

PASQUESI JOHN M
Form 4
October 20, 2011

FORM 4

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

OMB APPROVAL

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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 *
PASQUESI JOHN M

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)
10/18/2011

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

C/O OTTER CAPITAL LLC, 755
PAGE MILL ROAD

(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

PALO ALTO, CA 94304

(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, \$.0033 par value per share | 10/18/2011 | | M | | 796,419 | A | | \$ 6.667 | 886,538 | D | |
| Common Shares, \$.0033 par value per share | 10/18/2011 | | F | | 157,974 (3) | D | | \$ 33.61 | 728,564 | D | |
| | 10/18/2011 | | M | | 552,838 | A | | | 1,281,402 | D | |

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| | | | | | | | | |
|--|------------|---|-------------------------------|---|----------|-----------|---|---|
| Common Shares, \$.0033 par value per share | | | | | \$ 6.667 | | | |
| Common Shares, \$.0033 par value per share | 10/18/2011 | F | <u>109,663</u> ⁽⁴⁾ | D | \$ 33.61 | 1,171,739 | D | |
| Common Shares, \$.0033 par value per share | | | | | | 1,152,804 | I | By Limited Liability Company <u>(1)</u> |
| Common Shares, \$.0033 par value per share | | | | | | 62,211 | I | By Trust <u>(2)</u> |

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 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 of Underlying Securities |
| Stock Option (right to buy) | \$ 6.667 | 10/18/2011 | | M | 796,419 | 10/23/2003 10/23/2011 | Common Shares, \$.0033 par value per share 796,419 |
| Stock Option (right to buy) | \$ 6.667 | 10/18/2011 | | M | 552,838 | 10/23/2001 10/23/2011 | Common Shares, \$.0033 par value 552,838 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|---------------|
| | Director | 10% Owner | Officer | Other |
| PASQUESI JOHN M C/O OTTER CAPITAL LLC 755 PAGE MILL ROAD PALO ALTO, CA 94304 | X | | | Vice Chairman |

Signatures

/s/ Louis T. Petrillo, Attorney
in fact

10/20/2011

__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 security holder is Otter Capital LLC, for which Mr. Pasquesi serves as managing member. All indicated securities are included because of his affiliation with Otter Capital LLC.
- (2) The reporting person contributed his directly owned shares of the company to a revocable trust. The reporting person and his spouse are the trustees.
- (3) On October 18, 2011, the reporting person exercised 796,419 stock options and, under the net settlement provisions of the applicable stock option agreement, 157,974 common shares were withheld in payment of the exercise price.
- (4) On October 18, 2011, the reporting person exercised 552,838 stock options and, under the net settlement provisions of the applicable stock option agreement, 109,663 common shares were withheld in payment of the exercise price.

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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