 1994.

(3) Incorporated by reference to Exhibit 2(i)(3) to Registrant's Registration Statement No. 33-77824, dated April 15, 1994.

(4) The Statements of Financial Position at December 31, 1995 and December 31, 1996, including the Portfolio of Investments at December 31, 1996 and the related Statements of Operations and Changes in Net Assets for each of the years then ended, and Schedules of Selected Per Share Data and Ratios for each of the five years in the period ended December 31, 1996, together with the report thereon of Deloitte & Touche LLP dated January 24, 1997 are contained on pages 3 through 16 of the Rand Capital Corporation Annual Report for 1996 as filed pursuant to Rule 30d-2 and are incorporated herein by reference.

* Filed herewith.

None

Item 26. Other Expenses of Issuance and Distribution

The following table sets forth the expenses payable in connection with the issuance and distribution of the securities being registered. All of the amounts shown are estimates, except the registration fee. None of such expenses shall be borne by security holders of the Company.

Registration fee.....	\$ 916.09
NASD fee.....	\$ 802.34
Transfer agent's fee.....	\$ 180.00
Printing (other than stock certificates).....	\$ 300.00
Engraving and printing stock certificates.....	\$ 25.00
Expenses of qualification under "Blue-Sky" Law.....	\$ 2,000.00
Accountants' fees and expenses.....	\$ 7,000.00
Legal fees and expenses.....	\$50,000.00
Miscellaneous.....	\$ 776.57
Total.....	<u>\$62,000.00</u>

Item 27. Persons Controlled by or under Common Control with Registrant

Not applicable.

Item 28. Number of Holders of Securities

As of March 3, 1997, the number of record holders of each class of outstanding securities of Registrant was as follows:

Title of Class	Number of Record Holders
Common Stock (\$.10 par value).....	755

Item 29. Indemnification

Reference is made to the provisions of Sections 721 to 726 inclusive of the New York Business Corporation Law authorizing (i) the indemnification of persons who are made parties to an action by or in the right of the Company by reason of the fact that they were directors or officers of the Company against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by them in connection with their defense of such action, except in relation to matters as to which they were adjudged to have breached their duties to the Company, and (ii) the indemnification of officers and directors in the defense of other actions against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees incurred therein, if they acted in good faith for a purpose which they reasonably believed to be in the best interests of the Company and, in criminal actions or proceedings, in addition, had no reasonable cause to believe the conduct was unlawful.

Article VI of the By-laws of Registrant provides:

" SECTION 1. RIGHT OF INDEMNIFICATION. Except to the extent expressly prohibited by law, the Corporation shall indemnify any person, made or threatened to be made, a party in any civil or criminal action or proceeding, including an action or proceeding by or in the right of the Corporation

to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or serves or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with such action or proceeding, or any appeal therein, provided that no such indemnification shall be required with respect to any settlement unless the Corporation shall have given its prior approval thereto. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, consistent with the provisions of applicable law. In addition to the foregoing, the Corporation is authorized to extend rights to indemnification and advancement of expenses to such persons by (i) resolution of shareholders; (ii) resolution of directors or (iii) an agreement, to the extent not expressly prohibited by law.

SECTION 2. AVAILABILITY AND INTERPRETATION. To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in this Article VI (a) shall be available with respect to events occurring prior to the adoption of this Article VI, (b) shall continue to exist after any rescission or restrictive amendment of this Article VI with respect to events occurring prior to such rescission or amendment, (c) shall be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding or, at the sole discretion of the director or officer or, if applicable, the testator or intestate of such director or officer seeking such right, on the basis of applicable law in effect at the time such rights are claimed and (d) shall be in the nature of contract rights that may be enforced in any court of competent jurisdiction as if the Corporation and the director or officer for whom such rights are sought were parties to a separate written agreement.

SECTION 3. OTHER RIGHTS. The rights of indemnification and to the advancement of expenses provided in this Article VI shall not be deemed exclusive of any other rights to which any director or officer of the Corporation or other person may now or hereafter be otherwise entitled whether contained in the certificate of incorporation, these by-laws, a resolution of the shareholders, a resolution of the Board of Directors or an agreement providing for such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in this Article VI shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any director or officer of the Corporation or other person in any action or proceeding to have assessed or allowed in his or her favor, against the Corporation or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

SECTION 4. SEVERABILITY. If this Article VI or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Article VI shall remain fully enforceable."

Reference is made to Section 402(b) of the New York Business Corporation Law, which generally provides that the certificate of incorporation of a New York corporation may set forth a provision eliminating or limiting the personal liability of directors of the corporation for damages for any breach of duty in such capacity, provided that no such provision shall eliminate or limit the liability of any director if a judgement or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he gained in fact a financial profit or other advantage to which he was not legally entitled.

Consistent with Section 402(b) of the New York Business Corporation Law, Paragraph 7 of the Registrant's Certificate of Incorporation provides:

"7. To the fullest extent now or hereafter permitted by law, no director of the corporation shall be personally liable to the corporation its shareholders for damages for any breach of duty in such capacity."

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company, pursuant to the foregoing provisions or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Company has obtained an insurance policy from American Alliance Company that indemnifies (i) the Company for any obligation incurred as the result of the Company's indemnification of its directors and officers under the provisions of the New York Business Corporation Law and the Company's By-Laws, and (ii) the Company's directors and officers as permitted under the New York Business Corporation Law and the Company's By-Laws.

Item 30. Business and Other Connections of Investment Adviser

Not applicable.

Item 31. Location of Accounts and Records

All accounts, books or other documents required to be maintained under Section 31(a) of the 1940 Act and the Rules promulgated thereunder are maintained at the office of the Registrant at 2200 Rand Building, Buffalo, New York 14203.

Item 32. Management Services

Not applicable.

Item 33. Undertakings

1. Registrant hereby undertakes to suspend offering of its shares until it amends the prospectus contained herein if (1) subsequent to the effective date of its Registration Statement, the net asset value declines more than 10% from its net asset

value as of the effective date of the Registration Statement or (2) the net asset value increases to an amount greater than its net proceeds as stated in the prospectus contained herein.

2. Not applicable.

3. Not applicable.

4. Registrant hereby undertakes:

(a) to file, during any period in which offers or sales are being made, a post-effective amendment to its Registration Statement (1) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended, (2) to reflect in the prospectus any facts or events after the effective date of its Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in its Registration Statement, and (3) to include any material information with respect to the plan of distribution not previously disclosed in its Registration Statement or any material change to such information in its Registration Statement;

(b) that, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offering therein, and the offering of those securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

5. Not applicable.

6. Registrant hereby undertakes to send by first-class mail or other means designed to insure equally prompt delivery, within two (2) business days of receipt of a written or oral request, the Statement of Additional Information.

POWER OF ATTORNEY

We, the undersigned directors and officers of Rand Capital Corporation and each of us, do hereby constitute and appoint Allen F. Grum, Nora B. Sullivan and Robin K. Penberthy, or any of them, our true and lawful attorneys and agents, each with full power of substitution, to do any and all acts and things in our name and behalf and in our capacities as directors and officers to execute any and all instruments for us and in our names and in our capacities listed below, which attorneys and agents, or any of them, may deem necessary or advisable to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or their substitute or substitutes, or any of them, shall do or cause to be done by virtue hereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, Registrant has duly caused this Registration Statement to be signed on its behalf by

the undersigned, thereunto duly authorized, in the City of Buffalo, State of New York, on the 17th day of April, 1997.

