

HALLMARK FINANCIAL SERVICES INC

Form 4

June 03, 2013

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

OMB APPROVAL

OMB  
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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 \*  
**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)  
**05/30/2013**☐ Director ☐ 10% Owner  
☒ 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)  
☒ 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 (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 Ownership (Instr. 4)
COMMON STOCK				(A) or (D)	80,000	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  
required to respond unless the form  
displays a currently valid OMB control  
number.**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 Underlying Security (Instr. 3 and 4)		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
RESTRICTED STOCK UNITS	<u>(1)</u>	05/30/2013 <u>(1)</u>		A		34,052		03/31/2016	03/31/2016	COMMON STOCK
RESTRICTED STOCK UNITS	<u>(2)</u>	05/30/2013 <u>(2)</u>		A		37,879		03/31/2015	03/31/2015	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 6.61							<u>(3)</u>	04/01/2019	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.46							<u>(4)</u>	05/22/2018	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 12.52							<u>(5)</u>	05/24/2017	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.34							<u>(6)</u>	05/25/2016	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 7.14							<u>(7)</u>	05/27/2015	COMMON STOCK

## 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

06/03/2013

\_\_\_\_\_  
\*\*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 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

- (1) 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%.

Represents restricted stock units conditionally granted July 27, 2012 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

- (2) from January 1, 2012 to December 31, 2014, 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) Represents grant of employee stock options which become exercisable in seven equal annual installments commencing April 1, 2010.

- (4) Represents grant of employee stock options exercisable as to 5,000, 10,000, 15,000 and 20,000 shares on May 22, 2009, 2010, 2011 and 2012, respectively.

- (5) Represents grant of employee stock options exercisable as to 10,000, 20,000, 30,000 and 40,000 shares on May 24, 2008, 2009, 2010 and 2011, respectively.

- (6) 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.

- (7) 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.

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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