

EDEN ARC CAPITAL MANAGEMENT, LLC

**Form ADV Part 2 Brochure
September 2012**

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This Brochure provides information about the qualifications and business practices of Eden Arc Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 212-786-7414. Currently, our Brochure may be requested free of charge by contacting Jay Lathen, the Chief Compliance Officer and Managing Member at 212-786-7414.

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.

Eden Arc Capital Management, LLC (the "Adviser") is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about the Advisor is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

N/A. This is the first brochure for the Adviser.

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Item 4 – Advisory Business

Item 4.A

Eden Arc Capital Management, LLC (the "Adviser") is owned by Donald F. (Jay) Lathen and has been providing investment advisory services since August 2010. As of August 31, 2012, the Advisor managed approximately \$20 million on a discretionary basis.

Item 4.B

The Adviser's principal client is Eden Arc Capital Partners LP (the "Fund"); a Delaware private limited partnership which commenced investment activities in May 2011. Eden Arc Capital Advisors, LLC, also owned by Jay Lathen, acts as the general partner (the "GP") of the Fund. Investment in the Fund is currently limited to accredited high net worth and institutional investors. In addition to providing investment advisory services to the Fund, the Adviser may provide investment advisory services to its investor clients through separately managed accounts.

The Adviser's current investment focus is fixed income securities with a principal focus on corporate bonds. The Adviser may pursue other investment strategies in the future consistent with client investment objectives and risk tolerances.

Item 4.C

Clients investing in the Fund are required to read and agree to the terms found in the Limited Partnership Agreement and Private Placement Memorandum of the Fund. In addition, clients must also complete a Subscription document which establishes and acknowledges the client's qualification and suitability to invest in the Fund.

By executing the documents mentioned above and investing in the Fund, the client grants discretionary trading authority in the Fund's broker-dealer/custodian account of which the client will have a specified interest. The discretionary authority will allow the Fund to enter securities transactions and to determining which securities and the amount of securities to buy or sell.

Item 4.D

The Fund does not participate in any wrap fee program.

Item 4.E

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As of August 31, 2012, the Advisor managed approximately \$20 million on a discretionary basis.

Item 5 – Fees and Compensation

Item 5. A

The Fund pays to the Advisor a quarterly management fee payable on the first day of each quarter equal to 0.5% to 1.5% on an annualized basis of the capital account of each Limited Partner as of such date. Management fees are pro-rated for clients entering the Fund during a quarter and upon a termination, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

In addition, the Advisor's affiliate, the GP receives a 25% to 30% performance allocation based on the profits generated in the Fund, subject in certain cases to a lower amount if certain minimum returns have not been achieved. The performance allocation is computed on a quarterly basis and, if applicable, is deducted from the capital account of the limited partners in the Fund and credited to the capital account of the GP.

The specific manner in which fees are charged by the Adviser and GP has been established in the Limited Partnership Agreement of the Fund and the Subscription Agreement executed by an investor in the Fund or in an Investment Advisory Agreement for a separately managed account client.

Item 5.B

The management fees will be deducted from the capital account of each client in the Fund pursuant to the Limited Partnership Agreement.

Item 5.C

The Fund pays or reimburses the Advisor and/or the GP for all costs and expenses incurred by or on behalf of the Fund or for its benefit, including without limitation, all organizational expenses, legal, accounting, brokerage commissions, transaction fees, and other related costs and expenses which are borne by clients. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, the Limited Partnership Agreement of the Fund authorizes the Adviser and GP to incur additional costs on the Fund's behalf including research subscriptions, data services, legal, accounting, and

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certain administrative services. Such charges, fees and commissions are exclusive of and in addition to the Adviser's management fee and the Adviser does not receive any portion of those commissions, fees, and costs.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 5.D

The Fund pays to the Adviser the quarterly management fee in advance on the first day of each quarter, as set forth in Item 5.A above.

Item 5.E

Not applicable because neither the Fund, the Adviser nor the GP are compensated for the sale of securities or other investment products or mutual funds.

Item 6 – Performance-Based Fees

The Advisor's affiliate, the GP receives a 25% to 30% performance allocation based on the profits generated in the Fund, subject in certain cases to a lower amount if certain minimum returns have not been achieved. The performance allocation is computed on a quarterly basis and, if applicable, is deducted from the capital account of the limited partners in the Fund and credited to the capital account of the GP.

The structure of Adviser's performance fee arrangement is subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (the "Advisors Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, the Adviser shall include realized and unrealized capital gains and losses. Currently all of the Adviser's clients have entered into performance-based fee arrangements. Performance fee arrangements may create an incentive for Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Currently, all Adviser clients are subject to performance fee arrangements and the Adviser intends to enter into performance fee arrangements with all future clients. By having performance fee arrangements with all of its

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clients, Adviser hopes to avoid any incentives to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. To the extent the Adviser chooses not to enter into a performance fee arrangement with a particular client, the Adviser will implement procedures to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

In addition, the Adviser is fully cognizant of its fiduciary obligations to its clients and ensures that any conflict of interest is avoided. All actions undertaken are in accordance to the Advisers Code of Ethics, which outlines its principles and business standards of conduct. The Code emphasizes among other things, that it is the duty and obligation to put the interest of the client first, comply with all applicable securities laws, obtain approval before engaging in certain outside activities, avoid conflicts of interest, treat all client information with the utmost confidence and report any violations of the Code of Ethics to Jay Lathen, the Chief Compliance Officer.

Item 7 – Types of Clients

The Adviser provides portfolio management services to the Fund and to qualified investors through separately managed accounts. The Fund's investors consist of accredited high net worth individuals, family offices, private investment partnerships and other sophisticated investors. The Adviser may seek additional qualified investors for the Fund or for separately managed accounts. Adviser generally requires a minimum Fund investment of \$500,000.