RAND CAPITAL CORPORATION
(Registrant)

S/Allen F. Grum
By _____
(Allen F. Grum, President)

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

Signature Title Date

Principal Executive Officer:

S/Allen F. Grum President and April 17, 1997

(Allen F. Grum) Director

Principal Financial Officer and
Principal Accounting Officer:

S/Robin K. Penberthy Chief Financial April 17, 1997

(Robin B. Penberthy) Officer

Directors:

S/Reginald B. Newman II Chairman and April 17, 1997

(Reginald B. Newman II) Director

S/Thomas R. Beecher, Jr. Director April 17, 1997

(Thomas R. Beecher, Jr.)

S/Allen F. Grum Director April 17, 1997

(Allen F. Grum)

S/Luiz F. Kahl Director April 17, 1997

(Luiz F. Kahl)

S/ Ross B. Kenzie Director April 17, 1997

(Ross B. Kenzie)

S/ Willis S. McLeese Director April 17, 1997

(Willis S. McLeese)

S/ Jayne K. Rand Director April 17, 1997

(Jayne K. Rand)

(Frederick W. Winter)

EXHIBIT INDEX

Exhibit	Reference or Sequentially Numbered Page
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(b) -By-Laws of Registrant	*
(c) -[Not applicable]	
(d)(1) -Specimen Certificate for Common Stock of Registrant	*
(d)(2) -Form of Subscription Agreement among Registrant and holders of securities being registered	*
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(f) -[Not applicable]	
(g) -[Not applicable]	
(h) -[Not applicable]	
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(i)(3) -Registrant's 401(k) Profit Sharing Prototype Plan	(3)
(j) -[Not applicable]	
(k) -[Not applicable]	
(l) -Opinion and Consent of Hodgson, Russ, Andrews, Woods & Goodyear LLP	*
(m) -Not applicable	
(n) -Consent of Independent Auditors	*
(o) -Financial Statements	(4)
(p) -[Not applicable]	
(q) -[Not applicable]	

- (1) Incorporated by reference to Exhibit 2(a) to Registrant's Registration Statement No. 33-77824, dated April 15, 1994.
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- (4) The Statements of Financial Position at December 31, 1995 and December 31, 1996, including the Portfolio of Investments at December 31, 1996 and the related Statements of Operations and Changes in Net Assets for each of the years then ended, and Schedules of Selected Per Share Data and Ratios for each of the five years in the period ended December 31, 1996, together with the report thereon of Deloitte & Touche LLP dated January 24, 1997 are contained on pages 3 through 16 of the Rand Capital Corporation Annual Report for 1996 as filed pursuant to Rule 30d-2 and are incorporated herein by reference.

* Filed herewith.

EXHIBIT 2(a)(2)

Certificate of Incorporation of the Registrant
-- Certificate of Amendment, dated May 4, 1995;
Certificate of Merger of Rand SBIC, Inc. into
Rand Capital Corporation, dated 9/27/94;
Certificate of Amendment, dated 4/25/96;
Certificate of Amendment, dated 4/17/97

CERTIFICATE OF AMENDMENT

of the

CERTIFICATE OF INCORPORATION

Under Section 805 of the
Business Corporation Law

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, Donald A. Ross and Dorothy Dann, being respectively the President and the Secretary and Treasurer of Rand Capital Corporation, do hereby certify as follows:

1. The name of the corporation is RAND CAPITAL CORPORATION
2. The Certificate of Incorporation of the corporation was filed by the Department of State of the State of New York on February 24, 1969.
3. The Certificate of Incorporation is hereby amended to increase the aggregate number of shares of Common Stock which the corporation shall have the authority to issue from 4,400,000, par value \$.10 per share, to 7,000,000, par value \$.10 per share. Except for the increase in the number of shares authorized, the corporation's Common Stock, par value \$.10 per share, will not be affected in any manner by such amendment. The 500,000 shares of Preferred Stock, par value, \$10.00 per share, that the corporation is authorized to issue (none of which have been issued), will not be affected by such amendment. To effect such amendment, Paragraph 4(a) of the Certificate of Incorporation is hereby amended to read in its entirety as follows:

"4(a). The aggregate number of shares which the corporation shall have the authority to issue is SEVEN MILLION FIVE HUNDRED THOUSAND (7,500,000) shares, of which FIVE HUNDRED THOUSAND (500,000) shall be Preferred Stock, par value \$10.00 per share, and SEVEN MILLION (7,000,000) shall be Common Stock, par value \$.10 per share."
4. The foregoing amendment of the Certificate of Incorporation was authorized by the affirmative vote of the Board of Directors of the corporation followed by the affirmative vote of the holders of a majority of all outstanding common shares of the corporation entitled to vote thereon at a meeting of the shareholders duly called and held on the 4th day of May 1995.

IN WITNESS THEREOF, the undersigned have signed this Certificate and affirmed the statements made herein as true under penalties of perjury this 4th day of May, 1995.

s/Donald A. Ross

Donald A. Ross, President

s/Dorothy Dann

Dorothy Dann, Secretary and
Treasurer

CERTIFICATE OF MERGER

OF

RAND SBIC, INC.

INTO

RAND CAPITAL CORPORATION

Under Section 905 of the
Business Corporation Law

The undersigned, Rand Capital Corporation, a New York corporation, being the holder of all of the outstanding shares of Rand SBIC, Inc., a New York corporation, does hereby certify:

1. The name of the subsidiary corporation to be merged is Rand SBIC, Inc. The name of the surviving corporation is Rand Capital Corporation.
2. The designation and number of outstanding shares of each class of Rand SBIC, Inc. are 25 shares of Common Stock, without par value, all of which are owned by Rand Capital Corporation.
3. The effective date of the merger shall be September 30, 1994.
4. The certificate of incorporation of Rand SBIC, Inc. was filed by the Department of State of the State of New York on February 11, 1975. The certificate of Incorporation of Rand Capital Corporation was filed by the Department of State of the State of New York on February 24, 1969.
5. The Plan of Merger was adopted by the Board of Directors of Rand Capital Corporation, the surviving corporation.

IN WITNESS WHEREOF, the undersigned hereunto sign this certificate and affirm the statements made herein as true under the penalties of perjury this 27th day of September 1994.

RAND CAPITAL CORPORATION

By: s/Donald A. Ross

Donald A. Ross, President

By: s/Dorothy Dann

Dorothy Dann, Secretary

CERTIFICATE OF AMENDMENT
of the
CERTIFICATE OF INCORPORATION
RAND CAPITAL CORPORATION

Under Section 805 of the
Business Corporation Law

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, Allen F. Grum and Robin K. Penberthy, being respectively the President and the Secretary of Rand Capital Corporation, do hereby certify as follows:

1. The name of the corporation is RAND CAPITAL CORPORATION.
2. The Certificate of Incorporation of the corporation was filed by the Department of State of the State of New York on February 24, 1969.
3. The Certificate of Incorporation of the corporation is hereby amended to add a new Paragraph 7 with respect to elimination of personal liability of the directors of the corporation. To effect this amendment, Paragraph 7 is hereby added which shall read in its entirety as follows:

"7. To the fullest extent now or hereafter permitted by law, no director of the corporation shall be personally liable to the corporation or its shareholders for damages for any breach of duty in such capacity."
4. The foregoing amendment of the Certificate of Incorporation was authorized by the affirmative vote of the Board of Directors of the corporation followed by the affirmative vote of the holders of a majority of all outstanding common shares of the corporation entitled to vote thereon at the annual meeting of shareholders duly called and held on the 25th day of April 1996.

