

Capula Investment US L.P.

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Brochure

February 8, 2012

This Brochure provides information about the qualifications and business practices of Capula Investment US L.P.

If you have any questions about the contents of this Brochure, please contact us at +1 (203) 542 2400 or email ccastaldo@capulaglobal.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Capula Investment US L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2: Material Changes

This document is the initial Brochure prepared by Capula Investment US L.P. (the “Firm”). The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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Item 4: Advisory Business

The Firm is a limited partnership, formed under the laws of the State of Delaware and established in business in May 2010 with its office in Greenwich, Connecticut. The general partner of the Firm is Capula Management US LLC ("CMUS"), a Delaware limited liability company. CMUS is a wholly-owned subsidiary of Capula Management Limited ("CML"), a company incorporated under Cayman Islands company law. CML and its subsidiaries are referred to herein as the "Capula group".

The Firm is led by a senior investment professional, Ayman Hindy, who is supported by a trading and strategy team. The Firm currently provides investment advisory services for the Capula group in the United States in respect of a portion of the assets of a single, Cayman-established fund client (the "Fund") organized in a master-feeder structure.

The Fund has appointed CML as manager of the Fund. Pursuant to an Investment Management Agreement ("IMA"), CML has appointed Capula Investment Management LLP ("CIM"), a limited liability partnership established under the laws of England, to act as investment manager for the Fund. Pursuant to an Investment Advisory Agreement ("IAA"), CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services for a portion of the assets of its single client, the Fund.

CML wholly owns CMUS. CML is controlled by Yan Huo. Yan Huo and 14 other internal investors own 74% of each of CML and CIM. Three external, strategic investors are invested in both CML and CIM: Petershill Non-US Holdings I Ltd, Mitsubishi Corporation International (Europe) Plc, MC UK Investments Ltd and Tokai Tokyo Financial Holdings Inc. These external investors have no management representation.

Types of Advisory Business

The Firm is a specialist fixed income investment advisor, focused on the most liquid G7 government bond markets and especially the G3 markets. The Firm engages primarily in relative value strategies which seek to benefit from pricing anomalies in the government bond, government bond futures, interest rate swap and major exchange traded derivatives markets. The Firm actively manages its portfolio, trading in the proprietary trading style with a short term orientation and uses macro overlay hedges to reduce tail event risk.

The Firm provides investment advisory services in respect of a portion of its current single client Fund, in line with the investment objective, approach and restrictions of the Fund, as described in its offering documents.

The Firm's client, the Fund, is a private investment fund organized in a "master-feeder fund" structure outside the United States. As at December 31, 2011, the Firm managed US\$1,600 million by net asset value ("NAV"), all of which is managed on a discretionary basis.

In relation to the Fund, this Brochure refers to selected information from the Fund's offering documents, but does not provide all the information which a prospective investor would require prior to making an investment in the Fund. Any investment in the Fund should be considered solely on the basis of the information and representations contained in the offering and subscription documents.

Item 5: Fees and Compensation

Management Fees

The Firm is compensated by the Fund for its investment advisory services with management fees calculated by the Fund's external administrator and paid by the Fund to CML as the manager of the Fund. CML then passes fees to CIM, which pays fees to the Firm in respect of the services provided by the Firm under the IAA between them. Management fees are based upon the NAV of the relevant class of each feeder fund during any specified calculation period and are not negotiable, being as set out in the offering documents of the Fund. Capula group staff are not subject to management fees in connection with any investments they may have in the Fund.

Management fees in respect of the Fund range from 1.5% to 2% per annum, generally paid in arrears on a monthly basis, depending on the terms of the Fund and on the particular class within a feeder fund.

Other Fees

Other fees, costs and expenses which the Fund pays in connection with the operation of the Fund and the management and investment management of the Fund include the costs and expenses of brokerage and transactions (see also "Item 12: Brokerage Practices") and of the administration of the Fund generally, including costs and expenses related to custodianship. Details of such other fees, cost and expenses of the Fund are set out in the offering documents of the Fund.

