

Passmore Jeffrey R  
Form 4  
March 16, 2011

**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

OMB  
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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Passmore Jeffrey R

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)  
03/16/2011

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_X\_\_ Officer (give title below) \_\_\_\_ Other (specify below)  
CHIEF ACCOUNTING OFFICER

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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired<br>(A) or Disposed of<br>(D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Ownership<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------|
| COMMON<br>STOCK                       | 03/16/2011                              |                                                             | S                                    | 6,404                                                                      | D                                                                                                                  | 8.74 0                                                               | D                                                                              |
|                                       |                                         |                                                             |                                      | (A)<br>or<br>(D)                                                           | Price<br>\$<br>(1)                                                                                                 |                                                                      |                                                                                |

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

**Persons who respond to the collection of  
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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<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5.<br>Number<br>of<br>Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed<br>of (D)<br>(Instr. 3,<br>4, and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |                    | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |                                     | 8.<br>D<br>S<br>(I |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|---------------------------------------------------------------------|-------------------------------------|--------------------|
|                                                     |                                                                       |                                         |                                                             | Code                                    | V (A) (D)                                                                                                             | Date<br>Exercisable                                            | Expiration<br>Date | Title                                                               | Amount<br>or<br>Number<br>of Shares |                    |
| STOCK<br>OPTIONS<br>(RIGHT<br>TO BUY)               | \$ 6.61                                                               |                                         |                                                             |                                         |                                                                                                                       | <u>(2)</u>                                                     | 04/01/2019         | COMMON<br>STOCK                                                     | 35,000                              |                    |
| STOCK<br>OPTIONS<br>(RIGHT<br>TO BUY)               | \$ 11.46                                                              |                                         |                                                             |                                         |                                                                                                                       | <u>(3)</u>                                                     | 05/22/2018         | COMMON<br>STOCK                                                     | 25,000                              |                    |
| STOCK<br>OPTIONS<br>(RIGHT<br>TO BUY)               | \$ 12.52                                                              |                                         |                                                             |                                         |                                                                                                                       | <u>(4)</u>                                                     | 05/24/2017         | COMMON<br>STOCK                                                     | 50,000                              |                    |
| STOCK<br>OPTIONS<br>(RIGHT<br>TO BUY)               | \$ 11.34                                                              |                                         |                                                             |                                         |                                                                                                                       | <u>(5)</u>                                                     | 05/25/2016         | COMMON<br>STOCK                                                     | 8,333                               |                    |
| STOCK<br>OPTIONS<br>(RIGHT<br>TO BUY)               | \$ 7.14                                                               |                                         |                                                             |                                         |                                                                                                                       | <u>(6)</u>                                                     | 05/27/2015         | COMMON<br>STOCK                                                     | 8,333                               |                    |

## Reporting Owners

| Reporting Owner Name / Address                                              | Relationships                    |
|-----------------------------------------------------------------------------|----------------------------------|
|                                                                             | Director 10% Owner Officer Other |
| Passmore Jeffrey R<br>777 MAIN STREET<br>SUITE 1000<br>FORT WORTH, TX 76102 | CHIEF ACCOUNTING OFFICER         |

## Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR JEFFREY R.  
PASSMORE

03/16/2011

\_\_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).  
  
Represents the weighted average price of multiple transactions at prices ranging from \$8.69 to \$8.80 per share. The Reporting Person
- (1) undertakes to provide full information regarding the number of shares sold at each separate price within this range upon request of the issuer, any security holder of the issuer, or the Securities and Exchange Commission.
- (2) Represents employee stock options exercisable in seven equal annual installments commencing April 1, 2010.
- (3) Represents employee stock options exercisable as to 2,500, 5,000, 7,500 and 10,000 shares on May 22, 2009, 2010, 2011 and 2012, respectively.
- (4) Represents employee stock options exercisable as to 5,000, 10,000, 15,000 and 20,000 shares on May 24, 2008, 2009, 2010 and 2011, respectively.
- (5) Represents employee stock options exercisable as to 833, 1,667, 2,500 and 3,333 shares on May 25, 2007, 2008, 2009 and 2010, respectively.
- (6) Represents employee stock options exercisable as to 833, 1,667, 2,500 and 3,333 shares on May 27, 2006, 2007, 2008 and 2009, 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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