HERZFELD CARIBBEAN BASIN FUND INC
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PROSPECTUS SUPPLEMENT DATED MARCH 7, 2016
(To Base Prospectus dated November 2, 2015)

THE HERZFELD CARIBBEAN BASIN FUND, INC.

$13,200,000

Common Stock

This prospectus supplement supplements the prospectus supplement and the accompanying base prospectus thereto, each dated November 2, 2015 (collectively, the "Prospectus"), which relate to the sale of shares of common stock of The Herzfeld Caribbean Basin Fund, Inc. in an "at the market" offering pursuant to an equity distribution agreement, dated September 10, 2015, with Ladenburg Thalmann & Co. Inc.

You should carefully read this prospectus supplement together with the Prospectus before investing in our common stock. You should also review the information set forth under "Prospectus Supplement Summary—Summary Risk Factors" beginning on page S-3, and "Supplemental Risk Factors" beginning on page S-9, of the prospectus supplement dated November 2, 2015 and "Prospectus Summary—Summary Risk Factors and Special Considerations" beginning on page 5, and "Risk Factors and Special Considerations" beginning on page 18, of the base prospectus before investing.

Except where the context requires otherwise, the terms the "Fund," "we," "us" and "our" refer to The Herzfeld Caribbean Basin Fund, Inc. and the "Adviser" refers to HERZFELD/CUBA, a division of Thomas J. Herzfeld Advisors, Inc.

Recent Developments

Prior Sales Pursuant to the Prospectus

From November 2, 2015 to February 29, 2016, we sold an aggregate of 48,288 shares of common stock under the equity distribution agreement. The total amount of capital raised as a result of these issuances was approximately $331,000 and net proceeds were approximately $324,000 after deducting the sales agent's commissions and offering expenses. The total amount of capital raised from the sale of shares of common stock under the equity distribution agreement from September 10, 2015 through February 29, 2015 was approximately $1,952,000 and net proceeds were approximately $1,913,000 after deducting the sales agent's commissions and offering expenses.

Under the Prospectus, we are permitted to offer and sell common stock having an aggregate offering price of $13,200,000. After deducting prior sales pursuant to the Prospectus, we may currently offer and sell additional shares of common stock having an aggregate offering price of up to $12,869,000 through Ladenburg Thalmann & Co. Inc. under the Prospectus.

Our common stock is traded on the NASDAQ Capital Market under the symbol "CUBA." On March 3, 2016, the last reported sales price on the NASDAQ Capital Market for our common stock was $7.26 per share. We determine the NAV per share of our common stock no less frequently than monthly. Our NAV per share of our common stock as of

March 3, 2016 was $6.39 (unaudited) and our total net assets were $37,549,205.70 (unaudited). As of March 3, 2016, there were 5,876,223 shares of our common stock outstanding.

Management

On February 9, 2016, the Board of Directors appointed Erik M. Herzfeld President and Chief Executive Officer of the Fund. He continues to serve as a Portfolio Manager of the Fund. Thomas J. Herzfeld will remain Chairman of the Board and a Portfolio Manager of the Fund.

Additionally, Erik M. Herzfeld was appointed President of the Adviser effective that same date. Thomas J. Herzfeld, although no longer an officer of the Adviser, will remain Chairman of the Board of the Adviser.

Distributions

On January 6, 2016, we paid a distribution of $0.16 per share. Such distribution was declared on December 18, 2015 and payable to stockholders of record as of December 31, 2015.