IN WITNESS THEREOF, the undersigned have signed this Certificate and affirmed the statements made herein as true under penalties of perjury this 25th day of April, 1996.

s/Allen F. Grum

Allen F. Grum, President

s/Robin K. Penberthy

Robin K. Penberthy, Secretary

CERTIFICATE OF AMENDMENT
of the
CERTIFICATE OF INCORPORATION
of
RAND CAPITAL CORPORATION

Under Section 805 of the
Business Corporation Law

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, Allen F. Grum, and Robin K. Penberthy, being respectively the President and the Secretary and Treasurer of Rand Capital Corporation, do hereby certify as follows:

1. The name of the corporation is RAND CAPITAL CORPORATION.
2. The Certificate of Incorporation of the corporation was filed by the Department of state of the State of New York on February 24, 1969.
3. The Certificate of Incorporation of the corporation is hereby amended to increase the aggregate number of shares of Common Stock which the corporation shall have the authority to issue from 7,000,000, par value \$.10 per share, to 10,000,000, par value \$.10 per share. Except for the increase in the number of shares authorized, the corporation's common stock, par value \$.10 per share, will not be affected in any manner by such amendment. The 500,000 shares of Preferred Stock, par value, \$10.00 per share, that the corporation is authorized to issue (none of which have been issued), will not be affected by such amendment. To effect such amendment, Paragraph 4 (a) of the Certificate of Incorporation is hereby amended to read in its entirety as follows:

"4.(a). The aggregate number of shares which the corporation shall have the authority to issue is TEN MILLION FIVE HUNDRED THOUSAND (10,500,000) shares, of which FIVE HUNDRED THOUSAND (500,000) shall be Preferred Stock, par value \$10.00 per share, and TEN MILLION (10,000,000) shall be Common Stock, par value \$.10 per share."

4. The foregoing amendment of the Certificate of Incorporation was authorized by the affirmative vote of the Board of Directors of the corporation followed by the affirmative vote of the holders of a majority of all outstanding common shares of the corporation entitled to vote thereon at a meeting of the shareholders duly called and held on the 17th day of April 1997.

IN WITNESS THEREOF, the undersigned have signed this Certificate and affirmed the statements made herein as true under penalties of perjury this 17th day of April, 1997.

S/Allen F. Grum

Allen F. Grum, President

S/Robin K. Penberthy

Robin K. Penberthy, Secretary
and Treasurer

EXHIBIT 2(b)

By-laws of the Registrant
BY-LAWS
OF
RAND CAPITAL CORPORATION

ARTICLE I
SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The annual meeting of the shareholders for the purpose of electing directors and of transacting such other business as may properly be brought before the meeting shall be held on the fourth Tuesday in April of each year or at such other time within thirty (30) days before or thirty (30) days after such date as the Chairman or the Board of Directors by resolution shall determine.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the Chairman, President, the Board of Directors or the holders of not less than 25% of all the shares entitled to vote at the meeting.

SECTION 3. NOTICE OF MEETINGS-WAIVER. Not less than ten (10) or more than fifty (50) days notice of any regular or special meeting of the shareholders shall be given by the Secretary either personally or by mail to each shareholder entitled to vote. Waiver by a shareholder of notice in writing of a shareholders' meeting, signed by him, whether before or after the time of the meeting, shall be equivalent to giving of such notice. Attendance by a shareholder without objection to the notice, whether in person or by proxy, at a shareholders' meeting, shall constitute a waiver of notice of the meeting.

SECTION 4. PLACE OF MEETING. Meetings of the shareholders of the Corporation shall be held at the principal place of business of the Corporation or at such other place within or without New York State, as shall be determined by the Chairman of the Board or of the Board of Directors.

SECTION 5. DETERMINATION OF SHAREHOLDERS OF RECORD FOR CERTAIN PURPOSES. In order to determine the holders of record of Corporation's stock who are entitled to notice of meetings, to vote at a meeting or adjournment thereof, to receive payment of any dividend, or to make determination of the shareholders of record for any other purpose, the Board of Directors will fix a date as the record date for such determination of shareholders. Such date shall be no more than fifty (50) days prior to the date of the action which requires such determination, nor, in the case of a shareholders' meeting, shall it be less than ten (10) days in advance of such meeting. If no record date is fixed for such determination of the shareholders, the date on which notice of the meeting is mailed or on which the resolution of the Board of Directors declaring a dividend is adopted, as the case may be, shall be the record date for such determination of the shareholders. When a determination of shareholders entitled to vote at any meeting has been made as provided in this Section, such determination shall apply to any adjournment of such meeting.

SECTION 6. PROXIES. A shareholder may vote either in person or by proxy executed in writing by the shareholder, or his duly authorized attorney in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 7. QUORUM. The presence in person or by proxy of holders of the majority of outstanding stock entitled to vote shall be necessary to constitute a quorum. In case a quorum shall not be present at any duly called meeting, the majority of

those present may adjourn the meeting from time to time, not exceeding thirty (30) days at any one time, until a quorum shall be present and the business of the meeting accomplished, and of such adjourned meeting, no notice need be given.

ARTICLE II

CAPITAL STOCK

SECTION 1. FORM OF STOCK CERTIFICATES. The stock of the Corporation shall be represented by certificates, in such form as the Board of Directors may, from time to time, prescribe, signed by the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Where any such certificate is signed by a transfer agent or a transfer clerk or by registrar, the signatures of any such President, Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer upon such certificates may be facsimiles, engraved or printed. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer has not ceased to be such at the date of its issue.

SECTION 2. TRANSFERS OF STOCK. Shares of the stock of the Corporation shall be transferable on the books of the Corporation by the holder thereof in person or by his duly appointed authorized attorney, upon the surrender to the Corporation or its transfer agent of the certificate or certificates for such shares, duly endorsed for transfer.

SECTION 3. LOST, STOLEN OR DESTROYED STOCK CERTIFICATES. No certificate for shares of stock of the Corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed, except upon timely production of such evidence of the loss, theft or destruction and upon such indemnification of the Corporation and its agent to such extent and in such manner as the Board of Directors may from time to time prescribe.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER. The number of directors constituting the entire board shall be such number, not less than three, as shall, from time to time, be designated by resolution of the Board of Directors subject to the limitations prescribed by law.

SECTION 2. CHAIRMAN OF THE BOARD OF DIRECTORS AND CHAIRMAN OF THE EXECUTIVE COMMITTEE. The Board of Directors shall elect a Chairman who shall also serve as Chairman of the Executive Committee. The Chairman shall preside at all meetings of the Board of Directors and the Executive Committee.

SECTION 3. ELECTION. Members of the initial Board of Directors shall hold office until the first annual meeting of shareholders and until their successors shall have been elected and qualified. At the first annual meeting of shareholders, and at each annual meeting thereafter, the shareholders shall elect directors to hold office until the next succeeding annual meeting. Each director shall hold office for the term for which he is elected and until the next succeeding annual meeting. Each director shall hold office for the term for which he is elected and until his successor shall be elected and qualified. Any vacancy occurring in the Board of Directors by reason of death, resignation, removal (with or without cause) or disqualification of a director or increase in the number of directors or for any other reason, may be filled by a majority of the directors

remaining, and such director shall serve until the next annual meeting of shareholders or until his successor is elected. A director need not be a shareholder.

SECTION 4. ANNUAL MEETING. Immediately after the annual meeting of the shareholders at the place such meeting of the shareholders has been held, the Board of Directors shall meet each year for the purpose of organization, election of officers, and consideration or any other business that may be properly brought before the meeting. No notice of any kind to either old or new members of the Board of Directors for this annual meeting shall be necessary. If a quorum of the directors be not present on the day appointed for the annual meeting, the meeting shall be adjourned to some convenient day.

SECTION 5. REGULAR MEETINGS. Regular meetings of the Board Directors shall be held at such time as may from time to time be fixed by resolution of the Board, and no notice need be given of regular meetings.

