

## Ipsidy Inc.

### Audit Committee Charter

#### A. Purpose

The purpose of the Audit Committee is to assist the Board of Directors' oversight of:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence;
- the performance of the Company's internal audit function and independent auditors; and
- upon listing on a recognized national exchange, to prepare the audit committee report required by the Securities and Exchange Commission's (the "SEC") proxy rules to be included in the Company's annual proxy statement.

#### B. Structure and Membership

1. Number. The Committee shall consist of at least two members of the Board.
2. Independence. Except as otherwise permitted by the applicable rules of the relevant exchange (if any) each member of the Committee shall be independent as defined by such rules and Rule 10A-3(b)(1) of the Exchange Act.
3. Financial Literacy. Each member of the Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC), at least one member of the Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).
4. Chair. Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.
5. Compensation. The compensation of Committee members shall be determined by the Board. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than a retainer or fees paid in his or her capacity as a member of the Board or a committee of the Board.
6. Selection; Resignation and Removal. Members of the Committee shall be appointed by the Board. Any member of the Committee may resign at any time by giving written notice of his or her intention to do so to the Chairman of the Board or the Corporate Secretary. The Board may remove members of the Committee from such committee, with or without cause.

#### C. Authority and Responsibilities

##### General

The Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies

that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or to guarantee the independent auditor's report.

### **Oversight of Independent Auditors**

1. Selection. The Committee shall be directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The Committee may, in its discretion, seek stockholder ratification of the independent auditor it appoints.
2. Independence. At least annually, the Committee shall assess the independent auditor's independence. In connection with this assessment, the Committee shall obtain and review a report by the independent auditor describing all relationships between the independent auditor and the Company, including the disclosures required by Independence Standards Board Standard No. 1. The Committee shall engage in an active dialogue with the independent auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor. Annually, the Committee shall consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent audit firm. The Committee shall consult with the independent auditor regarding rotation of the lead partner in compliance with applicable regulatory requirements and the requirements of a nationally recognized exchange in the event the Company trades on such exchange.
3. Quality-Control Report. At least annually, the Committee shall obtain and review a report by the independent auditor describing:
  - the firm's internal quality-control procedures;
  - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
  - all relationships between the independent auditor and the Company.
4. Compensation. The Committee shall be directly responsible for setting the compensation of the independent auditor. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Committee.
5. Preapproval of Services. The Committee shall pre-approve all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable NYSE and SEC rules.

6. Oversight. The independent auditor shall report directly to the Committee, and the Committee shall be directly responsible for oversight of the work of the independent auditor, including resolution of disagreements between Company management and the independent auditor regarding financial reporting.

In connection with its oversight role, the Committee shall, from time to time as appropriate:

- receive and consider the reports required to be made by the independent auditor regarding:
- review critical accounting policies and practices;
- review alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- review other material written communications between the independent auditor and Company management.

The Committee shall also review, in consultation with the independent auditor:

- any audit problems or difficulties the independent auditor encountered in the course of the audit work and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management;
- significant issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light the determination that any significant deficiencies or material weaknesses;
- analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); and
- any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.

### **Audited Financial Statements**

7. Review and Discussion. The Committee shall review and discuss with the Company's management and independent auditor the Company's annual audited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the matters about which Statement on

Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU 380) requires discussion.

8. Recommendation to Board Regarding Financial Statements. The Committee shall consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K as required by Item 407(d) of Regulation S-K.
9. Audit Committee Report. If required, the Committee shall prepare an annual committee report for inclusion where necessary in the proxy statement of the Company relating to its annual meeting of security holders.

### **Review of Other Financial Disclosures**

10. Independent Auditor Review of Interim Financial Statements. The Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable auditing standards. The Committee shall direct management to advise the Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent auditor's review of interim financial information.
11. Earnings Release and Other Financial Information. The Committee shall discuss generally the types of information to be disclosed in the Company's earnings press releases, including any pro-forma or other non-GAAP information, as well as in financial information and earnings guidance provided to analysts, rating agencies and others.
12. Quarterly Financial Statements. The Committee shall discuss with the Company's management and independent auditor the Company's quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
13. Other Financial Arrangements. The Committee shall discuss with management and the independent auditor any material financial or non-financial arrangements of the Company that do not appear in the financial statements of the Company, and discuss the impact of such arrangements on the Company's finances.

### **Controls and Procedures**

14. Oversight. The Committee shall coordinate the Board's oversight of the Company's internal control over financial reporting, the Company's disclosure controls and procedures, the Company's code of ethics for principal financial officers and the Company's code of business ethics and conduct. The Audit Committee shall receive and review the reports of the CEO and CFO required by Rule 13a-14 of the Exchange Act, and if applicable, discuss with the CEO and CFO any (a) disclosure regarding significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data and (b) fraud, whether or not material, that involves management or other employees who have a significant role in the preparation of the Company's financial statements or internal control over financial reporting.

15. Related Party Transactions. The Committee shall review and recommend to the Board for approval “related party transactions” as such terms are used under Item 404 of Regulation S-K.
16. Risk Management. The Committee shall discuss the Company’s policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company’s exposure to risk is handled. The Committee should discuss with management the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures.
17. Legal Compliance. The Committee shall consult with the Company’s General Counsel regarding (i) legal matters that may have a material impact on the financial statements of the Company; (ii) any significant reports to, or inquiries from, regulators or governmental authorities; (iii) significant legal compliance policies that may affect the financial statements and (iv) any “whistleblower” complaints, employee grievances or other complaints regarding the integrity of the Company’s financial statements, internal controls or significant accounting policies.
18. Hiring Policies. The Committee shall establish policies regarding the hiring of employees or former employees of the Company’s independent auditors.
19. Procedures for Complaints. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
20. Evaluation of Financial Management. The Committee shall coordinate with the Governance Committee the evaluation of the Company’s senior financial management personnel.
21. Evaluation of Financial Strategy and Objectives. The Committee shall review and discuss with management the Company’s financial strategy and objectives.
22. Additional Powers. The Committee shall have such other duties as may be delegated from time to time by the Board.

#### **D. Procedures and Administration**

1. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present shall be necessary for any action by the Committee. The Committee shall periodically meet separately with: (i) the independent auditor; (ii) Company management; and (iii) the Company’s internal auditors. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Committee at its next scheduled meeting.
3. Reports to Board. The Committee shall report regularly to the Board. The Committee should review with the full Board any issues that arise with respect to the quality or integrity of the

Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

4. Charter. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. Written Affirmation to Exchange. If required by a nationally recognized exchange, the Committee shall direct the Company to prepare and provide to the relevant exchange such written confirmations regarding the membership and operation of the Committee as the exchange rules require as required.
6. Independent Advisors. The Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
7. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
8. Funding. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
9. Self-Evaluation. On an as needed basis or if required by a nationally recognized exchange, the Committee shall evaluate its performance no more than once annually. The Chairman of the Committee, together with the Chairman of the Board, shall determine the form and nature of the self-evaluation. The Chairman of the Committee shall report the results of the evaluation to the Board.
10. Minutes. The Committee will maintain written minutes of its meetings and copies of its actions by written consent and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The minutes of the Committee and actions by the unanimous written consent of the Committee members will be made available to the other members of the Board.