

Item 1. Cover Page

**FORM ADV PART 2A
DISCLOSURE BROCHURE**

April 20, 2012

Accipiter Capital Management, LLC

666 Fifth Avenue
35th Floor
New York, NY 10022
(212) 705-8700

This brochure provides information about the qualifications and business practices of Accipiter Capital Management, LLC ("Accipiter" or "the Firm"). If you have any questions about the contents of this brochure, please contact us at (212) 705-8700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Accipiter is registered as an investment adviser with the SEC. Registration with the SEC simply means that Accipiter is authorized to provide investment advisory services and does not imply a certain level of skill or training.

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

Item 2. Material Changes

We have summarized changes to this Brochure since the original Brochure was filed on February 14, 2012:

We have amended our policy with regard to Covered Persons trading in the same securities as Client Funds as follows:

We permit our Covered Persons to trade in the same securities as those held by Client Funds. Potential conflicts arise when Covered Persons buy or sell the same securities we buy or sell for Client Funds. For instance, if Covered Persons have knowledge of pending Client Fund transactions that could impact the market price of a security, they could time their transactions so as to receive a better price than that of the Client Funds. We permit our Covered Persons to trade in the same securities as those held by Client Funds, subject to preclearance and certain restrictions, including, but not limited to, the following provisions:

1. Timing of the Covered Person's trade in relation to a Client Fund trade in the same security;
2. Market capitalization and average trading volume of the security;
3. Proposed size of the trade; and
4. Holding period restrictions for the security by the Covered Person.

You may request a copy of our current Brochure at any time, which we will provide to you free of charge. If you would like to request a copy of our current Brochure, please contact our Compliance Department at (212) 705-8700.

Item 3. Table of Contents

Item 1. Cover Page.....	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance-Based Fees and Side-By-Side Management	7
Item 7. Types of Clients	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9. Disciplinary Information	12
Item 10. Other Financial Industry Activities and Affiliations	13
Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading	14
Item 12. Brokerage Practices.....	16
Item 13. Review of Accounts	20
Item 14. Client Referrals and Other Compensation	21
Item 15. Custody	22
Item 16. Investment Discretion	23
Item 17. Voting Client Securities	24
Item 18. Financial Information	25

Item 4. Advisory Business

A. The Firm and Principal Owners

Accipiter was founded in 2002 by its principal owner and Managing Member, Gabe Hoffman. Mr. Hoffman is the only person that owns more than 25% of Accipiter.

Accipiter serves as investment manager to two pooled investment vehicles, including a private investment partnership and a foreign investment company ("Clients" or "Client Fund(s)").

Services

Accipiter offers the following advisory services to the Client Funds. For a detailed description of the strategies see Item 8 in this Brochure.

Client Funds:

Currently, Accipiter serves as investment manager to Accipiter Life Sciences Fund, LP, a domestic private investment partnership ("Domestic Client Fund"), and Accipiter Life Sciences Fund (Offshore), LTD. ("the Offshore Client Fund"). Accipiter specializes in investing for both long and short term, in equity securities in the life sciences area, a majority of which are in biotechnology and the remainder includes, but is not limited to, pharmaceuticals, medical devices, healthcare providers, managed care and healthcare services. In providing such services to Client Funds, Accipiter manages the investment program, day-to-day investment activities and provides certain administrative services. An affiliate of Accipiter, Candens Capital LLC, acts as general partner to the Domestic Client Fund. Accipiter's principal owner and Managing Member, Gabe Hoffman, is a director of the Offshore Client Fund.

Accipiter tailors its advice to the individual needs of each Client Fund and manages the assets of each Client Fund on a discretionary basis, in accordance with the terms of the governing Client Fund documents. Generally, the Client Funds are traded *pari passu*.

Interests in the Client Funds are not registered under the Securities Act of 1933, as amended ("Securities Act of 1933"), and such Client Funds are not registered under the Investment Company Act of 1940, as amended ("Investment Company Act"). Accordingly, interests in such Client Funds are offered to investors satisfying the eligibility and suitability requirements for the applicable Client Fund.