SECTION 6. SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any time upon the call of the Chairman or five (5) members of the Board of Directors and shall be held upon notice by letter, telegram, cable or radiogram, delivered for transmission not later than during the third day immediately preceding the day for the meeting, or by word or mouth, telephone or radiophone received not later than one day before such meeting. Notice of any special meeting of the Board of Directors may be waived in writing signed by the person or persons entitled to the notice, whether before or after the time of the meeting.

SECTION 7. QUORUM. A majority of the Board of Directors shall be necessary to constitute a quorum.

SECTION 8. COMPENSATION. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board. Members of the Executive Committee and other committees may be allowed like compensation for attending the committee meetings.

SECTION 9. EXECUTIVE COMMITTEE. The Board of Directors may, by a vote of a majority of the Board, designate an Executive Committee, to consist of three (3) or more of the directors, one of whom shall be the Chairman of the Board and another of whom shall be the President, if he be a director. No member of the Executive Committee shall continue to be a member of it after he ceases to be a director of the Corporation. The Board of Directors shall have the power at any time to increase or decrease the number of members of the Executive Committee, to fill vacancies on it, to remove any member of it, and to change its functions or terminate its existence. During the intervals between meetings of the Board of Directors, subject to such limitations as may be prescribed by resolution of the Board of Directors, the Executive Committee shall have and may exercise all the authority of the Board of Directors, including power to authorize the seal of the Corporation to be affixed to all papers that may require it, but shall not have the authority to amend the by-laws of the Corporation or to fill vacancies on the Board of Directors or in any committee or to fix the compensation of the directors for serving on the Board or on any committee. All actions of the Executive Committee shall be reported at the meeting of the Board of Directors succeeding such action. A majority of the Executive Committee shall be necessary to constitute a quorum for the transaction of any of its business.

SECTION 10. OTHER COMMITTEES. The Board of Directors may in its discretion appoint other committees which shall have such powers and perform such duties as from time to time may be prescribed by the board. A majority of the members of any such committee may determine its action and fix the time and place of

its meetings unless the board shall otherwise provide. The board shall have the power at any time to change the membership of any such committee, to fill vacancies, and to discharge any such committee.

SECTION 11. REMOVAL OF DIRECTORS. Any director may be removed with or without cause at any time by a vote of the shareholders holding the majority of the shares of the Corporation and at any meeting called for that purpose.

SECTION 12. ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the board or any committee thereof may be taken without a meeting if all members of the board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the board or committee may be executed simultaneously or in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The resolution and the written consents shall be filed with the minutes of the proceedings of the board or committee.

SECTION 13. PRESENCE AT MEETING BY TELEPHONE. Members of the Board of Directors or any committee thereof may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation in a meeting by such means shall constitute presence in person at such meeting.

ARTICLE IV

OFFICERS

SECTION 1. ELECTION. The Board of Directors shall elect a President, Vice President, Secretary, Treasurer and such other officers as may be required. Such officers shall serve at the pleasure of the Directors and shall receive compensation to be determined by the board.

SECTION 2. PRESIDENT. The President shall be the chief administrative and operating officers of the Corporation. He shall be responsible for the investment policies and decisions of the Corporation. He shall hire and supervise activities of and assign duties to all officers and employees of the Corporation, other than the Chairman of the Executive Committee and the Chairman of the Board. He shall report directly to the Board of Directors acting as a body and to the Executive Committee acting as a body.

SECTION 3. VICE PRESIDENT. Each Vice President shall have such powers and perform such duties as the Board of Directors or the Executive Committee may prescribe or as the President may delegate to him. At the request of the President, any Vice President may, in the case of the President's absence or inability to act, temporarily act in his place. In the case of the death of the President, or in the case of his absence or inability to act without having designated a Vice President to act temporarily in his place, the Vice President or Vice Presidents to perform the duties of the President shall be designated by the Board of Directors or the Executive Committee.

SECTION 4. SECRETARY. The Secretary shall keep the records and minutes of the Corporation, have charge of the certificate book and in general shall perform all duties customarily performed by the Secretary of a corporation.

SECTION 5. TREASURER. The Treasurer shall be the financial officer; shall have charge and custody of and be responsible for, all funds and deposit of all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and, in general

shall perform all the duties incident to the office of the Treasurer and such other duties as may be assigned to him by the Board of Directors or by the President. The Treasurer shall render to the President and the Board of Directors whenever the same shall be required, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

ARTICLE V

SPECIAL CORPORATE ACTS

SECTION 1. EXECUTION OF NEGOTIABLE INSTRUMENTS. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by such officer or officers or agent or agents as shall be thereunto authorized from time to time by the Board of Directors.

SECTION 2. EXECUTION OF DEEDS, CONTRACTS, ETC. Subject always to the specific directions of the Board of Directors, all deeds and mortgages made by the Corporation and all other written contracts and agreements to which the corporation shall be a party shall be executed in its name by the Chairman, President or one of the Vice Presidents and when requested the Secretary shall attest to such signatures and affix the corporate seal to the instruments.

SECTION 3. ENDORSEMENT OF STOCK CERTIFICATE. Subject always to the specific directions of the Board of Directors, any share or shares of stock issued by any corporation and owned by the Corporation may, for sale or transfer, be endorsed in the name of the Corporation by the Chairman, President or one of the Vice Presidents and his signature shall be attested to by the Secretary who shall affix the corporate seal.

SECTION 4. VOTING OF SHARES OWNED BY THE CORPORATION. Subject always to the specific directions of the Board of Directors any share or shares of stock issued by any other corporation and owned or controlled by the Corporation may be voted at any shareholders' meeting of the other corporation by the Chairman, President of the Corporation or by any Vice President. Whenever, in the judgment of the Chairman or in his absence, the President, it is desirable for the Corporation to execute a proxy to give a shareholder's consent in respect of any shares of stock issued by any other corporation and owned or controlled by the Corporation, the proxy or consent shall be executed in the name of the Corporation by the Chairman or the President without necessity of any authorization by the Board of Directors. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have full right, power and authority to vote the share or shares of stock issued by the other corporation.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. RIGHT OF INDEMNIFICATION. Except to the extent expressly prohibited by law, the Corporation shall indemnify any person, made or threatened to be made, a party in any civil or criminal action or proceeding, including an action or proceeding by or in the right of the Corporation to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or serves or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including

attorneys' fees, incurred in connection with such action or proceeding, or any appeal therein, provided that no such indemnification shall be required with respect to any settlement unless the Corporation shall have given its prior approval thereto. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, consistent with the provisions of applicable law. In addition to the foregoing, the Corporation is authorized to extend rights to indemnification and advancement of expenses to such persons by i) resolution of the shareholders; ii) resolution of the directors or iii) an agreement, to the extent not expressly prohibited by law.

SECTION 2. AVAILABILITY AND INTERPRETATION. To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in this Article VI (a) shall be available with respect to events occurring prior to the adoption of this Article VI, (b) shall continue to exist after any rescission or restrictive amendment of this Article VI with respect to events occurring prior to such rescission or amendment, (c) shall be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding or, at the sole discretion of the director or officer or, if applicable, the testator or intestate of such director or officer seeking such rights, on the basis of applicable law in effect at the time such rights are claimed and (d) shall be in the nature of contract rights that may be enforced in any court of competent jurisdiction as if the Corporation and the director or officer for whom such rights are sought were parties to a separate written agreement.

SECTION 3. OTHER RIGHTS. The rights of indemnification and to the advancement of expenses provided in this Article VI shall not be deemed exclusive of any other rights to which any director or officer of the Corporation or other person may now or hereafter be otherwise entitled whether contained in the certificate of incorporation, these by-laws, a resolution of the shareholders, a resolution of the Board of Directors or an agreement providing for such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in this Article VI shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any director or officer of the Corporation or other person in any action or proceeding to have assessed or allowed in his or her favor, against the Corporation or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

SECTION 4. SEVERABILITY. If this Article VI or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Article VI shall remain fully enforceable.

