

HALLMARK FINANCIAL SERVICES INC  
 Form 4  
 March 18, 2016

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

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 \*  
**KASITZ KEVIN**

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)  
**05/29/2015**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Executive Vice President**

**FORT WORTH, TX 76102**

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) Code V Amount (D) Price	43,093	D	

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

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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 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)
RESTRICTED STOCK UNITS	(1) (2)	05/29/2015		A	9,186	03/31/2018 03/31/2018	COMMON STOCK
RESTRICTED STOCK UNITS	(3)					03/31/2017 03/31/2017	COMMON STOCK
RESTRICTED STOCK UNITS	(4)					03/31/2016 03/31/2016	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 6.61					(5) 04/01/2019	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.46					(6) 05/22/2018	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 12.52					(7) 05/24/2017	COMMON STOCK
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.34					(8) 05/25/2016	COMMON STOCK

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

KASITZ KEVIN  
777 MAIN STREET  
SUITE 1000  
FORT WORTH, TX 76102

Executive Vice President

## Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR KEVIN  
KASITZ

03/18/2016

\_\_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 with respect to 25% of the restricted stock units 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%.

(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 with respect to 75% of the restricted stock units are based on the three year average annual combined ratio ("AACR") for 2015, 2016 and 2017, as follows: (i) AACR of 98% or higher 0%; (ii) AACR of 97% earns 50%; (iii) AACR of 96% earns 60%; (iv) AACR of 95% earns 70%; (v) AACR of 94% earns 80%; (vi) AACR of 93% earns 90%; (vii) AACR of 92% earns 100%; (viii) AACR of 91% earns 110%; (ix) AACR of 89% earns 120%; (x) AACR of 88% earns 130%; (xi) AACR of 87% earns 140%; and (xii) AACR of 86% or less earns 150%.

(3) 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, 2014 to December 31, 2016, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 8% earns 0%; (ii) 8% CAAGR earns 50%; (iii) 9% CAAGR earns 64%; (iv) 10% CAAGR earns 79%; (v) 11% CAAGR earns 93%; (vi) 12% CAAGR earns 107% shares; (vii) 13% CAAGR earns 122%; (viii) 14% CAAGR earns 136%; and (ix) 15% or greater CAAGR earns 150%.

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

(5) Represents grant of employee stock options which become exercisable in seven equal annual installments commencing April 1, 2010.

(6) Represents employee stock options exercisable as to 3,750, 7,500, 11,250 and 15,000 shares on May 22, 2009, 2010, 2011 and 2012, respectively.

(7) Represents employee stock options exercisable as to 7,500, 15,000, 22,500 and 30,000 shares on May 24, 2008, 2009, 2010 and 2011, respectively.

(8) Represents employee stock options exercisable as to 1,667, 3,333, 5,000 and 6,667 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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