Developments in U.S.-Cuba Relations

In January 2016, the U.S. Department of the Treasury's Office of Foreign Assets Control and the Department of Commerce's Bureau of Industry and Security announced amendments to the Cuban Assets Control Regulations and Export Administration Regulations, respectively. These amendments will remove existing restrictions on payment and financing terms for authorized exports and reexports to Cuba of items other than agricultural items or commodities, and establish a case-by-case licensing policy for exports and reexports of certain items to meet the needs of the Cuban people, including those made to Cuban state-owned enterprises. Such amendments became effective on January 27, 2016. The amendments are intended to further facilitate travel to Cuba for authorized purposes by allowing blocked space, code-sharing, and leasing arrangements with Cuban airlines; authorizing additional travel-related and other transactions directly incident to the temporary sojourn of aircraft and vessels; and authorizing additional transactions related to professional meetings and other events, disaster preparedness and response projects, and information and informational materials, including transactions incident to professional media or artistic productions in Cuba. Additionally, in February 2016, President Obama has announced his intention to visit Cuba in March 2016. However, the impact that these recent developments may have on future U.S.-Cuba relations or possible investment in Cuba or Cuban securities (if any such investment activities become legally permissible) is not yet clear. There can be no assurances that relations between the U.S. and Cuba will continue to develop or that the U.S. trade embargo against Cuba will ever be lifted or further eased or, if and when such lifting or easing of the embargo commences, that the Adviser will be able to identify direct investments in issuers domiciled in Cuba that are acceptable for the Fund. If investment in securities issued by companies domiciled in Cuba were to be permitted under U.S. law, certain risks and special considerations not typically associated with investing in securities of U.S. companies would be relevant to such securities. These risks include, among others, restrictions on foreign investment and on repatriation of capital invested in Cuba, unstable currency exchange and fluctuation, the absence of a capital market structure or market oriented economy, potential price volatility and lesser or lack of liquidity of shares listed on a securities market (if one is established), continued political and economic risks and other risks described under "Prospectus Supplement Summary—Summary Risk Factors" beginning on page S-3, and "Supplemental Risk Factors" beginning on page S-9, of the prospectus supplement dated November 2, 2015 and "Prospectus Summary—Summary Risk Factors and Special Considerations" beginning on page 5, and "Risk Factors and Special Considerations" beginning on page 18, of the base prospectus.

Semi-Annual Report to Stockholders

On February 23, 2016, the Company filed its Semi-Annual Report to stockholders for the period from July 1, 2015 through December 31, 2015. The text of the Semi-Annual Report is attached hereto as Annex A and is incorporated herein by reference.

Information contained on our website is not incorporated by reference into this prospectus supplement or the Prospectus, and you should not consider that information to be part of this prospectus supplement or the Prospectus.

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ANNEX A

The Herzfeld Caribbean Basin Fund, Inc.
119 Washington Avenue, Suite 504
Miami Beach, FL 33139
(305) 271-1900

Investment Advisor
HERZFELD/CUBA
a division of Thomas J. Herzfeld Advisors, Inc.
119 Washington Avenue, Suite 504
Miami Beach, FL 33139
(305) 271-1900

Transfer Agent & Registrar
State Street Bank and Trust
200 Clarendon Street, 16th Floor
Boston, MA 02116
(617) 662-2760

Custodian
State Street Bank and Trust
200 Clarendon Street, 5th Floor
Boston, MA 02116

Counsel
Pepper Hamilton LLP
3000 Two Logan Square
18th and Arch Streets
Philadelphia, PA 19103

Independent Auditors
KPMG LLP
191 W. Nationwide Blvd., Suite 500
Columbus, OH 43215

The Herzfeld Caribbean Basin Fund Inc.'s investment objective is long-term capital appreciation. To achieve its objective, the Fund invests in issuers that are likely, in the Advisor's view, to benefit from economic, political, structural and technological developments in the countries in the Caribbean Basin, which include, among others, Cuba, Jamaica, Trinidad and Tobago, the Bahamas, the Dominican Republic, Barbados, Aruba, Haiti, the Netherlands Antilles, the Commonwealth of Puerto Rico, Mexico, Honduras, Guatemala, Belize, Costa Rica, Panama, Colombia, the United States and Venezuela ("Caribbean Basin Countries"). The Fund invests at least 80% of its total assets in equity and equity-linked securities of issuers, including U.S.-based companies which engage in substantial trade with, and derive substantial revenue from, operations in the Caribbean Basin Countries.

Listed NASDAQ Capital Market
Symbol: CUBA

Thomas J. Herzfeld
Chairman, President and
Portfolio Manager

January 29, 2016

Dear Fellow Stockholders,

We are pleased to present our Semi-Annual Report for the six-month period ended December 31, 2015. On that date, the net asset value of The Herzfeld Caribbean Basin Fund, Inc. (CUBA) was $6.36 per share, down 12.22% for the six months then ended and adjusted for the $0.16 per share year-end capital gains distribution paid on January 6, 2016. The Fund's share price closed the period at $6.619 per share, a loss of 28.21% over the same semi-annual time period, also adjusted for the distribution.* For calendar year 2015, the Fund's net asset value depreciated 15.18% while the share price declined 23.65%; both figures are adjusted for the year-end distribution.*

The Fund seeks long-term capital appreciation through investment in companies that the Advisor believes are poised to benefit from economic, political, structural and technological developments in countries in the Caribbean Basin. An important part of that investment strategy continues to be focused on Caribbean Basin companies that we believe would benefit from the resumption of U.S. trade with Cuba.

