

Anand Naveen
Form 4
October 18, 2017

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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(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)
10/18/2017

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) 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)
____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 (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.

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information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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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 Underlying Security (Instr. 3 and 4)
				Code	V	(A)	(D)	
RESTRICTED STOCK UNITS	(1) (2)	10/18/2017		A		29,412	03/31/2020 03/31/2020	COMMON STOCK
RESTRICTED STOCK UNITS	(3) (4)						03/31/2019 03/31/2019	COMMON STOCK
RESTRICTED STOCK UNITS	(5)						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 10/18/2017

__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, 2017 to December 31, 2019, 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, 2017 to December 31, 2019, 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

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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) 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%.

- (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 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%.

- (5) 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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