

Flagstone Reinsurance Holdings, S.A.
Form SC 13G/A
February 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

Flagstone Reinsurance Holdings, S.A.

(formerly known as

Flagstone Reinsurance Holdings Limited)

(Name of Issuer)

Common Shares, par value \$0.01 per share

(Title of Class of Securities)

G3529T105

(CUSIP Number)

December 31, 2011

(Date of Event which Requires Filing of this Statement)

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Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Name of Reporting Persons:

Lightyear Fund II (Cayman), L.P.

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Cayman Islands

5. Sole Voting Power:

NUMBER OF

5,982,000

SHARES

6. Shared Voting Power:

BENEFICIALLY

OWNED BY

0

EACH

7. Sole Dispositive Power:

REPORTING

PERSON

5,982,000

8. Shared Dispositive Power:

WITH

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

5,982,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.54%*

12. Type of Reporting Person (See Instructions):

PN

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

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1. Name of Reporting Persons:

Lightyear Co-Invest Partnership II (Cayman), L.P.

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Cayman Islands

5. Sole Voting Power:

NUMBER OF

18,000

SHARES 6. Shared Voting Power:

BENEFICIALLY

OWNED BY

0

EACH 7. Sole Dispositive Power:

REPORTING

PERSON

18,000

8. Shared Dispositive Power:

WITH

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

18,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

0.03%*

12. Type of Reporting Person (See Instructions):

PN

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Lightyear Fund II (Cayman) GP, L.P.

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Cayman Islands

5. Sole Voting Power:

NUMBER OF

0

SHARES

6. Shared Voting Power:

BENEFICIALLY

OWNED BY

6,000,000

EACH

7. Sole Dispositive Power:

REPORTING

PERSON

0

8. Shared Dispositive Power:

WITH

6,000,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,000,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.56%*

12. Type of Reporting Person (See Instructions):

OO

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Lightyear Fund II (Cayman) GP, Ltd.

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Cayman Islands

5. Sole Voting Power:

NUMBER OF

0

SHARES

6. Shared Voting Power:

BENEFICIALLY

OWNED BY

6,000,000

EACH

7. Sole Dispositive Power:

REPORTING

PERSON

0

8. Shared Dispositive Power:

WITH

6,000,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,000,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.56%*

12. Type of Reporting Person (See Instructions):

PN

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Marron & Associates, LLC

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

5. Sole Voting Power:

NUMBER OF

0

SHARES

6. Shared Voting Power:

BENEFICIALLY

OWNED BY

6,000,000

EACH

7. Sole Dispositive Power:

REPORTING

PERSON

0

8. Shared Dispositive Power:

WITH

6,000,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,000,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.56%*

12. Type of Reporting Person (See Instructions):

OO

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Chestnut Venture Holdings, LLC

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

5. Sole Voting Power:

NUMBER OF

0

SHARES 6. Shared Voting Power:

BENEFICIALLY

OWNED BY

6,000,000

EACH 7. Sole Dispositive Power:

REPORTING

PERSON

0

8. Shared Dispositive Power:

WITH

6,000,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,000,000

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.56%*

12. Type of Reporting Person (See Instructions):

OO

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Lightyear Capital II, LLC

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

5. Sole Voting Power:

NUMBER OF

4,060

SHARES 6. Shared Voting Power:

BENEFICIALLY

OWNED BY

0

EACH 7. Sole Dispositive Power:

REPORTING

PERSON

4,060

8. Shared Dispositive Power:

WITH

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

4,060

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

0.006%*

12. Type of Reporting Person (See Instructions):

OO

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Lightyear Capital LLC

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

5. Sole Voting Power:

NUMBER OF

13,383

SHARES 6. Shared Voting Power:

BENEFICIALLY

OWNED BY

0

EACH 7. Sole Dispositive Power:

REPORTING

PERSON

13,383

8. Shared Dispositive Power:

WITH

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

13,383

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

0.02%*

12. Type of Reporting Person (See Instructions):

OO

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

1. Name of Reporting Persons:

Mr. Donald B. Marron

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Citizenship or Place of Organization:

