

HALLMARK FINANCIAL SERVICES INC

Form 4

August 24, 2016

**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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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Anand Naveen

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)  
08/23/2016

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title \_\_\_\_ Other (specify  
below) below)  
President & CEO

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)  
\_\_\_\_X\_\_\_\_ 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 Ownership (Instr. 4)
COMMON STOCK				(A) or (D)	60,300	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 Date	Title
RESTRICTED STOCK UNITS	(1) (2)	08/23/2016		A	26,293	03/31/2019 03/31/2019	COMMON STOCK
RESTRICTED STOCK UNITS	(3)					03/31/2018 03/31/2018	COMMON STOCK

## Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Anand Naveen 777 MAIN STREET SUITE 1000 FORT WORTH, TX 76102	President & CEO

## Signatures

Steven D. Davidson as Attorney-In-Fact for Naveen Anand 08/24/2016

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) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2016 to December 31, 2018, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 7% earns 0%; (ii) 7% CAAGR earns 50%; (iii) 8% CAAGR earns 67%; (iv) 9% CAAGR earns 83%; (v) 10% CAAGR earns 100%; (vi) 11% CAAGR earns 117% shares; (vii) 12% CAAGR earns 133%; and (viii) 13% or greater CAAGR earns 150%.

(2) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the net combined ratio ("NCR") for the three year period from January 1, 2016 to December 31, 2018, and earn a percentage of a share of common stock per restricted stock unit, as follows: (a) NCR greater than 96% earns 0%; (b) NCR of 95% earns 50%; (c) NCR of 94% earns 60%; (d) NCR of 93% earns 80%; (e) NCR of 92% earns 100%; (f) NCR of 90% earns 110%; (g) NCR of 89% earns 120%; (h) NCR of 88% earns 135%; and (i) NCR less than 87% earns 150%.

(3)

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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 ("CAAGR") in book value per share from January 1, 2015 to December 31, 2017, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 9% earns 0%; (ii) 9% CAAGR earns 50%; (iii) 10% CAAGR earns 67%; (iv) 11% CAAGR earns 83%; (v) 12% CAAGR earns 100%; (vi) 13% CAAGR earns 117% shares; (vii) 14% CAAGR earns 133%; and (viii) 15% or greater CAAGR earns 150%.

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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