

HALLMARK FINANCIAL SERVICES INC  
 Form 4  
 April 17, 2015

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
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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 \*  
 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)  
 04/15/2015

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

FORT WORTH, TX 76102

(City) (State) (Zip)

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

**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	(D)	Price
COMMON STOCK	04/15/2015		M		13,500	A	\$ 6.61
							15,500
COMMON STOCK	04/15/2015		S		11,502	D	\$ 11.72
							3,998

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

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SEC 1474 (9-02)

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**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 Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
RESTRICTED STOCK UNITS	(2)					03/31/2017 03/31/2017	COMMON STOCK
RESTRICTED STOCK UNITS	(3)					03/31/2016 03/31/2016	COMMON STOCK
STOCK OPTIONS (RIGHT TO BUY)	\$ 6.61	04/15/2015		M	13,500	(4) 04/01/2019	COMMON STOCK
STOCK OPTIONS (RIGHT TO BUY)	\$ 11.46					(5) 05/22/2018	COMMON STOCK
STOCK OPTIONS (RIGHT TO BUY)	\$ 12.52					(6) 05/24/2017	COMMON STOCK
STOCK OPTIONS (RIGHT TO BUY)	\$ 11.34					(7) 05/25/2016	COMMON STOCK

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
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

04/17/2015

\_\_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 \$11.50 per share to \$11.97 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.

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%.

- (2) 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 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%.

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

- (5) 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.

- (6) 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.

- (7) 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.

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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