

TOP SHIPS INC.
Form SC 13D/A
January 16, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 3)*

Top Ships, Inc.

(Name of Issuer)

Common Stock, \$0.01 par value

(Title of Class of Securities)

Y8897Y305

(CUSIP Number)

Fati Sadeghi-Nejad, Esq.

General Counsel

QVT Financial LP

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(212) 705-8888

Copy to:

Michael A. Schwartz, Esq.

Willkie Farr & Gallagher LLP

787 Seventh Avenue, New York, NY 10019

(212) 728-8000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

January 2, 2009

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* 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 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).

CUSIP No. Y8897Y305

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

QVT Financial LP

11-3694008

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

Number of 7. Sole Voting Power

Shares

Beneficially 0

Owned by 8. Shared Voting Power

Each

Reporting 2,899,568 shares of common stock
9. Sole Dispositive Power

Person

With

0
10. Shared Dispositive Power

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2,899,568 shares of common stock

11. Aggregate Amount Beneficially Owned by Each Reporting Person

2,899,568 shares of common stock

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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

9.6%

14. Type of Reporting Person (See Instructions)

PN

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CUSIP No. Y8897Y305

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

QVT Financial GP LLC

11-3694007

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

0

Shares
Beneficially

8. Shared Voting Power

Owned by

2,899,568 shares of common stock

Each

9. Sole Dispositive Power

Reporting

Person

0

With

10. Shared Dispositive Power

2,899,568 shares of common stock

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11. Aggregate Amount Beneficially Owned by Each Reporting Person

2,899,568 shares of common stock

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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

9.6%

14. Type of Reporting Person (See Instructions)

OO

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CUSIP No. Y8897Y305

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

QVT Associates GP LLC

01-0798253

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

Number of 7. Sole Voting Power

Shares

Beneficially 0

Owned by 8. Shared Voting Power

Each

Reporting 2,305,801 shares of common stock
9. Sole Dispositive Power

Person

With

0
10. Shared Dispositive Power

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2,305,801 shares of common stock

11. Aggregate Amount Beneficially Owned by Each Reporting Person

2,305,801 shares of common stock

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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

7.6%

14. Type of Reporting Person (See Instructions)

OO

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This Amendment No. 3 to Schedule 13D further amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the Commission) by the Reporting Persons on May 12, 2008, as amended by Amendment No. 1 thereto filed with the Commission on May 23, 2008 and Amendment No. 2 thereto filed with the Commission on December 8, 2008 (as amended through Amendment No. 2, the Schedule 13D). This Amendment No. 3 is being filed in order to add QVT Associates GP LLC as a Reporting Person. Capitalized terms used but not defined herein have the meanings ascribed to them in the Schedule 13D. Except as expressly set forth herein, there have been no changes to the information set forth in the Schedule 13D.

Item 2. Identity and Background

Item 2 of the Schedule 13D is hereby amended by adding thereto the following information with respect to QVT Associates GP LLC:

(a) - (c) This Schedule 13D is also filed by QVT Associates GP LLC, a Delaware limited liability company which is the general partner of certain of the Funds. The principal executive offices of QVT Associates GP LLC are located at 1177 Avenue of the Americas, 9th Floor, New York, New York 10036. The Covered Persons are the managing members of QVT Associates GP LLC.

(d) - (e) During the last five years, QVT Associates GP LLC has not (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to federal or state securities laws or finding any violations with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 of the Schedule 13D is hereby amended by adding thereto the following information with respect to QVT Associates GP LLC:

QVT Associates GP LLC is the general partner of QVT Overseas II L.P. and certain of the other Funds and, in such capacity, may be deemed to beneficially own Common Stock held directly by such Funds. QVT Associates GP LLC did not expend any funds or pay any other consideration in respect of the Common Stock reported herein as beneficially owned by it.

Item 4. Purpose of Transaction.

Item 4 of the Schedule 13D is hereby amended by adding thereto the following:

QVT Associates GP LLC acquired beneficial ownership of shares of Common Stock in its capacity as general partner of certain of the Funds that directly hold such Common Stock.

