

ACA Capital Holdings Inc  
 Form 4  
 February 23, 2007

**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 \*  
 Smith Robert M

(Last) (First) (Middle)

C/O ACA CAPITAL HOLDINGS, INC., 140 BROADWAY

(Street)

NEW YORK, NY 10005

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 ACA Capital Holdings Inc [ACA]

3. Date of Earliest Transaction (Month/Day/Year)  
 02/21/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_X\_\_\_ Other (specify below)

See Remarks Below

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_X\_\_\_ 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 or Price		
Common Stock	02/21/2007		M		36,480 A \$ 10.225	D	
Common Stock	02/21/2007		S		1,200 D \$ 15.81	D	
Common Stock	02/21/2007		S		18,800 D \$ 15.8	D	
Common Stock	02/21/2007		S		4,200 D \$ 16	D	
Common Stock	02/21/2007		S		800 D \$ 16.01	D	

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Common Stock	02/22/2007	S	3,100	D	\$ 15.85	13,132.6	D
Common Stock	02/23/2007	S	1,480	D	\$ 16	11,652.6	D
Common Stock	02/23/2007	S	300	D	\$ 15.95	11,352.6	D
Common Stock	02/23/2007	S	100	D	\$ 15.94	11,252.6	D
Common Stock	02/23/2007	S	300	D	\$ 15.93	10,952.6	D
Common Stock	02/23/2007	S	500	D	\$ 15.92	10,452.6	D
Common Stock	02/23/2007	S	300	D	\$ 15.91	10,152.6	D
Common Stock	02/23/2007	S	1,700	D	\$ 15.9	8,452.6	D
Common Stock	02/23/2007	S	700	D	\$ 15.89	7,752.6	D
Common Stock	02/23/2007	S	200	D	\$ 15.85	7,552.6	D
Common Stock	02/23/2007	S	100	D	\$ 15.8	7,452.6	D
Common Stock	02/23/2007	S	100	D	\$ 15.79	7,352.6	D
Common Stock	02/23/2007	S	400	D	\$ 15.78	6,952.6	D
Common Stock	02/23/2007	S	2,000	D	\$ 15.76	4,952.6	D
Common Stock	02/23/2007	S	200	D	\$ 15.75	4,752.6	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)

**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	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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. D S (1)
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Derivative Security			or Disposed of		Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
			(D)	(D)					
			Code	V	(A)	(D)			
Stock Option (Right to Buy)	\$ 10.225	02/21/2007	M					Common Stock	36,480
					(1)		03/31/2010		

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

Smith Robert M  
C/O ACA CAPITAL HOLDINGS, INC.  
140 BROADWAY  
NEW YORK, NY 10005

See Remarks Below

## Signatures

/s/ Joanne Park, 02/23/2007  
Attorney-in-Fact

\_\_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) This option vested in full on March 31, 2004.

### Remarks:

The reporting person may be deemed a member of a Section 13(d) "group" pursuant to the issuer's stockholders agreement. Th

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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