

STONECASTLE CASH MANAGEMENT, LLC

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Form ADV Part 2A BROCHURE

This Brochure provides information about the qualifications and business practices of StoneCastle Cash Management, LLC (“StoneCastle” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at **212-354-6500**. 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.

StoneCastle 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 StoneCastle also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

StoneCastle has updated Form ADV Part 2 (“Brochure”) as part of the annual amendment process. There have been no material changes to the Firm’s business practices in the past year and therefore no material changes have been made to this brochure.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You may also request a copy of this Disclosure Brochure, by contacting our Chief Compliance Officer, Rachel Schatten (“CCO”) at (212) 354-6500 or rschatten@stonecastle.com.

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Item 4 – Advisory Business

StoneCastle Cash Management, LLC was formed in 2009 and is a wholly-owned subsidiary of Stone Castle Partners, LLC (“StoneCastle Partners”). StoneCastle Partners was formed in 2003.

StoneCastle provides cash management services only with respect to limited types of investments.

The Federally Insured Cash Account, FICA® (“FICA”) is StoneCastle’s proprietary cash management vehicle offering a high level of FDIC insurance, daily deposit availability, daily liquidity and a competitive yield compared to money market mutual funds, treasury securities and non-insured bank deposits. FICA provides institutional depositors with access to hundreds of carefully screened, participating banks (“Depository Banks”) via a single account. Through its FICA Program, large client deposits are allocated across the Depository Banks striving to ensure full FDIC insurance. StoneCastle uses discretionary authority to select the Depository Banks into which client funds are deposited. StoneCastle may add and remove Depository Banks in the FICA Program at its sole discretion.

The Institutional Cash Account (“ICA”) is StoneCastle’s cash management vehicle offering daily deposit availability, six at-will withdrawals per month, and a competitive yield when compared to money market funds, treasury securities and non-insured bank deposits. ICA offers no term requirement on large, US dollar denominated deposits. ICA provides institutional depositors with access to highly rated banks via a single account. Through the ICA program, clients can select, or remove banks at their discretion.

The Alternative Money Market Account (“AMMA”) enables participating banks to enhance their relationship with commercial, non-profit, individual, and local government customers by allowing banks to provide FDIC insurance on large balances. AMMA allocates a bank customer’s large deposits across its Depository Bank network, ensuring full FDIC insurance on all deposits.

StoneCastle uses its financial expertise to monitor and carefully screen the Depository Banks on an ongoing basis.

StoneCastle clients may impose restrictions or exclusions on deposits in specific Depository Banks. All such features and exclusions would be set forth in a client’s written agreement with StoneCastle.

StoneCastle does not participate in wrap fee programs.

As of December 31, 2015, StoneCastle had discretionary assets under management of approximately \$5,890,925,273.

As of December 31, 2015, StoneCastle had non-discretionary assets under management of approximately \$0.

Item 5 – Fees and Compensation

Generally, StoneCastle will charge a fee, based on assets under management. StoneCastle's fees may be negotiated on a case by case basis as are the termination provisions.

FICA, AMMA and ICA Programs

The fees charged by StoneCastle are a percentage of the amount of gross interest earned on client deposits at each bank. The amount of the gross interest earned at each bank is determined at the discretion of the banks based on prevailing economic and business conditions and, as such, varies between banks. Each bank may also adjust the amount of gross interest it pays on deposits on a monthly basis. The percentage of the gross interest that StoneCastle retains as its fee will also vary between banks and over time. However, the fees charged by StoneCastle will never exceed the interest earned by a client from the banks. The fees are deducted from a client's account on the date on which interest from a bank is credited to the account.

In addition, with prior notice the custodian may charge a client for specific costs incurred in processing transactions as well as certain other administrative fees and expenses for unusual transactions including, but not limited to, wire requests, copies of statements and special research services as stated in the account custody agreement. Such amounts may be deducted by the custodian from the client account.

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

StoneCastle does not charge a performance based fee.

Item 7 – Types of Clients

StoneCastle provides cash management services and generally imposes a minimum dollar commitment, but such minimum commitment is negotiated on a case by case basis. StoneCastle may lower such minimum at its discretion.

The minimum initial deposit into a FICA account is \$250,000.

