Flagstone Reinsurance Holdings Ltd

Form 4

August 27, 2009

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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January 31, 2005

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OMB APPROVAL

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if no longer subject to Section 16. Form 4 or

Check this box

Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * THORN WRAY T

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to

Issuer

Symbol

Flagstone Reinsurance Holdings Ltd

(Check all applicable)

[FSR]

(Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year)

_X__ Director 10% Owner Officer (give title _ Other (specify

C/O FLAGSTONE REINSURANCE 08/12/2009 HOLDINGS LTD, CRAWFORD HOUSE, 23 CHURCH STREET

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

HAMILTON, D0 HM 11

(City)	(State)	(Zip) Tal	ble I - Non	-Derivative	Secur	ities Acquire	ed, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)	4. Securities on Disposed of (Instr. 3, 4) Amount	of (D)	uired (A) or Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Shares	08/12/2009		J <u>(1)</u>	11,529	D	\$ 11.2262	5,325,372	I (2) (3)	See footnotes (2) (3)
Common Shares	08/12/2009		J <u>(1)</u>	15,508	D	\$ 11.2554	5,309,864	I (2) (3)	See footnotes (2) (3)
Common Shares	08/13/2009		J <u>(1)</u>	11,253	D	\$ 11.1456	5,298,611	I (2) (3)	See footnotes (2) (3)

Common Shares	08/14/2009	<u>J(1)</u>	76	D	\$ 11.22	5,298,535	I (2) (3)	See footnotes
Common Shares	08/17/2009	J <u>(1)</u>	22,492	D	\$ 11.0009	5,276,043	I (2) (3)	See footnotes (2) (3)
Common Shares	08/18/2009	J <u>(1)</u>	81,647	D	\$ 11.0596	5,194,396	I (2) (3)	See footnotes (2) (3)
Common Shares	08/19/2009	<u>J(1)</u>	179,693	D	\$ 10.9789	5,014,703	I (2) (3)	See footnotes (2) (3)
Common Shares	08/20/2009	<u>J(4)</u>	2,100	A	\$ 10.8743	5,016,803	I (2) (3)	See footnotes (2) (3)
Common Shares	08/20/2009	<u>J(1)</u>	2,807	D	\$ 10.87	5,013,996	I (2) (3)	See footnotes (2) (3)
Common Shares	08/20/2009	J <u>(1)</u>	53,200	D	\$ 10.8825	4,960,796	I (2) (3)	See footnotes (2) (3)
Common Shares	08/21/2009	J <u>(1)</u>	158,500	D	\$ 10.9223	4,802,296	I (2) (3)	See footnotes (2) (3)
Common Shares	08/24/2009	J <u>(1)</u>	95,120	D	\$ 10.8483	4,707,176	I (2) (3)	See footnotes (2) (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exercisable and	7. Title and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionNumbe		Expiration Date	Amount of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/Year)	Underlying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivativ	e	Securities	(Instr. 5)	Bene
	Derivative				Securities	S	(Instr. 3 and 4)		Owne
	Security				Acquired				Follo
					(A) or				Repo
					Disposed				Trans
					of (D)				(Instr
					(Instr. 3,				
					4, and 5)				

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Date Expiration Or Number Of Shares

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

THORN WRAY T C/O FLAGSTONE REINSURANCE HOLDINGS LTD CRAWFORD HOUSE, 23 CHURCH STREET HAMILTON, D0 HM 11



Signatures

/s/ Wray T. 08/27/2009 Thorn

**Signature of Date
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents a sale by Marathon Special Opportunity Master Fund, Ltd. (the "Master Fund") and/or Marathon Special Opportunity Liquidating Fund, Ltd. (the "Liquidating Fund" and together with the Master Fund, the "Funds").
 - As of August 24, 2009, the Funds held, in the aggregate, 4,707,176 common shares of Flagstone Reinsurance Holdings Limited (the "Company"). The reporting person is a director of the Company. The reporting person does not individually hold or otherwise beneficially own any securities of the Company. The reporting person is an employee of Marathon Asset Management, LP (formerly
- (2) known as Marathon Asset Management, LLC, the "Investment Manager"), which serves as the investment manager of the Funds. The Funds own certain securities of the Company, all of which are subject to the sole voting and investment authority of the Investment Manager. Thus, for the purposes of Reg. Section 240.13d-3, the Investment Manager is deemed to beneficially own the securities of the Company held by the Funds, and the reporting person disclaims beneficial ownership of the securities of the Company held by the Funds.
- The Investment Manager, in its capacity as the holder of sole voting and investment authority of more than 5% of the common shares of the Company pursuant to Reg. 13d-3, separately files statements pursuant to Section 13 of the Securities Exchange Act of 1934, as amended. The reporting person's interest in the securities reported herein is limited to the extent of his pecuniary interest in the Funds, if any.
- (4) Represents a purchase by the Master Fund and/or the Liquidating Fund.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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