

Flagstone Reinsurance Holdings Ltd
 Form 3
 March 29, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 * Â BROWN DAVID ALAN (Last) (First) (Middle) FLAGSTONE REINSURANCE HOLDINGS LIMITED, Â 23 CHURCH STREET (Street) HAMILTON, D0, Â HM 11 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 03/29/2007	3. Issuer Name and Ticker or Trading Symbol Flagstone Reinsurance Holdings Ltd [FSR]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) Chief Executive Officer	5. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Shares	260,000	I	See Footnote ⁽¹⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
Warrant	12/01/2010	12/31/2010	Common Shares	223,229	\$ 14	I	See Footnote (2)
Performance Share Units	12/31/2008 ⁽³⁾	03/31/2009 ⁽⁴⁾	Common Shares	240,000 ⁽⁵⁾	\$ 0 ⁽⁶⁾	D	Â
Performance Share Units	12/31/2009 ⁽³⁾	03/31/2010 ⁽⁴⁾	Common Shares	200,000 ⁽⁵⁾	\$ 0 ⁽⁶⁾	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROWN DAVID ALAN FLAGSTONE REINSURANCE HOLDINGS LIMITED 23 CHURCH STREET HAMILTON, D0, HM 11	Â X	Â X	Â Chief Executive Officer	Â

Signatures

/s/ David A. Brown
03/29/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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) These shares represent the indirect proportionate interest of the reporting person in 10,000,000 common shares of the issuer held of record by Haverford (Bermuda) Limited, based upon the proportionate contribution of the reporting person to the capital of Haverford (Bermuda) Limited. The reporting person may be deemed to have investment or voting control over Haverford (Bermuda) Limited. These shares are held through a trust for the benefit of others and the reporting person therefore disclaims beneficial ownership of these shares.
- (2) These shares represent the indirect proportionate interest of the reporting person in a warrant, to be exercisable for 8,585,747 common shares, held of record by Haverford (Bermuda) Limited, based upon the proportionate contribution of the reporting person to the capital of Haverford (Bermuda) Limited. The reporting person may be deemed to have investment or voting control over Haverford (Bermuda) Limited. The warrant is held through a trust for the benefit of others and the reporting person therefore disclaims beneficial ownership of the warrant.
- (3) These Performance Share Units ("PSUs") would vest, subject to the contingency described in note 6 below and the other terms and conditions of the issuer's PSU Plan, on the date shown.
- (4) Assumes the issuer will settle these PSUs within three months of the vesting date.
- (5) Represents the mid-point of the vesting range described in note 6 below for these PSUs.
- (6) Vesting of PSUs is contingent upon the issuer meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder shall be entitled to receive a number 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.

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.