B. Types of Investments

Although Accipiter specializes in investing, for both long and short term, in equity securities in the life sciences area, it also will trade in options, including over the counter options, total return swaps, preferred stock and bonds. It also has broad and flexible investment authority and may formulate new approaches to achieve the overall investment objective of the Firm. The Firm may also invest in a broad range of securities, commodities and other financial instruments in accordance with the governing fund documents for Client Funds.

C. Assets Under Management

As of December 31, 2011, the Firm managed \$209,308,075 in Client assets on a discretionary basis.

Item 5. Fees and Compensation

Compensation received by the Firm from Client Funds is comprised of fees based on a percentage of assets under management and performance-based fees.

A summary of the fees paid by Client Funds is provided below. Investors or potential investors in a Client Fund should review the applicable Private Offering Memorandum for specific information on fees and expenses.

Asset Based Management Fee

Domestic Client Fund:

The Firm charges a management fee of 1.5% annually, payable quarterly in advance, based upon the value of each limited partner's capital account as of the first day of each calendar quarter. Such fees may be waived or modified for limited partners in the Fund, at the discretion of the General Partner for limited partners, shareholders, employees or affiliates of the General Partner or the Firm, relatives of such persons and for certain large or strategic investors.

Offshore Client Fund:

The Firm charges a management fee of 1.5% annually, payable quarterly in advance, based on the value of the net assets of the Fund as of the first business day of each calendar quarter. The Fund, with the consent of the Firm, may waive or modify such fees for employees or affiliates of the Firm, relatives of such persons and for certain large or strategic investors.

For the Domestic Client Fund, management fees are calculated by the Firm and reviewed by the Firm's third party administrator ("TPA"). For the Offshore Client Fund, the TPA calculates the management fee and such fees are approved by the Managing Member prior to payment. The specific method for calculating the management fee is stated in the Private Offering Memorandum for each Client Fund.

Performance-Based Compensation

Domestic Client Fund:

Subject to the loss carryforward provision discussed below, if for any fiscal year a limited partner has a net profit, an amount equal to 35% of such net profit (including realized and unrealized gains) will be deducted from the limited partner's capital account as of the end of such fiscal year and allocated to the capital account of the General Partner (the "Incentive Allocation"). The General Partner, in its sole discretion, may waive or modify the Incentive Allocation for limited partners that are members, employees or affiliates of the General Partner or the Firm, relatives of such persons, and for certain large or strategic investors.

Under a loss carryforward provision contained in the Partnership Agreement, no Incentive Allocation will be made from the capital account of a particular limited partner with respect to a fiscal year until any net loss previously allocated to the capital account of such limited partner has been offset by subsequent net profits. Any such loss carryforward will be subject to reduction for withdrawals on a pro rata basis.

Offshore Client Fund:

The incentive fee for any fiscal year is an amount equal to 35% of the net profits (including realized and unrealized gains and losses), if any, during such fiscal year allocable to each share of the Fund, subject to a loss carryforward. If a share has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such share, there will be no incentive fee payable with respect to such share until the amount of the loss previously allocated to such share has been recouped. The Fund, with the consent of the Firm, may, in effect waive or modify the incentive fee for shareholders that are employees or affiliates of the Firm, relatives of such persons, and for certain large or strategic investors.

The Management Agreement provides that the Firm will be paid the incentive fee within 30 days after the end of the fiscal year. The amount of any incentive fee attributable to any shares being redeemed will be payable to the Firm following such redemption.

Incentive Fees for the Offshore Client Fund are calculated by the TPA and approved by the Managing Member prior to payment.

Fee Table

Annual fees and compensation received by Accipiter or its affiliate, Candens Capital LLC, with respect to Client Funds is set forth below.

Client Fund	Asset Based Fee	Performance Based Compensation
Accipiter Life Sciences Fund LP	1.50%	35%
Accipiter Life Sciences Fund (Offshore), LTD.	1.50%	35%

For more information regarding the calculation of fees, please refer to the Private Offering Memoranda for the Client Funds.

Additional Expenses

Client Funds are charged with expenses related to the operation of the Client Funds. Such expenses include:

1. Fees and costs related to the purchase and sale of securities, including: commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees and other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

The Firm and its affiliate, Candens Capital, LLC, pay their own expenses, including: employee salaries, rent, utilities and other overhead charges. In addition, the Firm pays certain additional expenses of the Funds, including legal, audit, accounting and organizational expenses.