ARTICLE VII

SEAL

SECTION 1. The seal of the Corporation shall be in the form of a circle and shall bear the words "Corporate Seal, New York" and the name of the Corporation and the year of incorporation.

ARTICLE VIII

AMENDMENTS

These by-laws of the Corporation may be amended, added to or repealed at any meeting of the shareholders by the vote of the

holders of record of a majority of the outstanding shares of the Corporation entitled to vote at the meeting, provided that notice of the proposed change shall have been given in the notice of the meeting. The by-laws may also be amended, added to or repealed at any meeting of the Board of Directors by the vote of a majority of the board, provided that notice of the proposed change shall have been given in the notice of meeting. However, any by-laws hereafter duly adopted at a meeting of the shareholders shall control the action of the Directors except as therein otherwise provided.

EXHIBIT 2(d)(2)

Form of Subscription Agreement among Registrant
and holders of securities being registered
RAND CAPITAL CORPORATION

SUBSCRIPTION AGREEMENT

AGREEMENT made as of the ___ day of January, 1997 by and between the person identified on the signature page of this Agreement, the persons listed on Exhibit 1 who are signatories to this Agreement (individually, a "Subscriber," and collectively, the "Subscribers") and Rand Capital Corporation, a New York corporation having its principal office at 2200 Rand Building, Buffalo, New York (the "Corporation").

WHEREAS, the Corporation desires to offer up to 2,840,000 shares (the "Shares") of its common stock, par value \$.10 per share (the "Common Stock") pursuant to the terms and conditions hereinafter provided; and

WHEREAS, the Subscribers individually desire to purchase Shares from the Corporation under the terms of this Agreement;

NOW, THEREFORE, for and in consideration of the premises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale.

(a) Purchase and Sale of Shares. Subject to the terms and conditions of this Agreement, the undersigned Subscriber hereby subscribes to purchase the largest number of whole Shares that may be purchased at the per share Net Asset Value of the Company's Common Stock, as determined in accordance with Section 6(a) below, for an aggregate purchase price of \$ _____ at the Closing described in Section 1(c), and delivers herewith a certified or official bank check in that amount as payment for the aggregate purchase price of the Subscriber's Shares.

(b) Maintenance of Purchase Price in a Separate Bank Account. Immediately after receipt of this Subscription Agreement and the subscription payment indicated in Section 1(a), the Corporation shall cause the payment to be deposited with all other subscription payments received in connection with the Offering in a separate bank account. The full amount of all such subscription payments shall be maintained in such account for the benefit of the respective Subscribers until the earlier of: (i) a Closing hereunder, in which case it will be disbursed to the Corporation, or (ii) thirty (30) days after the date first above written, in which case it shall be returned to by the Corporation to the Subscriber, without interest or deduction.

(c) Closing. The purchase and sale of the Shares shall take place at a closing (the "Closing") at the offices of the Corporation as soon as practicable after the receipt by the Corporation of Subscription Agreements and subscription payments for Shares from all of the Subscribers and the fulfillment of the conditions contained Section 6 of this Agreement. At the Closing the Corporation shall deliver to each Subscriber a certificate or certificates representing the number of Shares the Subscriber is purchasing together with a check for the difference (if any) between the price of the number of whole Shares purchased by the Subscriber and the amount tendered pursuant to Section 1(a), above.

2. Representations and Warranties of the Corporation. The Corporation hereby represents and warrants to the each of the Subscribers that:

(a) Incorporation. The Corporation is a corporation duly organized and validly existing and in good standing under the laws of New York and has all requisite corporate power and authority to carry on its business as a closed-end, investment company registered under the Investment Company Act of 1940.

(b) Authorization. All corporate action on the part of the Corporation, its officers and directors necessary for the authorization, execution, delivery and performance of all obligations of the Corporation under this Agreement and for the authorization, issuance and delivery of the Shares being sold hereunder has been or shall be taken prior to the Closing, and this Agreement, when executed and delivered shall constitute a binding and enforceable obligation of the Corporation. When the Acceptance of Subscription provided for herein has been executed and delivered by the Corporation, it shall constitute a binding obligation of the Corporation in accordance with its terms.

(c) Validity of Securities. The Shares to be purchased and sold pursuant to this Agreement, when issued, sold and delivered in accordance with its terms for the consideration expressed herein, shall be duly and validly issued, fully paid and non-assessable.

3. Representations by Subscribers. Each of the undersigned Subscribers represents and warrants as to such Subscriber, severally and not jointly, to the Corporation as follows:

(a) The Subscriber is acquiring the Shares for its own account as principal, for investment and not with a view to resale or distribution of all or any part of the Shares except in accordance with and as provided for in this Agreement.

(b) Immediately prior to the purchase:

(i) the Subscriber has such knowledge and experience in financial and business matters that it is capable of evaluating the risks and merits of the prospective investment; and

(ii) the Subscriber is able to bear the economic risk of the investment (i.e., at the time of investment it could afford a complete loss without hardship).

(c) The Subscriber has been informed as to, and is familiar with, the business activities of the Corporation. The respective Subscriber has been provided with copies of the Corporation's 1995 Annual Report to Shareholders, the Corporation's proxy statement used in connection with the solicitation of proxies for its 1996 Annual Meeting of Shareholders, the Corporation's June 30, 1996 Form N-SAR and semi-annual report to shareholders.

(d) The Subscriber has been advised that the Corporation was made a defendant in an law suit brought by Sealy Corporation for contribution pursuant to the federal Comprehensive Environmental Response, Cleanup and Liability Act ("CERCLA") and the New Jersey Spill Compensation and Control Act (the "N.J. Spill Act") for remediation costs in excess of \$1,000,000 that will be incurred by Sealy in connection with the clean-up of a property allegedly owned by Stop-Fire, Inc. during the period from 1976 to 1979 on which Stop-Fire is alleged to have dumped paints, solvents and fire extinguisher materials while allegedly under the control of the Corporation. The Subscriber understands that while the Corporation's motion to dismiss the causes of action against it were dismissed on _____, 1996 pursuant to a motion made by the Corporation based on the absence of evidence indicating ownership or control by the Corporation of Stop-Fire, Inc. sufficient for the imposition of liability under CERCLA or the N.J. Spill Act, no assurance can be given that the dismissal will not be appealed, that any such appeal might not be successful, and, consequently, that the Corporation will have no liability resulting from this claim or that it will not incur

substantial expenses in defending or settling the action brought in connection with this claim.

(e) The Subscriber has had an opportunity to ask questions of, and receive answers from, appropriate representatives of the Corporation, including the President, concerning the Corporation, its business, and the terms and conditions of the Offering, and to obtain such additional information as the Subscriber deems necessary to verify the accuracy and adequacy of the information it has obtained. The Subscriber fully understands that this Offering has not been registered under the Securities Act of 1933 (the "Securities Act") in reliance upon exemptions therefrom, and, accordingly, to the extent that it is not supplied with information which would have been contained in a registration statement filed under the Securities Act it must rely on its own access to such information.