Cuba Update

Since the U.S. began normalizing relations with Cuba a year ago, a flurry of announcements and changes followed, culminating with the reestablishment of embassies in Havana and Washington D.C., which each officially reopened in August 2015. Following the reopening of the embassies, progress has slowed as old fashioned politics and the current Presidential election cycle have now pushed the discussion on lifting the embargo to the side. President Barack Obama continued to call on Congress to lift the embargo in his final State of the Union address but, with only one year left in his presidency, it appears the next president will determine whether the U.S. pursues lifting the embargo or walks back some of the progress made under the Obama administration.

* The calculation of the total investment return assumes reinvestment of dividends and distributions at prices obtained by the dividend reinvestment plan.

Erik M. Herzfeld
Portfolio Manager

A Pew Research Poll conducted in July 2015 found 72% of Americans approve of the U.S. ending its trade embargo with Cuba, up 10 points from a similar poll run in January 2015 following President Obama's initial announcement of rapprochement and executive orders. As the poll indicates, majorities of Republicans, Democrats, and Independents support lifting the embargo, which could provide Republican politicians protection to vote to lift the embargo without necessarily losing the support of their constituents. With the support of the majority of Americans, we believe lifting the embargo is inevitable and should provide new economic opportunities for the region as the largest Caribbean island by area, almost the size of all the other islands in the Caribbean combined, continues to be welcomed back into the global economy.

The Castros' biggest ally, Venezuelan President Nicolas Maduro, suffered a major setback as the United Socialist Party of Venezuela was trounced in the December election. The Democratic Unity Roundtable secured a supermajority, which allows it to dictate its own agenda without the veto power of Maduro. The Maduro appointed Supreme Court quickly moved to block the supermajority by opening an investigation into alleged vote-buying by three lawmakers in the state of Amazonas. The opposition alliance gave up the three seats and the supermajority in order to resolve the hostile fight in the National Assembly. One of the major policies voiced by opposition leader Henrique Capriles was the end of subsidized oil to Cuba and Nicaragua given the current state of the Venezuelan economy. Subsidized oil sent to Cuba, in exchange for Cuban doctors, has been the major hallmark of Venezuela's economic relationship with Cuba.

Two of the largest Latin American countries that are diplomatically friendly to Cuba are undergoing major political changes as well. Argentina elected Mauricio Macri, a conservative, after 12 years under left-leaning Nestor Kirchner and his wife Christina, while Brazilian President Dilma Rousseff is undergoing corruption-related impeachment proceedings. As a result, Cuba's support system in Latin America is deteriorating, which may lead Cuba to be more receptive to U.S. rapprochement.

Investment Strategy

Over the past six-months, there have been few bright spots as the U.S. and Latin American markets struggled in the face of plummeting commodity prices amidst a global economic slowdown. Much of Latin America is trading in bear market territory leading to weak economic performance in the Caribbean. Our overweight positioning in the cruise lines helped mitigate losses for the Fund, but was not enough to overcome losses in other areas. Our largest holding, Royal Caribbean Cruises Ltd. (RCL), was our best performer gaining 29.6% in the second half of 2015. Carnival Corporation (CCL) and Norwegian Cruise Line Holdings Ltd. (NCLH) also contributed positive returns in the period gaining 11.6% and 4.6% respectively. The industry saw strong revenue growth year over year as increased pricing strength led RCL to stop last-minute fare discounting. On the operating side, the cost of fuel has dropped drastically as the bunker fuel price has dropped from $614 to $202 over the past 2 years and improvements in fuel efficiency have led to decreased operating expenses. With the global oversupply of oil, fuel prices should remain depressed for the industry thereby allowing the cruise lines to hedge some of their fuel costs at much lower prices.