United States

5. Sole Voting Power:

NUMBER OF

0

SHARES 6. Shared Voting Power:

BENEFICIALLY

OWNED BY

6,013,383

EACH 7. Sole Dispositive Power:

REPORTING

PERSON

0

8. Shared Dispositive Power:

WITH

6,013,383

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,013,383

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9):

8.58%*

12. Type of Reporting Person (See Instructions):

IN

* The calculation of the foregoing percentage is based on 70,058,168 outstanding Common Shares of the Issuer as of November 4, 2011 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 4, 2011.

Item 1. (a). Name of Issuer

Flagstone Reinsurance Holdings, S.A. (the Issuer)

(b). Address of Issuer s Principal Executive Offices:

65 Avenue de la Gare, L-1611 Luxembourg, Grand Duchy of Luxembourg

Item 2. (a). Name of Person Filing

(i) Lightyear Fund II (Cayman), L.P., an exempted limited partnership registered in the Cayman Islands; (ii) Lightyear Co-Invest Partnership II (Cayman), L.P., an exempted limited partnership registered in the Cayman Islands; (iii) Lightyear Fund II (Cayman) GP, L.P., an exempted limited partnership registered in the Cayman Islands; (iv) Lightyear Fund II (Cayman) GP, Ltd., an exempted company incorporated in the Cayman Islands with Limited Liability; (v) Marron & Associates, LLC, a Delaware limited liability company; (vi) Chestnut Venture Holdings, LLC, a Delaware limited liability company; (vii) Lightyear Capital II, LLC, a Delaware limited liability company; (viii) Lightyear Capital LLC, a Delaware limited liability company; and (ix) Mr. Donald B. Marron.

Item 2. (b). Address of Principal Business Office

9 West 57th Street, 31st Floor, New York, New York 10019

Item 2. (c). Citizenship

See Item 4 of each cover page.

Item 2. (d). Title of Class of Securities:

Common Shares, par value \$0.01 per share (Common Shares)

Item 2. (e). CUSIP Number:

G3529T105

Item 3. If this statement is filed pursuant to Rule 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

Not Applicable.

Item 4. Ownership.

(a) Amount beneficially owned:

See Item 9 of each cover page.

(b) Percent of class:

See Item 11 of each cover page.

(c) Number of Shares as to which the Reporting Person has:

(i) Sole power to vote or to direct the vote:

See Item 5 of each cover page.

(ii) Shared power to vote or to direct the vote:

See Item 6 of each cover page.

(iii) Sole power to dispose or to direct the disposition of:

See Item 7 of each cover page

(iv) Shared power to dispose or to direct the disposition of:

See Item 8 of each cover page.

5,982,000 Common Shares reported herein are directly held by Lightyear Fund II (Cayman), L.P. (Lightyear Fund II) and 18,000 Common Shares reported herein are directly held by Lightyear Co-Invest Partnership II (Cayman), L.P. (Lightyear Co-Invest). As the general partner of both Lightyear Fund II and Lightyear Co-Invest, Lightyear Fund II (Cayman) GP, L.P. (Lightyear Fund II GP) may be deemed to share voting and/or dispositive power over such securities. As the general partner of Lightyear Fund II GP, Lightyear Fund II (Cayman) GP, Ltd. (Lightyear Fund II GP Ltd.) may also be deemed to share voting and/or dispositive power over such securities. As the sole class A shareholder of Lightyear Fund II GP Ltd., Marron & Associates, LLC (Marron & Associates) may also be deemed to share voting and/or dispositive power over such securities (the class A shareholder has dispositive power over all portfolio securities beneficially owned by Lightyear Fund II GP, Ltd. but only a 7.69% vote with respect to voting power over such portfolio securities). As the sole member of Marron & Associates, Chestnut Venture Holdings, LLC (Chestnut) may also be deemed to share voting and/or dispositive power over such securities. As the sole member of Chestnut, Mr. Donald B. Marron may also be deemed to share voting and/or dispositive power over such securities. However, each of Lightyear Fund II GP, Lightyear Fund II GP Ltd., Marron & Associates, Chestnut and Mr. Marron disclaims beneficial ownership of the securities held by Lightyear Fund II and Lightyear Co-Invest.

