

Traimond Frederic  
Form 4  
September 21, 2009

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
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 \*  
Traimond Frederic

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 Operating Officer

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

3. Date of Earliest Transaction (Month/Day/Year)  
09/17/2009

HAMILTON, D0 HM 11  
(City) (State) (Zip)

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

**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)
			Code	V	Amount	(D)	Price
Common Shares	02/26/2009		A		8,000	A	\$ 0
					8,000	D	

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

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SEC 1474 (9-02)

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

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 Security (Instr. 3 and 4)
Performance Share Units	\$ 0	02/26/2009		A	14,307	01/01/2011 <sup>(1)</sup> 03/31/2011 <sup>(2)</sup>	Common Shares
Performance Share Units	\$ 0	02/26/2009		A	50,000	01/01/2012 <sup>(1)</sup> 03/31/2012 <sup>(2)</sup>	Common Shares
Performance Share Units	\$ 0	02/26/2009		A	14,307	01/01/2012 <sup>(1)</sup> 03/31/2012 <sup>(2)</sup>	Common Shares
Performance Share Units	\$ 0	09/17/2009		A	12,000	01/01/2012 <sup>(1)</sup> 03/31/2012 <sup>(2)</sup>	Common Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Traimond Frederic FLAGSTONE REINSURANCE HOLDINGS LIMITED CRAWFORD HOUSE, 23 CHURCH STREET HAMILTON, D0 HM 11			Chief Operating Officer	

## Signatures

/s/ Frederic  
Traimond 09/21/2009

\*\*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) These Performance Share Units ("PSUs") would vest, subject to the contingency described in note 4 below and the other terms and conditions of the issuer's PSU Plan, on the date shown.
- (2) Assumes the issuer will settle these PSUs within three months of the vesting date.
- (3) Represents the mid-point of the vesting range for these PSUs. Vesting of PSUs is contingent upon the reporting person's continued employment with Flagstone Reinsurance Holdings Limited (the "Company") and the Company meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder is entitled to receive a number of common shares of the Company (or the cash equivalent, at the election of the Company) equal to the product of the number of PSUs granted multiplied by a factor based on

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the Company's FDROE during the vesting period. The factor with respect to the current PSUs granted will range between 0.5 and 1.5, 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.