

Larson Brad Lewis
 Form 5
 February 14, 2007

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
Larson Brad Lewis

 (Last) (First) (Middle)

C/O ACA CAPITAL HOLDINGS, INC., 140 BROADWAY
 (Street)

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

 3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2006

5. Relationship of Reporting Person(s) to Issuer

 (Check all applicable)
 ___ Director ___ 10% Owner
 ___ Officer (give title below) Other (specify below)
 See Remarks Below

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

6. Individual or Joint/Group Reporting
 (check applicable line)

NEW YORK, NY 10005

 (City) (State) (Zip)

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 at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| Common Stock | 11/15/2006 | ^ | C4 | 1,800 A \$ (1) 1,800 | 1,800 | D | ^ |

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

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

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| 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) | |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|---|----------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Series B Convertible Preferred Stock | Â | Â | Â | 3 | Â | Â | Â (2) | Â (2) | Common Stock | 1,800 |
| Series B Convertible Preferred Stock | Â | 11/15/2006 | Â | C4 | Â | 300 | Â (2) | Â (2) | Common Stock | 9,632.1 |
| Stock Options | \$ 12.13 | Â | Â | 3 | Â | Â | Â (3) | 04/15/2012 | Common Stock | 14,59 |
| Stock Options | \$ 10.38 | Â | Â | 3 | Â | Â | Â (4) | 02/09/2014 | Common Stock | 16,20 |
| Stock Options | \$ 12.66 | Â | Â | 3 | Â | Â | Â (5) | 02/09/2016 | Common Stock | 33,00 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------------------|
| | Director | 10% Owner | Officer | Other |
| Larson Brad Lewis C/O ACA CAPITAL HOLDINGS, INC. 140 BROADWAY NEW YORK, NY 10005 | Â | Â | Â | See Remarks Below |

Signatures

/s/ Stacey Tyson,
Attorney-In-Fact

02/14/2007

**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 Series B Convertible Preferred Shares had no expiration date and, upon the closing of the initial public offering of the issuer, converted into shares of the issuer's common stock on a 6-for-1 basis. The number of shares reported reflects the 6-for-1 conversion.

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- (2) The Series B Convertible Preferred Shares had no expiration date and, upon the closing of the initial public offering of the issuer, converted into shares of the issuer's common stock on a 6-for-1 basis. The number of shares reported reflects the 6-for-1 conversion.
- (3) These stock options are fully vested.
- (4) This option is already vested as to 9,260 of the shares underlying the option. The remaining shares will vest in equal installments every 6 months beginning May 9, 2007.
- (5) This option is already vested as to 9,428 of the shares underlying the option. The remaining shares will vest in equal installments every 6 months beginning August 9, 2007 .

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Remarks:

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

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