4,060 restricted stock units (RSUs) are directly held by Lightyear Capital II, LLC (Lightyear Capital II) and 9,323 RSUs are directly held by Lightyear Capital LLC (Lightyear Capital). As the managing member of Lightyear Capital II, Lightyear Capital may be deemed to share voting and/or dispositive power over the securities held by Lightyear Capital II. As the managing member of Lightyear Capital, Mr. Marron may also be deemed to share voting and/or dispositive power over the securities held by Lightyear Capital II and Lightyear Capital. However, Lightyear Capital disclaims beneficial ownership of the securities held by Lightyear Capital II, and Mr. Marron disclaims beneficial ownership of the securities held by Lightyear Capital II and Lightyear Capital.

Item 5. Ownership of Five Percent or Less of a Class

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

See response to Item 4 above.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certification.

Not Applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2012

LIGHTYEAR FUND II (CAYMAN), L.P.

By: Lightyear Fund II (Cayman) GP, L.P.,

its general partner

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR CO-INVEST PARTNERSHIP II
(CAYMAN), L.P.

By: Lightyear Fund II (Cayman) GP, L.P.,

its general partner

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR FUND II (CAYMAN) GP, L.P.

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR FUND II (CAYMAN) GP, LTD.

By: Marron & Associates, LLC,

its sole class A shareholder

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

MARRON & ASSOCIATES, LLC

/s/ Timothy Kacani
Name: Timothy Kacani
Title: Authorized Signatory

CHESTNUT VENTURE HOLDINGS, LLC

/s/ Timothy Kacani
Name: Timothy Kacani
Title: Authorized Signatory

LIGHTYEAR CAPITAL II, LLC

By: Lightyear Capital LLC,

its sole member

/s/ Timothy Kacani
Name: Timothy Kacani
Title: Authorized Signatory

LIGHTYEAR CAPITAL LLC

/s/ Timothy Kacani
Name: Timothy Kacani
Title: Authorized Signatory

DONALD B. MARRON

/s/ Timothy Kacani
Name: Timothy Kacani
Title: Attorney-in-Fact for Donald B. Marron

EXHIBIT A

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) of the Securities Exchange Act of 1934, as amended, the undersigned agree to the joint filing on behalf of each of them of a Statement on Schedule 13G (including any and all amendments thereto) with respect to the common shares of Flagstone Reinsurance Holdings Limited and further agree that this Joint Filing Agreement shall be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. In evidence thereof, the undersigned, being duly authorized, hereby execute this Joint Filing Agreement as of February 14, 2012.

LIGHTYEAR FUND II (CAYMAN), L.P.

By: Lightyear Fund II (Cayman) GP, L.P.,

its general partner

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR CO-INVEST PARTNERSHIP II
(CAYMAN), L.P.

By: Lightyear Fund II (Cayman) GP, L.P.,

its general partner

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR FUND II (CAYMAN) GP, L.P.

By: Lightyear Fund II (Cayman) GP, Ltd.,

its general partner

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR FUND II (CAYMAN) GP, LTD.

By: Marron & Associates, LLC,

its sole class A shareholder

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

MARRON & ASSOCIATES, LLC

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

CHESTNUT VENTURE HOLDINGS, LLC

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR CAPITAL II, LLC

By: Lightyear Capital LLC,

its sole member

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

LIGHTYEAR CAPITAL LLC

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Authorized Signatory

DONALD B. MARRON

/s/ Timothy Kacani

Name: Timothy Kacani

Title: Attorney-in-Fact for Donald B. Marron