Our second largest holding, Copa Holdings (CPA) continued to struggle as economic and currency weakness in Latin America continue to weigh on the company. The company has done a good job of keeping costs per available seat-mile, excluding fuel, down in 2015 and the lower fuel costs also contributed to lower operating expenses than the prior year. However, with half its revenues coming from South America and another quarter from Central America, CPA had nowhere to hide as the commodity slump saw the Brazilian Real depreciate 33% versus the U.S. Dollar, the Colombian Peso drop 25% and runaway inflation in Venezuela, thereby depressing revenues from some of its largest geographic segments. With forecasters expecting commodity weakness to continue in 2016, revenues from Latin America should continue to be depressed. After the stock market hit a high in January of 2014, it has dropped 67.4%. With current valuations depressed by historical standards and analysts pricing in another difficult year of decreased revenues, much of the pessimism appears to be priced into CPA, which could lead to a rebound in 2016.

Avianca Holdings (AVH), the Colombian airline with flights throughout Latin America and the Caribbean, was cut in half as the stock price dropped 53.4% in the second half of 2015 as it ran into many of the same problems as CPA but as a Colombian operator, had to deal with a 17.39% drop in the Colombian Peso versus the U.S. Dollar. The sharp move in currency made it increasingly difficult for AVH in the second half of 2015 on top of the economic weakness in the region. After a massive selloff and a price to book value of 0.29 to close the year, the company could be a takeover target.

Top 10 holding Seaboard Corporation (SEB) was another of the many positions in the portfolio that struggled in the second half of 2015, dropping 19.57% as weak commodity pricing and currency headwinds in the Caribbean Basin contributed to the decline. Third quarter results showed a drop in revenue of 13% year over year for the closely held company. As one of the largest shipping operators in the Caribbean, the drop in fuel prices helped operating costs but the drop in the price of commodities led to the drop in revenues.

We added new position, Marriott Vacations Worldwide Corporation (VAC), in the second half of 2015 as we saw the opportunity to add to the growing upscale and luxury vacation ownership segment. VAC has a long-term license to operate under the Marriott and The Ritz-Carlton brands with over 400,000 owners and runs over 60 vacation properties in the U.S., Caribbean, Europe and Thailand. As a points based vacation program, owners have the ability to use their points at VAC owned resorts, more than 3,000 Marriott and Ritz-Carlton branded properties, specialty travel options like cruises or safaris, or exchange with other affiliate resorts. The flexibility that a points-based vacation program provides its owners is an enormous upgrade from the timeshare ownership programs of the past where an owner was tied down to a specific property for a specific week. With the growth of the likes of Airbnb by the millennial generation, VAC is seeing strong growth in this new point-based business model in the same demographic. Owners are attracted to the flexibility of locations and properties coupled with the affordability of varying point levels. With Marriott International lobbying the U.S. to lift the trade embargo with Cuba, we see Cuba as a natural fit for VAC resorts. We see the addition as a complement to our cruise line holdings for those that prefer land-based vacations.

Outlook

With pessimism permeating the Latin American markets due to political upheaval, continuing currency depreciation, and protracted weakness in commodities after multiyear selloffs in metals, oil, and agriculture, the Caribbean region may continue to struggle. The extreme velocity of the move in prices makes it difficult for politicians to enact policy, corporations to set long-term business plans, and investors to gauge risk. We plan to look for opportunities in the region in 2016 as we look for a bottoming of the multiyear bear market in commodities.

On the flip side, our exposure to commodity intensive businesses, like airlines, cruise lines, utilities, shipping, consumer goods, and homebuilders, should benefit from lower input costs while the flattened commodity curves should provide cheaper hedging costs than in prior years.

We are keeping a close eye on the municipal debt crisis in Puerto Rico, as we believe that a default or restructuring should lead to deeply discounted opportunities in the country. Hopefully, an agreement will be reached so that the crisis is not drawn out leading to the continued deterioration of the Puerto Rican economy. We have identified companies in the country that look attractive, but will take a wait and see approach until the municipal debt situation is resolved.

The above commentary is for informational purposes only and does not represent an offer, recommendation or solicitation to buy, hold or sell any security. The specific securities identified and described do not represent all of the securities purchased or sold and you should not assume that investments in the securities identified and discussed will be profitable. Portfolio composition is subject to change.

Largest Allocations

The following tables present our largest investment and geographic allocations as of December 31, 2015.