Compensation for Sale of Securities or Other Investment Products

The Firm, its employees and affiliates do not accept any compensation for the sale of securities or other investment products.

Item 6. Performance-Based Fees and Side-By-Side Management

Accipiter or its affiliate charges performance-based fees or allocations that are based on a share of the gains of Client assets.

Conflicts

The fact that the Firm or its affiliate is compensated based on the performance of its investments (i.e., realized and unrealized net gains) may create an incentive for the Firm to make investments on behalf of the Client Funds that are riskier or more speculative than would be the case in the absence of such compensation. Since performance-based fees earned are calculated on a basis that includes unrealized appreciation of Client Fund assets, such fees may be greater than if they were based solely on realized gains.

Conflict Mitigation

1. Accipiter discloses to all underlying investors the potential conflicts described above;
2. Accipiter's portfolio manager is mindful of the investment objectives of the Client Funds and has a process in place to monitor compliance with formal investment guidelines and informal risk management guidelines implemented by the Firm; and
3. Accipiter has adopted policies and procedures that require employees to act in the best interests of Clients at all times.

Item 7. Types of Clients

Accipiter offers investment advisory services to the Client Funds. The minimum initial investment required for investment in the Client Funds is one million dollars (\$1,000,000). For the Domestic Client Fund, the General Partner may waive this minimum at its sole discretion. For the Offshore Client Fund, the Board of Directors may change the minimum investment, but not below \$50,000.

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

A. Method of Analysis and Investment Strategy

Accipiter will seek to achieve significant risk adjusted returns primarily by investing for both the long and short term, in equity securities in the life sciences area, a majority of which are in biotechnology, and the remainder include, but are not limited to, pharmaceuticals, medical devices, healthcare providers, managed care, and healthcare services.

The Firm's investment approach primarily focuses on identifying mispriced securities in the life sciences sector, both on an absolute and relative basis. The Firm believes that the market for life sciences companies is especially inefficient, because most market participants do not adequately understand the scientific/medical issues that shape the value of healthcare companies' products and services. The Firm will employ rigorous fundamental research to uncover inaccurately valued securities, including analysis of the scientific/medical merits of key products or procedures, reimbursement implications, regulatory outlook, and competitive landscape.

The Firm intends to pursue the investment objective described above and will generally follow the outlined investment program as long as such program is in accord with the Firm's investment objective. In addition, it may also formulate new approaches to carry out the overall investment objective of the Firm.

While it is anticipated that the Firm will invest primarily in U.S. equity securities, the Firm has broad and flexible investment authority. Accordingly, the Firm's investments may at any time include long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments, including those of investment companies. However, the Firm will not purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options thereon until, to the extent required, the Firm has registered with the U.S. Commodity Futures Trading Commission. The Firm may also invest in new issues of securities ("new issues"), provided that the Firm first complies with all of the rules and regulations pertaining to such investments, including the rules of the Financial Industry Regulatory Authority.

Accipiter may utilize leverage. All use of leverage generally will be in accordance with the parameters of Regulation T of the United States Federal Reserve Board's margin rules (i.e., under Regulation T, a customer must deposit cash or eligible securities equal to at least 50% of the purchase price of the securities it purchases, and the balance of the purchase price is then lent to the customer).

Risk of Loss – Investing in securities involves risk of loss that Clients should be prepared to bear.

B. Material Risks of Strategy and Securities

Material risks associated with the Firm's strategy and with specific securities included in the strategy is discussed in detail in each Private Offering Memorandum for the Client Funds. Below is a general discussion of some of the material risks associated with the Firm's strategy.

