

MORRISON MARK J

Form 4

May 22, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
MORRISON MARK J

2. Issuer Name **and** Ticker or Trading
Symbol
HALLMARK FINANCIAL
SERVICES INC [HALL]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
777 MAIN STREET, SUITE 1000
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
05/21/2007

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)
President; CEO

FORT WORTH, TX 76102

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(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 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 Indirect Beneficial Ownership (Instr. 4)
COMMON STOCK	05/21/2007		P	6,444	A 12.24 47,480	D	
					(1)		

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)**

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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)	Amount or Number of Shares
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.34					<u>(2)</u> 05/25/2016	COMMON STOCK	20,833
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 7.14					<u>(3)</u> 05/27/2015	COMMON STOCK	16,667
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 3.9					<u>(4)</u> 01/26/2009	COMMON STOCK	15,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORRISON MARK J 777 MAIN STREET SUITE 1000 FORT WORTH, TX 76102			President; CEO	

Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR MARK J. MORRISON

05/22/2007

**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) Represents the average price per share of purchases at prices ranging from \$12.01 to \$12.44 per share.

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- (2) Represents grant of employee stock options exercisable as to 2,083, 4,167, 6,250 and 8,333 shares on May 25, 2007, 2008, 2009 and 2010, respectively.
- (3) Represents grant of employee stock options exercisable as to 1,667, 3,333, 5,000 and 6,667 shares on May 27, 2006, 2007, 2008 and 2009, respectively.
- (4) Represents grant of employee stock options exercisable as to 3,333, 5,000 and 6,667 shares on March 25, 2006, 2007 and 2008, respectively.

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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