

Flagstone Reinsurance Holdings, S.A.  
 Form 4  
 March 01, 2012

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

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

2. Issuer Name and Ticker or Trading Symbol  
**Flagstone Reinsurance Holdings, S.A. [FSR]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
**02/27/2012**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**C/O FLAGSTONE REINSURANCE HOLDINGS SA, 65, AVENUE DE LA GARE**

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**LUXEMBOURG, N4 L-1611**

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	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 Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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

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SEC 1474 (9-02)

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Restricted Share Units	\$ 0 <sup>(1)</sup>	02/27/2012		A	5,186	02/27/2012 <sup>(2)</sup> <sup>(3)</sup>	Common Shares 5,186
Restricted Shares Units	\$ 0 <sup>(1)</sup>	12/31/2011 <sup>(4)</sup>		J <sup>(4)</sup>	34,426	<sup>(2)</sup> <sup>(3)</sup>	Common Shares 34,426

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

THORN WRAY T  
 C/O FLAGSTONE REINSURANCE HOLDINGS SA  
 65, AVENUE DE LA GARE  
 LUXEMBOURG, N4 L-1611

X

## Signatures

/s/ William F. Fawcett, by power of attorney

02/29/2012

<sup>\*\*</sup>Signature of Reporting Person

Date

## 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) Each Restricted Share Unit ("RSU") represents the right to receive, without payment to the Company, one newly issued, fully paid and non-assessable common share of the Company, subject to the terms and conditions of the RSU Plan and grant certificate evidencing each grant. In the discretion of the Compensation Committee, upon exercise, the RSU grant may alternatively be paid in cash, or partly in cash and partly in common shares.

(2) The RSUs vest 100% on the date of the grant.

(3) The RSUs have no expiry date.

(4) The reporting person was formerly an employee of Marathon Asset Management, LP (the "Investment Manager"), which serves as the investment manager of Marathon Special Opportunity Master Fund, Ltd. and Marathon Special Opportunity Liquidating Fund, Ltd. (together, the "Funds"). Securities of the Company that are held by the Funds are subject to the sole voting and investment authority of the Investment Manager, and the reporting person has at all times disclaimed beneficial ownership of any securities of the Company held by the Funds except to the extent of his pecuniary interest, if any, therein. As of the transaction date, the reporting person is no longer an employee of the Investment Manager.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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