

ARCH CAPITAL GROUP LTD.
Form 4
January 03, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
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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 *
H&F CORP INVESTORS IV
BERMUDA LTD

2. Issuer Name and Ticker or Trading Symbol
ARCH CAPITAL GROUP LTD.
[ACGL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
12/30/2005

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

C/O A.S. & K. SERVICES,
LTD., CEDAR HOUSE, 41 CEDAR
AVENUE

(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

HAMILTON HM 12 BERMUDA

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Shares, \$0.01 par value per share ⁽¹⁾ ₍₂₎	12/30/2005		C ⁽³⁾		7,745,820 ⁽³⁾	A	⁽³⁾
					9,348,044 ⁽⁴⁾	I	⁽⁴⁾

Partnership
(1) (2)

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

SEC 1474
(9-02)

displays a currently valid OMB control number.

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 Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Series A Convertible Preference Shares	(4)	12/30/2005		C(3)	7,745,820 (3)	(3)	(3)	Common Shares, \$0.01 par value per share	7,745,

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

H&F CORP INVESTORS IV BERMUDA LTD
C/O A.S. & K. SERVICES, LTD.
CEDAR HOUSE, 41 CEDAR AVENUE
HAMILTON HM 12 BERMUDA

X

Signatures

/s/Georgia Lee, Vice President 12/30/2005

**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) THE REPORTING PERSONS ARE, AND THIS FORM 4 IS FILED JOINTLY ON BEHALF OF, HFIV (BERMUDA), L.P. ("HFIV BERMUDA"), H&F INTERNATIONAL PARTNERS IV-A (BERMUDA), L.P. ("HFIV-A BERMUDA"), H&F INTERNATIONAL PARTNERS IV-B (BERMUDA), L.P. ("HFIV-B BERMUDA") AND H&F EXECUTIVE FUND (BERMUDA), L.P. ("HFIV-BERMUDA" AND COLLECTIVELY, THE "PARTNERSHIPS"). H&F INVESTORS IV (BERMUDA), L.P. ("HFIV BERMUDA") IS THE SOLE GENERAL PARTNER OF EACH OF THE PARTNERSHIPS. H&F CORPORATE INVESTORS IV (BERMUDA), LTD. ("HFIV BERMUDA") IS THE SOLE GENERAL PARTNER OF HFIV BERMUDA.

(2) A FOUR MEMBER INVESTMENT COMMITTEE OF HFIV BERMUDA FORMED BY THE SHARE HOLDERS OF HFIV BERMUDA ("THE INVESTMENT COMMITTEE") HAS INVESTMENT DISCRETION OVER THE SECURITIES. AS A RESULT, HFIV BERMUDA AND HFIV BERMUDA MAY BE DEEMED TO CONTROL THE PARTNERSHIPS. THE MEMBERS OF THE INVESTMENT COMMITTEE DISCLAIM BENEFICIAL OWNERSHIP, EXCEPT TO THE EXTENT OF THEIR RESPECTIVE INDIRECT PECUNIARY INTERESTS IN THE ISSUER.

(3)

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ON DECEMBER 30, 2005 AT THE REQUEST OF THE ISSUER, HFCP IV BERMUDA, HFIP IV-A BERMUDA, HFIP IV-B BERMUDA AND HFEF BERMUDA CONVERTED 6,242,079, 1,024,343, 338,397 AND 141,001 SHARES, RESPECTIVELY (COLLECTIVELY 7,745,820), OF SERIES A CONVERTIBLE PREFERENCE SHARES OF THE ISSUER ("PREFERENCE SHARES") INTO AN EQUAL NUMBER OF COMMON SHARES OF THE ISSUER. THE PREFERENCE SHARES WOULD HAVE OTHERWISE BEEN CONVERTED AUTOMATICALLY INTO COMMON SHARES IN FEBRUARY 2006.

- (4) FOLLOWING CONVERSION OF THE PREFERENCE SHARES, HFCP IV BERMUDA, HFIP IV-A BERMUDA, HFIP IV-B BERMUDA AND HFEF BERMUDA BENEFICIALLY OWN 7,533,276, 1,236,264, 408,402 AND 170,102 COMMON SHARES, RESPECTIVELY (COLLECTIVELY 9,348,044 COMMON SHARES). SHARE COUNTS EXCLUDE 9,787 COMMON SHARES AND 5,100 OPTIONS TO ACQUIRE COMMON SHARES GRANTED TO JOHN BUNCE AND DAVID TUNNELL IN CONSIDERATION FOR THEIR SERVICE AS DIRECTORS OF THE ISSUERS THAT ARE HELD PROPORTIONATELY FOR THE BENEFIT OF THE PARTNERSHIPS.

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.