

Flagstone Reinsurance Holdings Ltd
 Form 4
 October 29, 2007

FORM 4

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

OMB APPROVAL

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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 *
 SWAYNE GUY

2. Issuer Name and Ticker or Trading Symbol
 Flagstone Reinsurance Holdings Ltd
 [FSR]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 Chief Underwriting Officer Int

(Last) (First) (Middle)
 FLAGSTONE REINSURANCE HOLDINGS LIMITED, CRAWFORD HOUSE, 23 CHURCH STREET

3. Date of Earliest Transaction (Month/Day/Year)
 10/25/2007

(Street)
 HAMILTON, D0 HM 11

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

(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)	Amount	Price	
			Code	V			

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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 Underlying (Instr. 3 and 4)
Performance Share Units	\$ 0 ⁽¹⁾	10/25/2007		A	146,700	12/31/2010 ⁽²⁾ 03/31/2011 ⁽³⁾	Common Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SWAYNE GUY FLAGSTONE REINSURANCE HOLDINGS LIMITED CRAWFORD HOUSE, 23 CHURCH STREET HAMILTON, D0 HM 11			Chief Underwriting Officer Int	

Signatures

/s/ Guy Swayne 10/29/2007
 **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).
- Vesting of Performance Share Units ("PSUs") is contingent upon the reported person's continued employment with the issuer, and the issuer meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder shall be entitled to receive a number
- (1) of common shares of the issuer (or the cash equivalent, at the election of the issuer) equal to the product of the number of PSUs granted multiplied by a factor based on the issuer's FDROE during the vesting period. The factor will range between zero and two, depending on the FDROE achieved during the vesting period.
 - (2) These PSUs would vest, subject to the contingency described in note 1 above and the other terms and conditions of the issuer's PSU Plan, on the date shown.
 - (3) Assumes the issuer will settle these PSUs within three months of the vesting date.
 - (4) Represents the mid-point of the vesting range described in note 1 above for these PSUs.
- The total PSUs held by the reporting person were granted under different series, with different vesting contingencies described in note 1
- (5) above, and in different form. As described in note 6 below, the current PSU grants are held in trust for the benefit of others, and the reporting person disclaims beneficial ownership of the PSUs held in trust.
 - (6) Current PSU grants are held in trust for the benefit of others, and the reporting person disclaims beneficial ownership of PSUs held in trust.

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.