(f) The Subscriber affirms that the Subscriber is an "accredited investor" as that term is defined and construed pursuant to Rule 501 under the Securities Act of 1933 because at least one of the following statements is true with respect to it (indicate the appropriate manner of qualification):

(i)___ a natural person whose individual net worth, or joint net worth with that person's spouse, at the Closing will exceed \$1,000,000;

(ii)___ a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(iii)___ a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring Shares, whose purchase is directed by a "sophisticated person" as described in Rule 506(b)(2)(ii) under the Act;

(iv)___ an organization described in Section 501(c) of the Internal Revenue Code, or a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring Shares, with total assets in excess of \$5,000,000;

(v)___ an entity in which all of the equity owners are accredited investors; or

(vi)___ an entity which otherwise qualifies as an accredited investor (explain circumstances on a separate exhibit).

(g) The Subscriber affirms that all information that it has provided to the Corporation either directly or indirectly, concerning the Subscriber, the Subscriber's financial position and the Subscriber's knowledge of financial and business matters is accurate and complete as of the date of this Agreement.

(h) The Subscriber fully understands and agrees that the Subscriber must bear the economic risk of its investment in the Shares for an indefinite period of time because, among other reasons, the Shares have not been registered under the Securities Act, and, therefore, cannot be sold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Securities Act or, in the opinion of counsel acceptable to the Corporation, an exemption from such registration is available.

(i) The Subscriber understands that no federal or state agency has passed upon the offering of the Shares or made any finding or determination as to the fairness of the offering the

Shares.

(j) The Subscriber understands that the Corporation is a closed-end investment company that is registered under the Investment Company of 1940 (the "ICA"), and the Subscriber affirms that its purchase of the Shares hereunder will not cause it or the Corporation to be in violation of the restrictions on ownership of the Corporation's common shares imposed by the ICA, including, without limitation, the restrictions contained in Section 12 of the ICA upon ownership of the Corporation's common shares by unregistered investment companies.

4. Brokers' Fees. The Corporation and each of the Subscribers represents and agree that the transactions contemplated by this Agreement have been carried on by the parties directly and without the intervention of any other person in such manner as to give rise to any valid claim against either party for a finder's fee, brokerage commission or other similar payment.

5. Restriction on Transferability of Shares, Compliance with Securities Act of 1933.

(a) Restrictions on Transferability. The Shares shall not be transferable except upon the conditions specified in this Section 5, which conditions are intended to insure compliance with the provisions of the Securities Act of 1933 in respect of the transfer of the Shares.

(b) Certain Definitions. As used in this Section 5, the following terms shall have the following respective meanings:

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act and the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Registration Stock" shall mean the all of those Shares designated by any Subscriber pursuant Section 5(d) as includable in the registration to be made by the Corporation hereunder.

"Registration Expenses" shall mean all expenses incurred by the Corporation in complying with Subsection 5(d), including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel to the Corporation, the fees and expenses in connection with all registrations or exemption from registration under state securities law affecting the transfer of the Registration Stock ("Blue Sky Expenses") in New York, Texas and Arizona and the expenses of any regular or special audits incident to or required by any such registrations (and including the compensation of regular employees of the Corporation involved in such registration).

"Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sales, and any state or federal transfer taxes payable with respect to the sales, of the Registration Stock, all Blue Sky Expenses for any states other than New York, Texas and Arizona, any state or federal transfer taxes payable with respect to the sales of Registration Stock, and all fees and disbursements of counsel for the Subscribers.

(c) Shares to be Legended. A restrictive legend in substantially the following form will be imprinted on the certificates evidencing the Shares and stop transfer orders or other appropriate instructions to such effect will be maintained against the transfer of the Shares on the transfer records of the Corporation or its transfer agent:

"The Shares represented by this Certificate have not been registered under the Securities Act of 1933 (the "Act"). The Shares have been acquired for investment and may not be sold, transferred, pledged or otherwise disposed of in the absence of an effective Registration Statement for the Shares under the Act or an opinion of counsel satisfactory to the issuer that the proposed disposition of the Shares will not violate Section 5 of the Act."

The transfer the Shares on the books and records of the Corporation will only be effected in accordance with such legend.

(d) Required Registration. Each Subscriber has indicated in the space provided on the signature page to this Agreement the number of Shares of Registration Stock that the Subscriber desires to sell from time to time into the market immediately after the closing of the Offering and that the Subscriber desires to have included in a registration to be made by the Corporation. The Corporation shall, as expeditiously as possible after the closing of the Offering:

(i) prepare and file with the Commission a registration statement with respect to the Registration Stock, use its best efforts to cause it to become and remain effective until the earliest of (i) two years after the Closing, (ii) the expiration of the holding period for restricted stock under Rule 144(d) (or any successor rule) of the Commission, or (iii) until all of the Registration Stock shall have been sold in accordance with such registration, and pay all Registration Expenses in connection therewith;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to delivery of prospectuses for the period during which the information contained in the prospectus would not have to be updated pursuant to Section 10(a)(3) of the Securities Act; provided, however, that if at any time during such period of effectiveness the Company shall request that sellers of Registration Stock registered pursuant to such registration statement withhold their Shares of Registration Stock from sale because of the Corporation's temporary inability to furnish such sellers with a prospectus meeting the requirements of the Securities Act (other than as a result of the application of Section 10(a)(3) of the Securities Act), such sellers shall refrain from selling such Registration Stock on the condition that the Corporation shall file such amendments and supplements to such registration statement and prospectus issued in connection therewith as may be necessary in order to permit the sale of the Registration Stock to the public in compliance with the Securities Act as expeditiously as reasonably possible;

(iii) furnish to each seller such number of copies of a prospectus in conformity with the requirements of the Securities Act, and such other documents, as such seller may reasonably request in order to facilitate the public sale or other disposition of the Registration Stock owned by the seller; and

(iv) use its best efforts to register or qualify the Registration Stock covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each such seller shall reasonably request (not exceeding five in

number unless otherwise agreed by the Corporation) as shall be reasonably appropriate for the distribution of the Registration Stock covered by such registration statement, provided that the Corporation shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdiction, and do any and all other acts and things which may be necessary or desirable to enable such seller to consummate the public sale or other disposition of the Registration Stock in such jurisdictions;

(e) Indemnification by the Corporation. In the event of any registration of any Registration Stock under the Securities Act, the Corporation shall, and hereby does, indemnify and hold harmless in the case of any registration statement filed pursuant to Section 5, each Subscriber, its directors and officers, each other person who participates as an underwriter in the offering or sale of Registration Shares and each other person, if any, who controls such seller or any such underwriter within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Subscriber or any such director or officer or underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which the Registration Stock was registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made not misleading, and the Corporation shall reimburse the Subscriber, and each such director, officer, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided that the Corporation shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Corporation by or on behalf of the Subscriber or such underwriter, as the case may be, specifically stating that it is for use in the preparation thereof; and provided further that the Corporation shall not be liable to any Person who participates as an underwriter in the offering or sale of Registration Stock or any other Person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such Persons' failure to send or give a copy of the final prospectus, as the same may be then supplemented or amended, to the person asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registration Stock to such person if such statement or omission was corrected in such final prospectus.

(f) Indemnification by the Subscriber. In the event of any registration of Registration Stock under Section 5(d), each Subscriber shall, and hereby does indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 5(e)) the Corporation, each director of the Corporation, each officer of the Corporation and each other person, if any, who controls the Corporation within the meaning of Section 15 of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such

registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information about the Subscriber furnished to the Corporation by the Subscriber for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement.

(g) Cooperation, Furnishing of Information. It shall be a condition precedent to the obligation of the Corporation to take any action pursuant to Section 5(d) that each of the Subscribers shall furnish to the Corporation promptly in writing such information regarding of the Subscriber, the Shares held by the Subscriber, and the intended method of disposition of the Registration Stock as the Corporation shall reasonably request and as shall be required in connection with the registrations to be undertaken by the Corporation.

