

Eden Arc Capital Management Form ADV Part 2 Firm Brochure

Item 1 – Cover Page

EDEN ARC CAPITAL MANAGMENT, LLC

**Form ADV Part 2 Firm
Brochure**

March 2014

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This Firm 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 Firm Brochure, please contact us at 212-786-7414. Currently, our Firm 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 Firm 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.

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

Our last Firm Brochure was part of our annual updating amendment in March 2013. This Firm Brochure, dated March 2014, has been updated to reflect growth in assets under management, Item 4E and to incorporate changes to fee structure in Item 5. This section includes only material changes. Eden Arc Capital Management, LLC encourages all current and prospective clients to review the entire Firm Brochure.

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Item 4 – Advisory Business

Item 4.A

Eden Arc Capital Management, LLC (the "Adviser", "we", "us" or "our") is owned by Donald F. (Jay) Lathen and has been providing investment advisory services since August 2010.

Item 4.B

The Adviser's sole 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 investors and institutional investors. In addition to providing investment advisory services to the Fund, the Adviser has in the past and may in the future 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 and brokered certificates of deposit. 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 investor grants discretionary trading authority in the Fund's broker-dealer/custodian account of which the investor 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.E

As of December 31, 2013, the Advisor managed approximately \$44 million on a discretionary basis and no funds on a non-discretionary basis.

Item 5 – Fees and Compensation

Item 5. A

The Fund pays to the Adviser a quarterly management fee payable on the first day of each

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quarter equal to 0.5% to 2% 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 Adviser's affiliate, the GP receives a 20% to 30% performance allocation based on the profits generated in the Fund. 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. Notwithstanding the fees listed above, the GP in its sole discretion may offer strategic investors different fees.

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.

Item 5.B

The management fees are 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 Adviser 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 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 6 – Performance-Based Fees

The Advisor's affiliate, the GP receives a 20% 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 Advisers Act of 1940 (the "Advisers 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 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.

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 investors who are 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. The Fund generally requires a minimum investment of \$500,000.

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

Item 8. A

The Adviser's client is the Fund which is a pooled investment vehicle. The Fund's investment strategy is focused on fixed income securities, principally corporate bonds and brokered certificates of deposit. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 8. B

The main risks of the Fund's investment strategy are interest rate risk, credit risk, and inflation risk. In addition, at any given time the Fund may have concentrated positions in securities with a relatively small number of issuers, some of which have below investment-grade ratings or are unrated. 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.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser and /or a related person may act as a general partner, managing member or other controlling entity in private funds that may invest in securities or other investments in which the Advisers clients may be solicited to invest.

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

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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 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. In addition the GP/Adviser may receive various research reports and materials from broker-dealers. The Adviser does not currently have any formal soft dollar

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agreements and does not expect to enter any formal soft dollar agreements 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.

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

The Adviser may retain third-party marketers or solicitors. Currently the Adviser has entered into referral arrangements with consultants that are registered broker dealers. The consultants will refer clients to the Adviser as either investors in the Adviser's private funds or as clients for separately managed accounts. The consultants will be paid a part of the management fee and incentive allocation or performance fee received by Advise with respect to such referred investors or clients. A prospective client or underling investor in a private fund solicited by a consultant may be advised in writing of the details of any referral fee arrangement with the consultant and asked to acknowledge its receipt of such information.

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Item 15 – Custody

The Adviser is deemed to have custody of client assets since it or related parties serve as the General Partner or in a similar capacity to the funds and as such has the authority to obtain possession of such funds' securities or other assets. Physical custody of the clients' assets is provided by the custodians of the funds and client accounts. 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.

We urge all of our clients to carefully review and compare such custodial statements to any account statements that they may receive from us.

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 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

The Adviser does not have any financial condition to disclose that is reasonably likely to impair its ability to meet contractual commitments to clients.

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Item 18. C

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

Brochure Disclosure

In no event should this disclosure Firm Brochure be considered to be an offer of interests in any of the Adviser's private funds or relied on in determining whether to invest in any private funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Firm Brochure. Rather, this brochure is designed solely to provide information about the Adviser for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940 and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in offering memorandums. To the extent that there is any conflict between any discussion in this brochure and the offering memorandums provided to investors, the memorandums provided to such investors should govern.