Geographic Allocation	% of Net Assets	Largest Portfolio Positions	% of Net Assets
USA	58.36%	Royal Caribbean Cruises Ltd.	8.28%
Mexico	14.92%	Copa Holdings, S.A.	6.59%
Panama	12.27%	Lennar Corporation	6.54%
Cayman Island	4.63%	MasTec, Inc.	6.33%
Puerto Rico	4.33%	Norwegian Cruise Line Holdings	5.77%
Colombia	1.42%	Seaboard Corporation	4.53%
Canada	0.65%	Consolidated Water, Inc.	4.28%
Bahamas	0.34%	Carnival Corporation	3.97%
Belize	0.03%	Banco Latinoamericano de Comercio Exterior, S.A.	3.86%
Latin Amer. Region	0.02%	NextEra Energy, Inc.	3.65%
Cuba	0.00%	Watsco Incorporated	3.19%
Cash and Other Countries	3.03%	Fomento Economico Mexicano ADR	2.99%

Daily net asset values and press releases by the Fund are available at www.herzfeld.com.

We would like to thank the members of the Board of Directors for their hard work and guidance and also thank our fellow stockholders for their continued support and suggestions.

Sincerely,

Thomas J. Herzfeld
Chairman of the Board
President and Portfolio Manager

Erik M. Herzfeld
Portfolio Manager

Schedule of Investments as of December 31, 2015 (unaudited)

Shares or Principal Amount	Description	Fair Value
Common stocks - 96.99% of net assets		
Airlines - 11.63%		
157,794	Avianca Holdings, S.A.	$673,780
50,550	Copa Holdings, S.A.	2,439,543
21,515	ERA Group Inc.*	239,892
24,000	Spirit Airlines, Inc.	956,400
Banking and finance - 9.91%		
19,780	Bancolombia, S.A.	529,115
55,166	Banco Latinoamericano de Comercio Exterior, S.A.	1,430,454
6,000	Bank of Nova Scotia	242,640
23,643	Evertec Inc.	395,784
29,000	Popular Inc.*	821,860
3,844	W Holding Company Inc.*[1]	--
14,000	Western Union Company	250,740
Communications - 8.27%		
44,690	América Móvil, S.A.B. de C.V. ADR	628,341
71,200	América Móvil, S.A.B. de C.V. Series A	54,911
209,144	América Móvil, S.A.B. de C.V. Series L	146,524
11,988	Atlantic Tele-Network, Inc.	937,821
507,515	Fuego Enterprises Inc.*	329,885
210,994	Grupo Radio Centro S.A.B. de C.V.*	150,264
28,400	Grupo Televisa, S.A.B. ADR	772,764
10,030	Spanish Broadcasting System, Inc.*	32,497
3,560	Telesites-A	2,267
10,457	Telesites-L	6,805
Conglomerates and holding companies - 0.53%		
250,000	Admiralty Holding Company*[1]	--
5,000	Archer Daniels Midland Co.	183,400
70,348	BCB Holdings Ltd.*	7,258
3,250	Marlowe Holdings Ltd.*	5,928
Construction and related - 10.76%		
146,372	Cemex S.A.B. de C.V. ADR	815,292
65,264	Cemex S.A.B. de C.V. Series CPO	35,521
20	Ceramica Carabobo Class A ADR*[1]	--
3,000	Martin Marietta Materials	409,740
134,927	MasTec, Inc.*	2,345,031

*Non-income producing

See accompanying notes to the financial statements.

Schedule of Investments as of December 31, 2015 (unaudited)

Shares or Principal Amount	Description	Fair Value
Construction and related (continued) - 10.76%		
4,000	Vulcan Materials	$379,880
Consumer products and related manufacturing - 3.19%		
327,290	Grupo Casa Saba, S.A.B. de C.V.*[1]	--
10,100	Watsco Incorporated	1,183,013
Food, beverages and tobacco - 5.67%		
53,874	Cleanpath Resources Corp.*	5
8,799	Coca Cola Femsa, S.A.B. de C.V. ADR	623,058
18,900	Fomento Económico Mexicano, S.A.B. de C.V. Series UBD	175,943
12,000	Fomento Económico Mexicano, S.A.B. de C.V. ADR	1,108,200
5,000	Fresh Del Monte Produce Inc.	194,400