1. Life Sciences Securities

Life sciences companies are generally subject to greater governmental regulation than other industries at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A life sciences company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Expansion of facilities by healthcare providers is subject to "determinations of need" by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare facilities operators and negatively affecting the price of their securities. Certain life sciences companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products that cost less to develop and may cause the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of life sciences companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The share price of a life sciences company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

2. High Growth Companies

The Funds may have significant investments in the securities of high growth companies (e.g., healthcare and biotechnology). These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

3. Lack of Diversification

From time to time, Client Funds' portfolios may be concentrated in specific companies and/or industries. In addition, a substantial portion of the Client Funds' net assets may, at any time, be invested in a single sector, industry, or geographic location, or the securities (or related derivatives) of a single issuer. As a result, performance may be highly volatile on a short-term basis.

4. Small to Medium Capitalization Companies

The securities of small and medium cap companies may be more vulnerable than larger companies to adverse business or market developments. While smaller companies generally have potential for rapid growth, they often involve higher risks and may have greater price volatility and less liquidity.

5. Foreign Securities

Investments in non-U.S. securities are subject to certain risks not normally associated with investments in U.S. Securities. Trading in non-U.S. securities also exposes a portfolio to the risk of currency fluctuations.

6. Lack of Liquidity of Certain Fund Investments

The Firm's investments in restricted or non-marketable securities may involve a high degree of business and financial risk that can result in substantial losses. There may be no existing market for the purchase and sale of such investments and the Client Funds may not be able to readily sell such investments. In addition, Client Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to value any such investments accurately.

The Firm will not invest more than 10% of either Client Fund's assets (measured at the time of investment) in private/illiquid investments.

Generally, the Firm's primary investment strategy is speculative and entails substantial risks. There can be no assurance that the investment objective of the Client Funds will be achieved, and results may vary substantially over time. The practices of short selling, margin borrowing, options trading, other leveraged activities, including swaps, limited diversification and other investment techniques that the Firm may employ from time to time can, in certain circumstances, maximize the adverse impact to which the Client Funds' portfolio may be subject.

For a more detailed discussion of the risks associated with the Firm's investment strategy, refer to the Private Offering Memoranda for the Client Funds.

Item 9. Disciplinary Information

Accipiter and its employees have not been the subject of any legal or disciplinary events that are material to the Client Funds' or underlying investors' evaluation of the Firm's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

As described throughout this Brochure, Accipiter's affiliate, Candens Capital, LLC, acts as the general partner to the Domestic Client Fund. Gabe Hoffman is the principal owner of Accipiter and Candens Capital, LLC. Mr. Hoffman is also a Director of the Offshore Client Fund.

Although the two Client Funds have similar investment objectives, from time to time interests of one Client Fund may conflict with interests of the other Fund. As a result, it may sometimes be necessary for the Firm to allocate limited opportunities between the Client Funds in a manner that is not pro-rata based on net asset value ("NAV"). Accipiter seeks to make those allocations in a fair and equitable manner.

In addition, the Firm's Managing Member may, from time to time, serve on the board of directors of a company that is in the portfolio of the Client Funds. Since the Managing Member has a fiduciary relationship both to the Client Funds and the company on which he serves as a board member, he may have a significant conflict of interest. Investors in the Client Funds should be aware that the Managing Member at times may not be able to act in the best interests of the Client Funds due to confidential information acquired or obligations incurred in connection with the board position he would occupy.

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

A. Summary of Code of Ethics

We maintain a Code of Ethics (the "Code") that describes our fiduciary duty to our Clients and sets standards for business conduct. The following is a summary of the key provisions of the code:

Scope - The Code covers all directors, officers, partners, employees, and any other persons who are under our supervision and control ("Covered Persons").

Fiduciary Duties - This Code is based on the principle that Accipiter and its Covered Persons owe a fiduciary duty to its Clients. Accordingly, Accipiter and its Covered Persons must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of its Clients.

Personal Securities Trading - All Covered Persons are subject to certain trading restrictions, including the requirement to pre-clear certain securities transactions. In addition, all Covered Persons must report their personal securities transactions quarterly and personal securities holdings annually.

Code of Conduct - The Code contains specific topics designed to reflect Accipiter's commitment to ethical conduct. These topics include compliance with legal and regulatory requirements, gifts, outside activities, entertainment, insider trading prohibitions and board directorships.

Code Violations - The Code requires that all Covered Persons report any actual or apparent violation of the Code and provides for a prohibition on retaliation against any person who reports such violations. Appropriate sanctions are included for Code violations.