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

Item 8. A

The Adviser's main client is the Fund which is a pooled investment vehicle. The Fund's investment strategy is focused on fixed income securities, principally corporate bonds.

Item 8. B

As the principal investment, the main risks of corporate bonds are interest rate risk, credit risk, and inflation risk. The majority of the Fund's investment portfolio consists of bonds which have a non-investment grade credit rating and accordingly, the Fund's biggest risk is the risk that an issuer may default on its debt, leading to a potentially sizeable loss of principal. In addition, the Fund's investments may, at any given time, be concentrated in a relatively small number of

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issuers. A default by any one of these issuers could lead to substantial losses for the Fund and its investors. The Fund utilizes leverage in its portfolio and the use of leverage can further exacerbate losses. These risks as well as many other risks particular to the Fund's investment strategy are fully described in the Fund's Offering Memorandum (the "OM"). The OM is provided to all Fund investors in advance of their decision to invest in the Fund. In addition, the Fund is only open to qualified investors who are sophisticated enough to understand the risks attendant to the investment strategy and possess the financial wherewithal to absorb a complete loss of their investment in the Fund.

Item 9 – Disciplinary Information

The Adviser has no information applicable to this Item. Clients and prospective clients can always view the CRD records (registration records) for the Fund or any of its related persons through the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov or through FINRA's Broker Check database online at www.finra.org/brokercheck if any related person is also a broker-dealer agent.

Item 10 – Other Financial Industry Activities and Affiliations

ITEM 10.A

Not applicable. The Adviser is currently not applying to register as a broker dealer and does not intend to in the future.

ITEM 10.B.

Not applicable. The Adviser is currently not applying to register with National Futures Association.

ITEM 10. C

Not applicable. The Adviser does not currently have any relationship or arrangement with any entity listed below in 1 through 9.

ITEM 10. D

Not applicable. The Adviser and its supervised persons do not participate in the sale of securities or other related investment products or mutual funds.

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Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Adviser has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics requires that the Adviser and its personnel follow industry “best practices” involving: confidential information, suitability of investments, personal trading on the part of Adviser's personnel, outside business activities of its personnel, and the disclosure of conflicts of interest.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, political gifts and contributions, and personal securities trading procedures, among other things. All supervised persons at Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

Adviser's employees and persons associated with Adviser are required to follow Adviser's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Adviser and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Adviser's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Adviser's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Advisor and its clients.

It is Adviser's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Adviser will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to

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a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jay Lathen.

Item 12 – Brokerage Practices

Item 12.A.1

The GP/Adviser is authorized to determine the broker-dealers that will effect transactions and clear securities for the Fund. The GP/Adviser does not have an obligation to seek the lowest bid or solicit competitive bids. Generally, the Fund's portfolio transactions will be allocated by the GP/Adviser to broker-dealers on the basis of best execution, price and brokerage services (e.g., special execution capabilities, clearance, settlement and custodial services) that are beneficial to the Fund. In addition, while the GP/Adviser may allocate brokerage business on the basis of best execution, price and brokerage services, the GP/Adviser may also allocate business based, in part, upon the ability to make payment with "soft" or commission dollars, generally within the scope of Section 28(e) of the 1934 Act. However, the Adviser does not currently receive soft dollar benefits and does not expect to receive soft dollar benefits in the future.

Item 12.A.2

The Adviser does not participate in selecting or recommending broker-dealers in exchange for client referrals. In addition, a broker will not be excluded from receiving brokerage business merely because it has not been identified as providing research services

Item 12.A 3

Directed brokerage is not applicable to the Fund or the Adviser.

Item 12.B

It is the Adviser's policy, wherever possible, to aggregate trades in a block trade order to reduce transaction costs and to ensure equitable pricing across client accounts.

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Item 13 – Review of Accounts

Item 13 A. and B.

Client's risk profile and financial objectives are reviewed prior to the commencement of the client relationship. Client accounts are reviewed on at least an annual basis thereafter. Also, the Advisor or the GP may also prepare and deliver to each client, a monthly unaudited report on the overall performance of the Fund, together with any other information the Advisor and/or the GP deems pertinent.

Item 14 – Client Referrals and Other Compensation

Item 14. A

See response to Item 12.A

Item 14. B

Not applicable – the Adviser does not retain any third-party marketers or solicitors.

Item 15 – Custody

Clients receive monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. In addition, to insure compliance with Rule 206(4)-2 under the Advisers Act, audited financial statements of the Fund are delivered to clients by the Fund's auditors within 120 days of the fiscal year end. The Fund is audited annually by an independent certified public accounting firm which is registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board. Financial statements of the Fund are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The reports are in written form and clients should carefully review these statements.

Item 16 – Investment Discretion

In the Limited Partnership Agreement of the Fund and in any separately Managed Account Agreement, the Adviser has discretionary authority upon entering into a formal advisory

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relationship with a client to select the identity and amount of securities to be bought or sold. In cases of separately Managed Accounts, however, such discretion is to be exercised in a manner consistent the client's stated investment objectives and as agreed with the Adviser.

Item 17 – Voting Client Securities

The Adviser has authority to vote proxies on behalf of advisory clients. The Adviser's policy is to vote all securities in the best interests of its clients.

Item 18 – Financial Information

Item 18. A

Not applicable.

Item 18.B

There are not conditions that impair the Adviser's ability to meet its contractual and fiduciary commitments to its clients.

Item 18. C

Not applicable. The Adviser has not been subject to a bankruptcy petition, either in the past or now pending.

Item 19 – Requirements for State-Registered Advisers

Not applicable