

ACA Capital Holdings Inc  
 Form 4  
 February 23, 2007

**FORM 4**

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

OMB APPROVAL

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**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) | (A) or (D) | 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|---|--|-----------------------------------|
| Common Stock                    | 02/21/2007                           |  | M                              | 36,480  | A          | \$ 10.225 41,232.6  | D  |                                   |
| Common Stock                    | 02/21/2007                           |  | S                              | 1,200   | D          | \$ 15.81 40,032.6   | D  |                                   |
| Common Stock                    | 02/21/2007                           |  | S                              | 18,800  | D          | \$ 15.8 21,232.6  | D  |                                   |
| Common Stock                    | 02/21/2007                           |  | S                              | 4,200   | D          | \$ 16 17,032.6  | D  |                                   |
| Common Stock                    | 02/21/2007                           |  | S                              | 800   | D          | \$ 16.01 16,232.6   | 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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(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 (D) (Instr. 3, 4, and 5) |           | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares |
|-----------------------------|-----------|------------|---|-----------|------------------|-----------------|--------------|----------------------------|
|                             |           |            | Code                                    | V (A) (D) |                  |                 |              |                            |
| Stock Option (Right to Buy) | \$ 10.225 | 02/21/2007 | M                                       | 36,480    | (1)              | 03/31/2010      | Common Stock | 36,480                     |

## 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

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