Clients and investors and prospective Clients and investors may receive a copy of Accipiter's Code by contacting the Firm at (212) 705-8700.

B. Recommending Securities in Which Accipiter Holds a Financial Interest

The Firm's policy is to prohibit principal transactions. Consequently, neither the Firm nor any employee may engage in a principal transaction with a Client. Since more than 25% of a Client Fund is owned by Mr. Hoffman, his affiliates and/or his relatives, and is thus deemed to be a proprietary account, no direct transactions involving such Client Fund and the other Client Fund shall occur. In addition, Mr. Hoffman trades securities for himself in a deferred fees sub-account ("Proprietary Sub-Account") of the Offshore Client Fund. No direct transactions between Client Funds and the Proprietary Sub-Account are permitted.

C. Firm Covered Persons Investing in the Same Securities as Clients

We permit our Covered Persons to trade in the same securities as those held by Client Funds. Potential conflicts arise when Covered Persons buy or sell the same securities we buy or sell for Client Funds. For instance, if Covered Persons have knowledge of pending Client Fund transactions that could impact the market price of a security, they could time their transactions so as to receive a better price than that of the Client Funds. We permit our Covered Persons to

trade in the same securities as those held by Client Funds, subject to preclearance and certain restrictions, including, but not limited to, the following provisions:

1. Timing of the Covered Person's trade in relation to a Client Fund trade in the same security;
2. Market capitalization and average trading volume of the security;
3. Proposed size of the trade; and
4. Holding period restrictions for the security by the Covered Person.

Accounts of Covered Persons are not permitted to participate in aggregated trades with Client accounts.

For additional information on aggregation of trades see Item 12(B).

D. Accipiter Covered Persons Trading in the Same Securities as Clients at the Same Time

See Item 11(C) above.

Item 12. Brokerage Practices

Broker Selection

Accipiter seeks to obtain the best execution in making its decisions regarding brokerage allocation for the Client Funds. Primary factors considered in selecting brokers for transactions include, but are not limited to, the following:

- Ability to effect prompt and reliable executions at favorable prices;
- Operational efficiency with which transactions are effected, taking into consideration the size of order and difficulty of execution;
- Level of anonymity provided;
- Number of errors committed by each broker;
- Access to liquidity;
- Financial strength, integrity and stability of the broker;
- Quality, comprehensiveness and frequency of available research services considered of value;
- Competitiveness of commission rates in comparison with other brokers meeting the Firm's selection criteria; and
- Availability of stocks to borrow for short trades.

The Firm is authorized to pay higher commissions to brokerage firms that provide the Firm with certain allowable research and brokerage services. Also, since commission rates are negotiable, selecting brokers based on considerations which are not limited to applicable commission rates may at times result in higher transactions costs than would otherwise be obtainable. Therefore, although the Firm generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. This practice is allowed as long as commissions are reasonable in relation to the overall brokerage and research products and services provided.

The Firm maintains an Approved Broker List and monitors the performance of brokers on a regular basis.

Soft Dollars

Consistent with Accipiter's duty to achieve best execution, Client trades may be placed with brokers who provide research or other products and services other than execution services ("Soft Dollar Benefits"). These services are provided to Accipiter as a result of Client trades placed by the Firm with certain brokers.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides that a person who exercises investment discretion with respect to an account will not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of such person's having caused the account to pay a broker more than the lowest available commission if such person determines in good faith that the amount of the commission is reasonable in relation to the

value of the brokerage and research services provided by such broker. Accipiter's general policy is to use soft dollars only to acquire research and brokerage services that fall within the safe harbor afforded by Section 28(e).

Soft Dollar Benefits

Accipiter receives soft dollar credits based on securities transactions from certain brokers. Such soft dollar credits are used to purchase certain research and brokerage products and services. Accipiter may also direct brokers who execute trades to share its commissions with brokers that provide Soft Dollar Benefits. Accipiter also pays commissions to certain brokers in return for proprietary research that is higher than commissions paid to brokers for execution only services.