QVT Associates GP LLC and the other Reporting Persons review on a continuing basis their investments in the Issuer. Based on such review and depending on the price and availability of the Issuer's securities, the Reporting Persons may, at any time, acquire, or cause to be acquired, additional securities of the Issuer, in the open market or otherwise, dispose of, or cause to be disposed of, such securities, in the open market or otherwise, or formulate other purposes, plans or proposals regarding the Issuer or any of its securities, to the extent deemed advisable in light of general investment and trading policies of the Reporting Persons, the Funds or the Separate Account, the Issuer's business, financial condition and operating results, general market and industry conditions or other factors. In addition, the Reporting Persons may enter into and dispose of certain derivative transactions with one or more counterparties or, to the extent permitted by applicable laws, the Reporting Persons may borrow securities, including the Common Stock, for the purpose of effecting, and may effect, short sale transactions, and may purchase securities for the purpose of closing out short positions in such securities.

As part of their ongoing evaluation of this investment and alternative investments, the Reporting Persons may consider transactions of the type described in subparagraphs (a) through (j) of Item 4 of Schedule 13D and, subject to applicable law, may formulate a plan with respect to such matters. In addition, from time to time the Reporting Persons may hold discussions with or make proposals to management or the Board, other stockholders of the Issuer or other third parties regarding such matters.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is hereby amended by adding thereto the following information with respect to QVT Associates GP LLC:

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(a) and (b) The information contained in the cover pages to this Schedule 13D is incorporated herein by reference.

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QVT Associates GP LLC, as general partner of certain of the Funds, may be deemed to beneficially own 2,305,801 shares of Common Stock owned by certain of the Funds and to share beneficial ownership of such shares of Common Stock with QVT Financial and QVT Financial GP LLC.

Each of the Covered Persons expressly disclaims beneficial ownership of the Common Stock reported herein as beneficially owned by QVT Associates GP LLC.

All calculations in this Amendment No. 3 of percentages of the Common Stock outstanding are based upon 30,302,996 shares of Common Stock reported as outstanding as of November 12, 2008 in the Issuer's Form 6-K filed on November 17, 2008.

(c) As of January 2, 2009, one of the Funds, QVT Overseas Ltd., transferred 1,115,933 shares of Common Stock to a newly organized subsidiary Fund, QVT Overseas II L.P., in exchange for limited partnership interests in QVT Overseas II L.P.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Schedule 13D is hereby amended by adding thereto the following information with respect to QVT Associates GP LLC:

The Funds as to which QVT Associates GP LLC is the general partner are parties to standardized, cash-settled swap agreements with various institutional counterparties for which the Common Stock is the reference security, with respect to an aggregate of 939,454 notional shares of Common Stock at reference prices ranging from approximately \$6.8 to \$10.3 on a split-adjusted basis. Such Funds have taken the long side of the swap agreements and therefore are entitled to the economic benefits, and are subject to the economic risks, of owning the Common Stock, but have no rights or powers with respect to any shares of Common Stock as a result of such swap agreements. QVT Associates GP LLC is not the beneficial owner of any shares of Common Stock as a result of the swap agreements, and, accordingly, the number of shares of Common Stock stated as beneficially owned by QVT Associates GP LLC in this Amendment No. 3 does not include any ownership as a result of the swap agreements.

Item 7. Material to Be Filed as Exhibits

Exhibit 1 - Agreement regarding Joint Filing of Schedule 13D

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: January 15, 2009

QVT FINANCIAL LP

By: QVT Financial GP LLC, its General Partner

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory

QVT ASSOCIATES GP LLC

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory

QVT FINANCIAL GP LLC

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory

Exhibit 1

Agreement of Joint Filing

Pursuant to 13d-1(k)(1) promulgated under the Securities Exchange Act of 1934, the undersigned persons hereby agree to file with the Securities and Exchange Commission the Statement on Schedule 13D (the Statement) to which this Agreement is attached as an exhibit, and agree that such Statement, as so filed, is filed on behalf of each of them.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

Dated: January 15, 2009

QVT FINANCIAL LP

By: QVT Financial GP LLC, its General Partner

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory

QVT ASSOCIATES GP LLC

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory

QVT FINANCIAL GP LLC

By: /s/ Daniel Gold
Name: Daniel Gold
Title: Managing Member

By: /s/ Oren Eisner
Name: Oren Eisner
Title: Authorized Signatory