The minimum initial deposit into an ICA account is \$20,000,000. The maximum deposit into an ICA account is \$250,000,000.

There is no minimum amount required for subsequent deposits. StoneCastle may change such minimum and maximum in its discretion

StoneCastle currently provides investment management services primarily to: high net worth individuals, institutional depositors, banking or thrift institutions, investment companies, pooled investment vehicles, pension and profit sharing plans, charitable organizations, corporations or business entities, state or municipal entities and insurance companies.

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

Analysis

As part of its focus on fundamental analysis, StoneCastle maintains an extensive network of carefully selected and screened participating banks. StoneCastle has developed its own proprietary credit system for rating banks. Bank ratings are based on an evaluation of several factors, including but not limited to, credit quality, and diversification, as well as management strength and operational capabilities.

All Depository Banks within FICA are screened by StoneCastle to ensure that each meets the strict credit standards of the program. This process provides an additional layer of security, supplementing the complete FDIC insurance coverage provided on all deposits.

StoneCastle utilizes its proprietary quantitative algorithm for grading the financial condition of each potential and current program bank. This grading system is largely based on the CAMELS methodology used by regulators.

Potential banks must meet initial capital adequacy and asset quality baselines. In order to meet these initial standards, banks must be classified as “Well Capitalized” as defined by the FDIC at the time the bank is brought onto the program.

In determining capitalization status, three main ratios are taken into account: Leverage, Tier 1 and Total Risk-Based Capital. Together, we believe these ratios provide insight into a potential bank’s ability to withstand economic adversity.

StoneCastle also uses other public data bases (such as those available through FDIC, OTS, OCC and the Federal Reserve) to conduct its analysis. Although StoneCastle may use research provided by third parties when available, primary emphasis is placed on proprietary analysis and models conducted and maintained by our investment professionals.

Investment Strategies

StoneCastle utilizes transaction, savings, money market deposit and CD accounts at banks all of which have pass-through deposit insurance coverage through the FDIC.

FICA & AMMA Program

Our strategy strives to ensure that a client's cash deposit has full FDIC insurance coverage from an extensive proprietary network of carefully-screened, participating banks.

ICA Program

Through its processes, StoneCastle grants institutional investors the ability to review and select banks which meet a client's investment criteria.

Risk of Loss

Investing in deposit accounts involves certain risks that clients should be prepared to bear. It is possible to lose money by investing in these programs. In addition, bank ratings are subject to change and do not remove market risk.

We will do our very best in the management of client assets; however, we cannot guarantee any level of performance or that a client will not experience a loss of account assets.

Item 9 – Disciplinary Information

StoneCastle does not have any legal, financial or other disciplinary item to report that would impact the evaluation by a client, or prospective client, of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

StoneCastle is part of a group of affiliated companies owned by StoneCastle Partners that engage in the financial services business. In some cases, StoneCastle has business arrangements with its related companies that are material to StoneCastle's business or to its clients. StoneCastle shares certain officers, supervised persons and physical location with the other StoneCastle affiliates. These arrangements may cause StoneCastle or a related person's interests to diverge from the best interests of a client.

We refer to advisory affiliates and any person or company that is under common control with StoneCastle as "related persons."

StoneCastle is a related person of the following other entities:

- StoneCastle Partners (Investment Adviser)
- StoneCastle Investment Management, LLC (Investment Adviser)
- StoneCastle Loan Management, LLC (Investment Adviser)
- StoneCastle Advisors, LLC (Registered Investment Adviser)
- StoneCastle Asset Management LLC (Registered Investment Adviser)
- StoneCastle Financial Corp. (Registered Investment Company)

StoneCastle provides various cash management products to our clients that involve depositary relationships with community banks and services to community banks with respect to their cash management products. StoneCastle receives fees from these clients and/or community banks in connection with these cash management services, which may include community banks in which StoneCastle Financial Corp. invests.

Related Broker Dealer

StoneCastle is a related person of the following broker dealer:

- StoneCastle Securities, LLC

The following officer of StoneCastle is a registered representative of StoneCastle Securities: Rachel Schatten.

Neither StoneCastle, nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

StoneCastle's Code of Ethics described in Item 11 below addresses these potential conflicts of interest.