6. Conditions to Acceptance of Subscription and Closing. The Acceptance of the Subscription provided for herein is subject to the following conditions:

(a) Net Asset Value. Pursuant to the requirements of the ICA, the Board of Directors of the Corporation (the "Board") must determine that the sale price of the Shares is not less than the current net asset value of the Corporation's common shares as of a date within 48 hours (excluding Sundays and holidays) of the determination. Accordingly, unless the Board, in its discretion, determines that the sale price per share (which shall be Net Asset Value as determined by the Board) is equal to the current net asset value of the Corporation's common shares within 48 hours of the Closing, the subscriptions of the Subscribers will not be accepted, and the payments made by the Subscribers will be returned to them without interest or deduction as promptly as possible.

(b) Commitment to Registration. The Subscribers are concerned that the Corporation be strongly committed to the registration of the Registration Stock pursuant to Section 5(d) as promptly as possible after the Closing. Accordingly, the Board shall adopt the following resolution prior to their acceptance of the subscriptions of the Subscribers:

"RESOLVED, that the corporation shall use its best efforts to cause the Registration Stock (as that term is defined in a Subscription Agreement, dated _____, 1996, between the corporation and the subscribers named therein for 2,840,000 common shares of the corporation (the "Agreement")) to be registered in accordance with the Agreement, that the officers of the corporation are directed pursue such registration as promptly and diligently as possible on behalf of the corporation, and that this resolution may not be altered, amended or repealed by the Directors of this corporation without their affirmative vote or written consent based on their good faith determination that to do so would be in the best interest of the corporation and its shareholders.

If the Board determines that it will not adopt the foregoing resolution prior to the Closing, the Board will not accept the subscriptions of the Subscribers, and the subscription payments of the Subscribers shall be returned to the Subscribers without interest or deduction as promptly as possible.

7. Miscellaneous.

(a) Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

(b) State in which Offered. The Shares are offered to and will be purchased by the Subscriber in the State of New York, unless a different State for such offering and sale is indicated in the following space: _____ .

(c) Binding Effect. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their successors, legal representatives and assigns.

(d) No Assignments. The Subscriber agrees that except as provided herein neither it nor its legal representatives will sell, assign, encumber or transfer, in any manner whatsoever, this Agreement or its rights under this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes any prior understandings, oral or written.

(f) Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or three (3) days after deposit in the United States Post Office, by registered or certified mail, addressed to a party at its address hereinafter shown below or at such other address as such party may designate by ten (10) days advance written notice to the other party.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

The Corporation:

RAND CAPITAL CORPORATION

By: _____
Allen F. Grum, President

The Subscriber:

Name of Subscriber (print): _____

Aggregate purchase price:\$ _____

Number of Shares designated by Subscriber
as Registration Stock: _____

Address of Subscriber: _____

Signature of Subscriber: _____

To be completed by the Corporation:

Number of whole Shares to be to be purchased by
Subscriber: _____

Amount of refund to Subscriber based upon
difference amount tendered and aggregate cost of
whole Shares to be purchased: _____

ACCEPTANCE OF SUBSCRIPTION

Dated: _____, 1997

The foregoing Subscription is hereby accepted by Rand
Capital Corporation as of the ____ day of _____, 1997

RAND CAPITAL CORPORATION

By: _____
Allen F. Grum, President

Exhibit 1.

LIST OF SUBSCRIBERS

Name	Address	No. of Shares
------	---------	---------------

EXHIBIT 2(1)

Opinion and Consent of
Hodgson, Russ, Andrews, Woods & Goodyear, LLP
HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR, LLP
1800 One M&T Plaza
Buffalo, New York 14203
(716) 856-4000
Fax: (716) 849-0349

April 22, 1997

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Ladies/Gentlemen:

Re: Rand Capital Corporation -- Registration Statement
on Form N-2

We are acting as special counsel to Rand Capital Corporation, Inc., a New York corporation (the "Company") in connection with the registration under the Securities Act of 1933, as amended (the "Act") and the Rules and Regulations thereunder (the "Rules") of 1,791,122 shares of the Company's Common Stock, par value \$.10 per share (the "Shares") for sale by the selling shareholders as set forth in the prospectus (the "Prospectus") forming a part of the above captioned registration statement (the "Registration Statement"). This letter is being delivered to you at the request of the Company.

This letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord of the ABA Section of Business Law (1991) (the "Accord"). As a consequence, this letter is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this letter is to be read in conjunction with the Accord.

In this letter, any capitalized term not defined in this letter but defined in the Accord has the meaning given it in the Accord. The law covered by the opinions expressed in this letter is limited to the Law of the State of New York.

The opinion set forth in this letter is subject to the following qualifications. Such opinion is based upon (1) our review of (a) originals, or copies authenticated to our satisfaction, of the Company's Certificate of Incorporation, as amended, its by-laws, as amended, and records of certain of its corporate proceedings, (b) a specimen of the common share certificate (the "Certificate") to be used for the Shares and (c) such other certificates, opinions and instruments we have deemed necessary and (2) such review of published sources of law as we have deemed necessary. We have assumed that when the Shares are sold appropriate certificates in the form of the Certificate evidencing the Shares will be properly executed.

Based upon the foregoing, it is our opinion that the Shares have been duly authorized, and assuming no change occurs in the applicable law or pertinent facts, when the Shares are sold or otherwise transferred by the Selling Shareholders as provided in the Prospectus, the Shares will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as

Exhibit (I) to the Registration Statement.

Very truly yours,

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR, LLP

By: S/Ward B. Hinkle

Ward B. Hinkle

/mau

EXHIBIT 2(n)
Consent of Independent Auditors

DELOITTE &
TOUCHE LLP Suite 250 Telephone: (716)843-7200
Key Bank Tower Facsimile:(716)856-7760
50 Fountain Plaza
Buffalo, New York 14202

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Rand Capital Corporation

We consent to the incorporation by reference in this Registration Statement of Rand Capital Corporation on Form N-2 of our report dated January 24, 1997, appearing in and incorporated by reference in the Annual Report of Rand Capital Corporation for the year ended December 31, 1996 and to the references to us under the heading "Financial Highlights" appearing in the Prospectus, which is a part of such Registration Statement, and "Financial Statements" appearing in the Statement of Additional Information, which also is a part of such Registration Statement.

s/Deloitte & Touche LLP
April 17, 1997

EXHIBIT 2(i)(1)

Deferred Compensation Agreement, effective 12/31/95
between the Registrant and Donald A. Ross
DEFERRED COMPENSATION AGREEMENT

THIS DEFERRED COMPENSATION AGREEMENT (the "Agreement") is made as of this 31st day of December, 1995 by and between RAND CAPITAL CORPORATION, a New York corporation with its principal place of business at 1300 Rand Building, Buffalo, New York, 14203, and DONALD A. ROSS, residing at 240 Woodbridge Avenue, Buffalo, New York 14214.

BACKGROUND

Donald A. Ross ("Ross") is currently serving as President and Chief Executive Officer of Rand Capital Corporation ("Rand" or the "Company"). Ross desires to retire as President and Chief Executive officer effective as of December 31, 1995. In recognition of Ross' contribution to the success of Rand, Rand desires to provide Ross with additional compensation and benefits upon his retirement.

TERMS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

1. DEFERRED COMPENSATION.

Ross and the Company agree that for and in consideration of certain services previously provided to the Company, Rand shall pay a deferred compensation benefit to Ross in the amount of Sixty Thousand and 00/100 Dollars (\$60,000.00) for the calendar year commencing January 1, 1996 and in the total amount of Thirty-One Thousand and 00/100 Dollars (\$31,000.00) for each year thereafter until Ross reaches the age of 70. There shall be no provision for any adjustment upwards by the annual percentage increase in the Bureau of Labor Statistics-Consumer Price Index for All Urban Consumers (CPI-U) or any other comparable Index published by the Bureau of Labor Statistics or other third party.