Item 6: Performance-Based Fees

The Firm is compensated by the Fund for its investment advisory services with performance-based fees ("performance fees") calculated by the Fund's external administrator and paid by the Fund to CML as the manager of the Fund. CML then passes fees to CIM, which pays fees to the Firm in respect of the services provided by the Firm under the IAA between them. The fees are based upon the appreciation of the NAV of the relevant class of each feeder fund during any specified calculation period. Capula group staff are not subject to performance-based fees in connection with any investments they may have in the Fund.

Performance fees in respect of the Fund range from 0% to 25% generally paid annually in arrears, depending on the terms of the Fund and on the particular class within a feeder fund, including in some instances meeting certain high water marks (i.e., no performance fee becomes due unless the NAV exceeds the previous high point reached).

Performance fees may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of such arrangement, and may create an incentive for the Firm to favor client products or classes within products which are subject to performance-based fees or to higher performance-based fees than others. The Firm believes that any potential conflicts of interest that arise in charging performance fees are mitigated in that strategies are determined with reference to the Capula group investment committee, without regard to fees. Furthermore, purchases or sales of investments for the Fund are generally made without regard to the class of investor interest, unless subject to regulatory or contractual investment limitations.

Item 7: Types of Clients

The Firm's Client Fund

As mentioned in Item 4 above, CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services for a portion of the assets of its single client Fund.

The Fund is a private investment fund organized outside the United States, being established with a master-feeder structure in the Cayman Islands. The feeder funds are organized as corporate, limited partnership and trust entities to suit investor preference. The feeder funds contain a number of share, partnership interest or trust unit classes, as the case may be, which also differ as to various matters including currency, minimum subscription, lock-up period, redemption terms and fees.

Minimum subscription levels vary from US\$5 million to US\$150 million (and the equivalent in other currencies), depending on the class selected by an investor. The minimum amount of subsequent subscriptions per investor varies from US\$1 million to US\$10 million (and the equivalent in other currencies), depending on the class invested in. Investors may subscribe on the first business day of each month. Redemptions may generally be made on days varying from the first business day of each calendar quarter at 45 or more calendar days' notice given to the Fund's external administrator, to a day 18 months following the initial subscription at 90 or more calendar days' notice.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Firm uses the following methods of analysis and investment strategies in formulating investment advice and managing assets for its client Fund.

The Firm utilizes a combination of relative value and macro strategies. The Firm's investment approach may include the use of leverage, whilst using risk control techniques to seek to protect the capital invested in the Fund. The Firm invests primarily in the most liquid G-7 markets. It seeks to structure a diversified relative value and macro portfolio, subject to pre-defined concentration, liquidity and stop-loss triggers/limits. The Firm may structure the Fund's portfolio to comprise both long and short positions. The Firm has the flexibility to move between strategies and markets as it perceives opportunities to arise and aims to profit from opportunities in financial assets in the major fixed income markets using a wide range of trading and investment products.

Risk of Loss

Investment in the Fund carries substantial risk. The Fund's offering documents set out at length for the benefit of investors and potential investors a number of risk factors involved in any investment in the Fund. The Fund's offering documents also state that if any reader of the offering documents is in any doubt about the contents of the document, they should consult their stockbroker, accountant or other professional adviser.

There can be no assurance that the investment strategies utilized by the Firm will enable the Fund's investment objective to be achieved; and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment program for any investor. Prospective investors should carefully consider whether an investment in the Fund is suitable for them in light of their circumstances and financial resources. Investing in securities involves risk of loss that investors in the Fund should be prepared to bear.

The list of risk factors mentioned below does not purport to be a complete list or explanation of the risks involved in an investment in the Fund. Please note that prospective investors should obtain and carefully consider the full description of risk factors contained in the Fund's offering documents.