Accipiter currently purchases the following products and services utilizing soft dollar credits generated with Client transactions through Accipiter's prime broker:

1. Market data services and analytical tools; and
2. Various research subscriptions.

Accipiter also pays for proprietary research from brokers utilizing commissions from Client transactions. The proprietary research received includes the following:

1. Proprietary research reports on markets, companies, sectors, industries, or regions prepared by the broker's research analysts;
2. Statistical data on markets, companies, sectors, industries or regions;
3. Access to research personnel to discuss areas of coverage; and
4. Meetings or calls with company management and personnel arranged by the broker.

Research services received from executing brokers are supplemental to Accipiter's own research efforts and, when utilized, are subject to internal analysis before being incorporated into an investment decision.

Accipiter has retained certain brokers to provide certain prime brokerage services to the Firm. Services provided include custody, clearing and settlement, execution, technology, reporting, and other services. Accipiter utilizes most of these services for research and trading on behalf of Client accounts, but some may be used for administrative purposes. Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody, clearance fees and other charges, if Accipiter did not receive these services from the prime broker, it would be required to pay for all or some portion of these services. Accipiter is not required to direct a certain number of trades or maintain a certain level of Client assets with any prime broker or to continue using the prime brokers' services.

Conflicts of Interest

When Accipiter uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because it does not have to produce or pay for the research, products or services. Consequently, the Firm has an incentive

to select brokers based on Accipiter's interest in receiving the research or other products or services rather than on the Firm's interest in receiving most favorable execution.

Accipiter may pay commissions (and mark/ups or mark/downs) that exceed those that another broker might charge for effecting the same transaction because of the value of the research and brokerage services provided to Accipiter. The research and other benefits resulting from Accipiter's brokerage relationships benefit Accipiter's operations as a whole and all accounts that it manages. Because the Client Funds are generally traded *pari passu*, the Client Funds benefit proportionately from the research and other services the Firm receives.

Procedures for Directing Soft Dollar Brokerage

The Firm has policies and procedures to determine in good faith that compensation paid to brokers is reasonable in relation to the services provided. On a regular basis, the Firm evaluates the trade execution services provided by brokers on the Approved Broker List. The Firm considers, among other things, the value of research and brokerage services provided by the brokers. Based on this evaluation, Accipiter may add or delete brokers from the Approved Broker List and increase or decrease the use of certain brokers. The Firm also conducts an annual evaluation of all soft dollar arrangements.

Client Referrals

Accipiter's prime brokers (and other brokers from time to time) may permit the Firm to participate in capital introduction services for the purpose of acquiring underlying investors in Client Funds. This service provides an incentive for Accipiter to select brokers providing this service based upon Accipiter's interest and not the interests of Accipiter's Clients in achieving the most favorable execution.

Accipiter does not consider, in selecting brokers to execute Client transactions, whether the Firm or a related person receives Client or investor referrals from a broker or other third party.

The Firm does not anticipate participating in capital introduction services provided by brokers.

Trade Aggregation

Accipiter requires that all Client trades be allocated in a manner that treats all Clients fairly. The Firm's portfolio manager is responsible for determining trade allocations. Generally, trades are executed together for Client Funds where the investment is deemed suitable based upon investment objectives and other relevant factors. Orders are generally aggregated on a pro rata basis based upon the NAV of the accounts. There may, however, be situations where trades are not allocated pro rata due to tax considerations.

If aggregated orders cannot be completely filled, the completed orders are generally allocated "pro rata" among the accounts included in the order. The Firm reserves the right to reallocate securities to avoid a *de minimis* allocation.

Client accounts participate at the average price for the block of securities traded and transaction costs are shared on a pro rata basis. The Firm believes that aggregating orders in this manner will, over time, be fair and equitable to all participants. However, in particular cases, the average price could be less advantageous to a Client account than if the Client had

been the only account effecting the transaction or had completed the transaction before the other participants.

Trade Errors

All trade errors will be reviewed and resolved by the CCO as soon as possible, taking into account the facts surrounding the trade, including the liquidity of the security involved. If the trade error results in a loss, the Firm will reimburse the Client. Gains in Client accounts will remain in the Client account.

