

HALLMARK FINANCIAL SERVICES INC

Form 4

April 09, 2015

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
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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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)
04/07/2015

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) 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 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	04/07/2015		M	8,333	A \$ 7.14 8,333	D	
COMMON STOCK	04/07/2015		S	5,351	D \$ 10.75 2,982 (1)	D	
COMMON STOCK	04/08/2015		S	982	D \$ 10.67 2,000 (2)	D	

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

**Persons who respond to the collection of
information contained in this form are not**

SEC 1474
(9-02)

required to respond unless the form
displays a currently valid OMB control
number.

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 Underlying Security (Instr. 3 and 4)	8. Amount of Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount of Underlying Security (Instr. 3 and 4)
RESTRICTED STOCK UNITS	(3)					03/31/2017	03/31/2017	COMMON STOCK	3
RESTRICTED STOCK UNITS	(4)					03/31/2016	03/31/2016	COMMON STOCK	2
STOCK OPTIONS (RIGHT TO BUY)	\$ 6.61					(5)	04/01/2019	COMMON STOCK	3
STOCK OPTIONS (RIGHT TO BUY)	\$ 11.46					(6)	05/22/2018	COMMON STOCK	2
STOCK OPTIONS (RIGHT TO BUY)	\$ 12.52					(7)	05/24/2017	COMMON STOCK	5
STOCK OPTIONS (RIGHT TO BUY)	\$ 11.34					(8)	05/25/2016	COMMON STOCK	8
STOCK OPTIONS (RIGHT TO BUY)	\$ 7.14	04/07/2015		M	8,333	(9)	05/27/2015	COMMON STOCK	8

Reporting Owners

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

Signatures

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

04/09/2015

__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 purchase price of transactions effected at prices ranging from \$10.70 per share to \$10.82 per share.

- (1) Upon written request by the SEC, the Issuer or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.

Represents the weighted average purchase price of transactions effected at prices ranging from \$10.61 per share to \$10.70 per share.

- (2) Upon written request by the SEC, the Issuer or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.

Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria are based on the compound average annual growth rate ("CAGR") in book value per share from January 1, 2014 to December 31, 2016, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAGR less than 8% earns 0%; (ii) 8% CAGR earns 50%; (iii) 9% CAGR earns 64%; (iv) 10% CAGR earns 79%; (v) 11% CAGR earns 93%; (vi) 12% CAGR earns 107% shares; (vii) 13% CAGR earns 122%; (viii) 14% CAGR earns 136%; and (ix) 15% or greater CAGR earns 150%.

- (3) CAGR less than 8% earns 0%; (ii) 8% CAGR earns 50%; (iii) 9% CAGR earns 64%; (iv) 10% CAGR earns 79%; (v) 11% CAGR earns 93%; (vi) 12% CAGR earns 107% shares; (vii) 13% CAGR earns 122%; (viii) 14% CAGR earns 136%; and (ix) 15% or greater CAGR earns 150%.

Represents restricted stock units conditionally granted April 10, 2013 subject to shareholder approval, which was obtained May 30, 2013. Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria are based on the compound average annual growth rate ("CAGR") in book value per share

- (4) from January 1, 2013 to December 31, 2015, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAGR less than 8% earns 0%; (ii) 8% CAGR earns 50%; (iii) 9% CAGR earns 64%; (iv) 10% CAGR earns 79%; (v) 11% CAGR earns 93%; (vi) 12% CAGR earns 107% shares; (vii) 13% CAGR earns 122%; (viii) 14% CAGR earns 136%; and (ix) 15% or greater CAGR earns 150%.

- (5) Represents employee stock options exercisable in seven equal annual installments commencing April 1, 2010.

- (6) 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.

- (7) 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.

- (8) 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.

- (9) 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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