Prospective investors are warned in the offering documents to consider, among others, the risk factors listed here. These risk factors are set out in full in the Fund's offering documents and reflect risks involved in the liquid fixed income G7 and especially G3 government bond markets in which the Firm specializes. The risk factors cover the risks involved in: the administration of subscriptions and redemptions; the amortization of organizational costs; the availability of investment strategies; borrowing; business risk; concentration of investments; counterparty and related risks including those relating to prime brokers, custodians and other counterparties; credit default swaps; cross class liabilities; currency exposure; debt securities; deferral of redemptions; derivatives; emerging markets; exchange of tax information; forward foreign exchange contracts; general economic and market conditions; the global financial crisis and governmental intervention; highly volatile markets; illiquidity; investment management risk; the investment objective of the Fund; limited US regulation; limited redemption rights in respect of certain investment classes in the feeder funds; liquidity and market characteristics; market crisis and governmental intervention; market disruptions; market liquidity and leverage; net asset value considerations; no netting of performance fees; over-the-counter ("OTC") transactions; price fluctuations; profit sharing; realization of profits and valuation of investments; redemptions – the effect of substantial redemptions; regulatory risks of hedge funds; short selling; sovereign debt; sovereign risk; speculative position limits; tax considerations; transaction costs; undervalued/overvalued securities; US HIRE Act and compliance with US withholding requirements and US tax-exempt investors.

Item 9: Disciplinary Information

The Firm has not been subject to any legal or disciplinary events that are material to an investor's evaluation of the Firm's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

As mentioned in Item 4 above, CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services for a portion of the assets of its single client Fund. CML and CIM have filed claims of exemption from registration as commodity pool operators with respect to certain feeder funds within the Fund structure.

The Firm is led by a senior investment professional, Ayman Hindy. Both Ayman Hindy and Piyush Bharti, as well as being portfolio managers for the Firm, are members of CIM and shareholders of CML. CML is the manager of the Fund and CIM is the investment manager for the Fund.

The Firm keeps potential conflicts of interest under review, including relationships such as those mentioned above, and is not aware of any material conflicts of interest either with the Capula group or concerning any client of the Firm. The Firm seeks to ensure that any conflict of interest of which it is aware is resolved fairly.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has in place a Code of Ethics which, along with a Personal Account Dealing ("PAD") policy, sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request (see contact details on the front page of this Brochure) and includes, by way of summary, the following provisions:

- All personal brokerage accounts ("PA") used by staff and their spouses and dependent children ("related persons") must be disclosed to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes and/or monthly statements are received by the Firm.
- PA dealing in breach of insider dealing and/or market abuse legislation is prohibited.
- PA front running of any trade for Firm clients is prohibited.
- Day trading by staff is prohibited and there is a recommended holding period of 30 days for any investment in a PA.

As the Firm, its staff and related persons may invest in the same securities (including options, warrants, futures etc.) which the Firm and related persons may transact for clients, potential conflicts of interest may arise, such as individuals putting their interests before those of a Firm client or investors in the Fund. Subject to internal policy and any applicable law or regulation, all staff are subject to the Firm's PA dealing policy. In order to avoid a conflict of interest, all staff must inform the Firm's compliance department of the full details of all accounts at PA brokers or otherwise by which they are able to trade in their PAs.

Item 12: Brokerage Practices

General Arrangements

The Firm pays brokerage costs for Fund transactions in respect of execution services received only.

The Firm follows an order execution policy, pursuant to which it takes all reasonable steps to obtain when executing transactions the best possible result for its client Fund; taking into account a range of execution factors, including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

The Firm additionally takes into account certain criteria for determining the relative importance of such execution factors, including the characteristics of the client, the characteristics of the transaction, the characteristics of the financial instruments that are the subject of that transaction and the characteristics of the execution venues to which that transaction can be directed.

The Firm therefore selects brokers on the basis of such execution factors and criteria, with particular emphasis being given to price.

The Firm considers different execution venues to enable it to achieve, on a consistent basis, the best possible result for the execution of client orders. The Firm may sometimes choose to pass an order to a broker or dealer for execution on its behalf, in which case the Firm will either determine the execution venue itself, or the Firm will satisfy itself that the broker has arrangements in place to enable the Firm to achieve best execution. In such circumstances, the Firm will select the broker or dealer on the basis of a number of factors, including speed, likelihood of execution and settlement, size and expertise.

The Firm's investment approach involves the use of quantitative techniques when deciding upon instruments to be traded for the Fund. Such techniques generally involve the use of published data rather than qualitative techniques such as the use of research notes and opinions. The Firm does use research, but the majority of this is generated internally. External research is generally sourced as needed through the appointment of selected, non-broker, recognized research providers and is treated as a Fund expense as set out in the Fund offering documents.