Item 13. Review of Accounts

A. Periodic Review of Client Accounts

On a monthly basis, we perform a comprehensive review of the performance and positions in the Funds. Such review is performed by our Managing Member or a designated person and they document and remediate any material exceptions. In addition, we have retained the services of an independent TPA who performs reviews and reconciles positions on a monthly basis. The TPA also prepares monthly NAV statements for all investors in the Funds after it has completed its reviews.

B. Review of Client Accounts on Other than Periodic Basis

We and our TPA will review performance during unusual market conditions.

C. Content and Frequency of Client Reports

Each investor in the Client Funds has the option to receive unaudited reports of performance either on a weekly or monthly basis via email and will receive monthly performance reports from the TPA. In addition, each investor receives audited year-end financial statements annually.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits from Third Parties

Accipiter receives an economic benefit from its prime broker relationship in the form of products and services the prime broker makes available to the prime broker's investment adviser clients. The actual products and services received that benefit Accipiter and potential conflicts of interest are fully described in Item 12 (Brokerage Practices).

We do not receive any other economic benefit from a third party for providing investment advisory services.

B. Compensation to Third Parties for Referrals

We do not currently compensate third parties for soliciting Clients or underlying investors on behalf of Accipiter; however, the Firm has the right to engage third parties to solicit such Clients. In such cases, the practice is disclosed in writing to the Client or investor and the Firm complies with all requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

Item 15. Custody

The Firm supervises the completion of audits of Client Funds by an independent public accountant as well as the distribution of audited financial statements to Client Fund investors within 120 days of each Client Fund's fiscal year end. The independent public accountant that conducts the audit is registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board ("PCAOB").

Item 16. Investment Discretion

Accipiter buys and sells securities and other instruments for the Client Funds on a discretionary basis in a manner consistent with each Client Fund's investment objectives, guidelines and restrictions as set forth in the Private Offering Memorandum of each Client Fund.

The Firm is authorized to make the determinations in accordance with the objectives, guidelines, and restrictions without obtaining prior consent from the Client Funds or investor:

(i) which securities or other investment instruments to buy or sell; (ii) the total amount of securities or other investment instruments to buy or sell; (iii) the executing broker for any transaction; and (iv) commission rates or commission equivalents charged for transactions.

Client Fund investors generally do not have the authority to limit Accipiter's discretionary authority.

Item 17. Voting Client Securities

Accipiter retains responsibility for voting Client Fund proxies and will not accept direction from investors in the Client Funds.

Under Section 206(4)-6 of the Advisers Act, the Firm has implemented written policies and procedures governing its proxy voting activities. The Firm's written policy requires it to vote Client proxies in the best interest of its Clients. However, the policy permits the Firm to abstain from proxy votes when: (i) in the reasonable opinion of the Firm, the outcome of the vote most likely will not be determined by how the Firm may vote and thus the cost of voting appears to exceed the potential benefit to the Client; or (ii) the subject of the vote does not appear likely to have a material impact on the value of the investment held by the Client.

The Firm recognizes that from time to time there may be a conflict of interest or potential conflict of interest between itself and Clients with respect to the voting of proxies of certain companies and has developed a mechanism for identifying and addressing such conflicts. If the Firm determines that a material conflict exists between the Firm's interest and a Client's interest, it will maintain documentation evidencing the resolution, which may include a recommendation from an independent third party.

Client Fund investors may contact the Firm's CCO at (212) 705-8700 for a copy of the proxy policy and information with respect to how the Firm voted a proxy.

Class Action Lawsuits

The Firm recognizes that as a fiduciary it has a duty to act with the highest obligation of good faith, loyalty, fair dealing and due care. If class action documents are received by the Firm on behalf of its Client Funds, the Firm generally will participate in, actively opt out of, or take no action with respect to such class action lawsuit. The Company will determine if it is in the best interest of the Clients to recover funds from a class action.

Item 18. Financial Information

Accipiter does not require or solicit prepayment of more than \$1,200 hundred dollars (\$1,200.00) in fees per Client, six (6) months or more in advance. Therefore, the Firm is not required to include a balance sheet for its most recent fiscal year.

Accipiter does not have any financial condition to disclose that is likely to impair its ability to meet contractual commitments to Clients.

Accipiter has never been the subject of a bankruptcy petition.