Item 11 – Code of Ethics

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

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of StoneCastle 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.

To supervise compliance with its Code of Ethics, StoneCastle requires that all access persons provide copies of their personal securities holdings and transaction reports to the Firm's CCO for review. Transactions are reported to the CCO in accordance with the reporting requirements outlined in the Code of Ethics and personal trading is continually monitored in order to reasonably prevent conflicts of interest between StoneCastle and its clients. In addition, any individual not in observance of the above may be subject to disciplinary action.

Failure to comply with the Firm's Code of Ethics may result in disciplinary action, up to and including termination of employment.

Conflicts of Interest

StoneCastle is subject to certain conflicts of interest in management. The members of the credit/investment committee may also act as the investment committee for other investment vehicles managed by our affiliates. These conflicts will arise primarily from the involvement of StoneCastle and its affiliates in other activities that may conflict with StoneCastle activities. StoneCastle and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests or the interests of their clients may

conflict with our interests. Other present and future activities of StoneCastle and its affiliates may give rise to additional conflicts of interest which may have a negative impact on StoneCastle and its clients.

In addition, StoneCastle or its affiliates may have deposit accounts or other interests at the same Depository Banks that it recommends to its clients. As noted above, StoneCastle's Code of Ethics requires all personnel to act in the best interests of clients and avoid any conflicts of interest.

As outlined in our Code of Ethics, the interests of client accounts will at all times be placed first and all employee personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflicts of interest.

We will provide a copy of our Code of Ethics to clients or prospective clients upon request. Our contact information appears on the cover page of this Brochure.

Item 12 – Brokerage Practices

This section is currently not applicable.

Item 13 – Review of Accounts

Reviews

Depository Banks are reviewed and screened at least once per quarter to ensure they continue to meet the program's credit standards. If at any time a bank falls below these standards, StoneCastle will take action which may include: reduction of funding levels, ceasing additional funding or the complete withdrawal of funds and removal from the program. There is no formal committee that reviews and monitors Depository Banks.

Monthly statements, reports and confirms are provided electronically to participants on such periodic dates, and with such content, as is negotiated on a case by case basis.

FICA and ICA Account Statements

Clients have direct online access to their monthly statements through a secure website. Client consent is given to electronic delivery of account information. StoneCastle sends clients an e-mail as notification when the account statement is available for viewing. All activity with respect to the client's account, including account balance at each bank and

the net interest earned in the account during the prior period appears on the account statement.

Item 14 – Client Referrals and Other Compensation

In certain situations, StoneCastle compensates third parties for referrals to the cash management program, FICA. Such compensation may take the form of a portion of StoneCastle's fees on the account or a decreased yield to the client.

Currently, StoneCastle has entered into agreements with various unrelated third parties to introduce clients to the FICA Program in exchange for a fee. The amount of the fee varies and is agreed upon by the client, the third party and StoneCastle.

In some cases, the referral fee will be deducted from a client's account in addition to the FICA fee. In this arrangement, a prospective client introduced by a third party and who deposits money in a FICA account may earn a different monthly account yield, which will generally be less than the account yield earned by an institution depositing money directly with the FICA custodian.

In other cases, StoneCastle will pay the referral fee to the third party and the client will not be charged a referral fee. In this arrangement, a prospective client will receive the same yield as an institution depositing money directly with the FICA custodian.

Item 15 – Custody

StoneCastle does not maintain custody of clients' funds and/or securities.

Item 16 – Investment Discretion

The limitations on StoneCastle's authority to determine, without obtaining specific consent, the securities to be bought or sold, or the amount of the securities to be bought or sold, are set forth in the applicable management agreement that is negotiated with each client.

For FICA accounts, StoneCastle uses discretionary authority to select the Depository Banks into which client funds are deposited.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

Proxy voting is currently not applicable to StoneCastle given the type of cash management solutions we offer. However, we have adopted Proxy Voting Policies and Procedures should we have proxy voting responsibilities at any time in the future.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about StoneCastle's financial condition. StoneCastle has no financial condition that impairs its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition. StoneCastle does not require prepayment of advisory fees; therefore the Firm is not required to provide an audited financial statement.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.