Soft Dollars

The Firm does not currently use "soft dollars", i.e, the client's trading activities being used to purchase research services or products that would otherwise have been an expense of the Firm. In the event that the Firm does use "soft dollars", it intends to keep any such arrangements within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Aggregation

CIUS only manages investments for its single client Fund, so the possibility of aggregation of orders does not currently arise.

If such possibility were to arise, CIUS would follow internal policy and procedures so as to avoid favoring one client fund over another; including that, wherever practicable, CIUS would, when deciding on a particular trade or trading strategy for one fund, consider whether it would be appropriate and practicable to execute such strategy on behalf of other client funds, in a way which would ensure no material detriment to one client or fund as opposed to another and including by way of aggregating the trades effected to achieve such strategy; and, if it would be appropriate and practicable, would execute such strategy accordingly. In any such

case, CIUS would only effect such aggregation in circumstances where it would be unlikely that the aggregation would work overall to the disadvantage of any client whose trade was to be aggregated; and would ensure that any such aggregated orders or transactions were allocated fairly between clients or funds, taking into account, inter alia, volume, price and the possibility of partial execution of trades.

Item 13: Review of Accounts

CIUS is represented by its portfolio managers Ayman Hindy and Piyush Bharti at the weekly investment committee meeting organized by CIM for the Capula group. The investment committee, which also includes members of the Capula group's risk team, reviews the trading and investment positions of the Fund. In addition, CIM reviews Fund positions on a daily basis and applies risk management limits to the Fund which it monitors daily. CIUS also reviews its Fund positions on a daily basis.

CIM reports to the independent board of directors of the Fund on a quarterly basis. These reports cover the whole of the Fund, including the CIUS-managed portion and include Fund performance and risk profile, investors, fund administration, prime broker performance, analysis of risk and return drivers during the period in question, major asset allocation changes and benchmark analysis as well as a review of any trading or operational factors.

CIM sends to the Fund's board of directors a monthly report including a commentary on the Fund's portfolio and performance and on the market; and which analyzes the portfolio's risk and return characteristics, including the portion of the portfolio in respect of which CIUS provides investment advice.

The Capula group arranges for the annual report and the audited financial statements of the Fund to be sent to Fund investors following their completion.

Item 14: Client Referrals and Other Compensation

The Firm is not remunerated by any party other than its client Fund. The Firm's remuneration from the Fund is paid to it by CIM under the IAA between CIM and the Firm, as set out in Item 5 above.

The Firm receives no economic benefit from entities other than the Fund for providing investment advice or other advisory services to its client, whether directly or indirectly.

Item 15: Custody

The Fund has appointed The Bank of New York Mellon, London Branch, HSBC Bank plc and State Street Bank and Trust Company as its custodians to provide custody services for the Fund.

The Fund's appointed prime brokers are Barclays Capital Securities Limited, Credit Suisse Securities (USA) LLC, Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated. The prime brokers' terms of appointment include custodian services as part of the prime brokerage terms, although the three custodians listed at the start of this section provide the majority of such services.

Item 16: Investment Discretion

As mentioned in “Item 4: Advisory Business” above, the Firm has discretionary authority to provide investment advisory services in respect of a portion of the investments of its single client Fund. The Firm provides such investment advisory services under the terms of the IAA granting it such authority, and in line with the investment objective, approach and restrictions of the Fund, as described in its offering documents.

Item 17: Voting Client Securities

The Firm may be in situations that require security holders meetings and accordingly has in place a proxy voting policy and procedures, which, together with information as to how the Firm voted, are available to clients or prospective clients upon request (see contact details on the front page of this Brochure). All proxies sent to the Fund will be provided to the Firm's compliance officer. A written record of each proxy received by the Firm (on behalf of the Fund) will be kept in the Firm's files. Prior to voting any proxies, the compliance officer will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines in the Firm's compliance manual. If a conflict is identified, the compliance officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.

The Firm will not consult with its client before exercising any vote, but will always seek to vote in a manner that it determines to be in the best interests of its client.

Item 18: Financial Information

The Firm does not require or solicit prepayment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.