1.1 Method of Payment.

Ross shall be paid in equal monthly installments of Five Thousand and 00/100 (\$5,000.00) commencing January 31, 1996 through December 31, 1996, and commencing January 31, 1997 and on the last day of each month thereafter in the amount of Two Thousand Five Hundred Eighty-Three and 33/100 Dollars (\$2,583.33) with the final payment to be made on September 30, 1999.

2. FUNDING.

Rand shall have the option of funding this deferred compensation payment through the purchase of insurance. Any insurance policy or other asset acquired by Rand for the purpose of funding this deferred compensation arrangement shall not be deemed to be held in trust for the benefit of Ross or to be collateral security for the performance of the obligations of Rand, but shall remain a general, unpledged, and unrestricted asset of Rand. The rights of Ross or any beneficiary of Ross shall be those of an unsecured creditor.

3. DEATH BENEFIT.

If Ross dies during the term of this Agreement, but

before the payments have been made, the remaining payments shall be paid monthly to a beneficiary selected by Ross. Such beneficiary shall be selected in writing on a form approved by Rand. If no beneficiary is selected, the remaining payment shall be made to Ross' estate.

4. MEDICAL INSURANCE COVERAGE.

Notwithstanding anything contained to the contrary herein, the Company shall provide Ross and his wife, or the survivor thereof, for life, with medical insurance coverage at least comparable to that now carried by the Company for the benefit of Ross, his wife and his dependents, if any, as of the date hereof, or, alternatively, pay the cost of a converted policy for Ross and his wife; provided, however, that if such coverage is not obtainable, the Company shall at least annually pay to Ross, or his wife if he is not surviving, an amount equal to the cost from time to time of providing medical coverage for a full-time executive of the Company and his wife comparable to that then carried by the Company for Ross and his wife immediately prior to his retirement. However, the level of medical insurance coverage may be adjusted to account for Ross; or his wife's, eligibility for benefits under Medicare.

5. MISCELLANEOUS.

5.1 Entire Agreement, Amendments.

This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, understandings and arrangements between the parties relating to the subject matter hereof. No amendments, change, modification or alteration of the terms and conditions hereof shall be binding unless evidenced by a writing signed by all of the parties hereto.

5.2 Waiver.

The failure of any party to this Agreement to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or performance thereof at any time or times thereafter, nor shall a waiver of any right hereunder at any given time, including, but not limited to, rights to any payments, be deemed a waiver thereof for any other time.

5.3 Severability.

If any provision of this Agreement is held to be illegal, invalid or unenforceable by a court of competent jurisdiction, the parties shall, if possible, agree on a legal, valid and enforceable substitute provision which is as similar in effect to the deleted provision as possible. The remaining portion of the Agreement not declared illegal, invalid or unenforceable shall, in any event, remain valid and effective for the term remaining.

5.4 Assignment.

Neither party may assign any of its rights or delegate any of its obligations hereunder without prior written consent of the other. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the successors and permitted assigns of the parties hereto.

5.5 Notice.

All notices hereunder and designation of beneficiary, shall be in writing, personally delivered or sent by certified mail, return receipt requested, postage prepaid addressed to the other party as follows:

If to Rand: Mr. Allen F. Grum
Rand Capital Corporation
1300 Rand Building
Buffalo, New York 14203

With a copy to: Ann E. Evanko, Esq. and
Robert P. Fine, Esq.
Hurwitz & Fine, P.C.
1300 Liberty Building
Buffalo, New York 14202-3670

If to Ross: Mr. Donald A. Ross
240 Woodbridge Avenue
Buffalo, New York 14214

With a copy to: Richard E. Heath, Esq. and
Richard W. Kaiser, Esq.
Hodgson, Russ, Andrews, Woods
Goodyear, LLP
1800 One M & T Plaza
Buffalo, New York 14203-2391

Either party may change its address to which notices shall be sent by a notice sent in accordance with this selection. Election rights or designation of beneficiary notices shall be effective upon the Company's receipt of such notice or election.

5.6 Execution in Counterpart.

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.7 Capitalized Terms; Descriptive Headings; Interpretation.

Capitalized terms used in this Agreement shall have the meanings given to them in the this Agreement. The recitals set forth above are material to this Agreement and incorporated herein by reference. The descriptive headings in this Agreement are inserted for convenience of reference only, and are not intended to be part of or affect the meaning or the interpretation of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation.

5.8 Payment of Costs and Expenses. In the event Ross and the Company shall disagree as to their respective rights and obligations under this Agreement, and Ross or the Company is successful in establishing, privately or otherwise, that his or its position is substantially correct, or that Ross' or the Company's position is substantially wrong or unreasonable, or in the event that the disagreement is resolved by settlement, Ross or the Company shall pay all costs and expenses, including counsel fees, which the prevailing party incur in connection therewith.

5.9 Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by the laws of the State of New York, without giving effect to the conflicts of law or choice of law provisions thereof.

IN WITNESS WHEREOF, the parties have executed this Deferred Compensation Agreement as of the date first above written.

By: s/Thomas R. Beecher

Thomas R. Beecher

By: s/Donald A. Ross

Donald A. Ross

EXHIBIT (d)(1)
Specimen Certificate for Common Stock of the Registrant
[FRONT]

[ENGRAVED BORDER]

[RAND LOGO]

Number - RC00000

Shares -

RAND CAPITAL CORPORATION
INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

See Reverse for
Certain Definitions

NASDAQ: RAND COMMON STOCK CUSIP 752185
10 8

THIS CERTIFIES THAT:

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK
OF \$.10 PAR VALUE EACH OF

RAND CAPITAL CORPORATION

transferable on the books of the Corporation in person or by
attorney upon surrender of this certificate duly endorsed or
assigned. This certificate and the shares represented hereby are
subject to the laws of the State of New York, and to the
Certificate of Incorporation and Bylaws of the Corporation, as
now or hereafter amended. This certificate is not valid until
countersigned by the Transfer Agent.

WITNESS the facsimile seal of the Corporation and the
facsimile signatures of its duly authorized officers.

DATED:

COUNTERSIGNED:

CONTINENTAL STOCK TRANSFER &
TRUST COMPANY
JERSEY CITY, NJ
TRANSFER AGENT

000001415

By:
Authorized Officer

Robin K. Penberthy
Secretary

Allen F. Grum
President

RAND CAPITAL CORPORATION
CORPORATE
SEAL
1969
NEW YORK

[BACK]

The following abbreviations, when used in the inscription on
the fact of this certificate, shall be construed as though they
were written out in full according to applicable laws or
regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors

Act _____
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE , OF ASSIGNEE)

_____ Shares
of the stock represented by the within Certificate, and do
hereby irrevocably constitute and appoint

_____ Attorney
to transfer the said stock on the bonds of the within names
Corporation with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS
ASSIGNMENT MUST CORRESPOND WITH THE NAME
AS WRITTEN UPON THE FACE OF THE
CERTIFICATE IN EVERY PARTICULAR, WITHOUT
ALTERATION OR ENLARGEMENT OR ANY CHANGE
WHATSOEVER.

THE SIGNATURE TO THE ASSIGNMENT OR THE SUBSCRIPTION FORM MUST
CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS
CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR
ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A
COMMERCIAL BANK OR TRUST COMPANY OR A MEMBER FIRM OF A NATIONAL
OR REGIONAL OR OTHER RECOGNIZED STOCK EXCHANGE IN CONFORMANCE
WITH A SIGNATURE GUARANTEE MEDALLION PROGRAM.

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