

# **Forward Industries, Inc.**

## **INSIDER TRADING POLICY**

### **1. General**

Federal securities laws prohibit trading in the securities of a company on the basis of “inside” information. Anyone violating these laws is subject to personal liability and could face criminal penalties. Forward takes seriously our obligation, and that of our associates, to prevent insider trading violations. In light of the severity of the possible sanctions, both to you individually and to us as a company, we have established this Insider Trading Policy to assist all of us in complying with our obligations. Any violation of this or any other Company policy could subject you to disciplinary action, up to and including termination. This policy is not intended to replace your responsibility to understand and comply with the legal prohibition on insider trading. If you have specific questions regarding this policy or the applicable law, contact our Compliance Officer (see Section 6).

### **2. Statement of Policy**

- No Insider (see Section 4(b)) may buy or sell our securities at any time when they have Material Non-Public Information relating to Forward (see Section 4 (c)).
- No Insider may buy or sell securities of another company at any time when they have Material Non-Public Information about that company, including, without limitation, any company which we follow in the ordinary course of our business, and any of our customers, vendors or suppliers, when that information is obtained in the course of services performed on our behalf.
- No Insider may disclose our Non-Public Information to any third party.
- No Insider may disclose (“tip”) Material Non-Public Information to any other person (including family members), and no Insider may make recommendations or express opinions on the basis of Material Non-Public Information with regard to trading in Forward’s securities.
- No Insider who receives or has access to our Material Non-Public Information may comment on stock price movement or rumors of corporate developments that are of possible significance to the investing public unless it is part of your job (such as Investor Relations) or you have been specifically authorized by the CEO or CFO in each instance.
- If you comment on stock price movement or rumors, or disclose Material Non-Public Information to a third party, you should contact promptly the Compliance Officer, Investor Relations or our Counsel.
- No Insider may buy or sell our securities during any of the four “Blackout Periods” that occur each fiscal year (see Section 4(a)) or during such other times as may be advised by our CEO or CFO (see Section 3).

- This policy continues in effect until the end of the first Blackout Period after termination of employment or other (e.g., director, consultant) relationship with us, unless you are in possession of (non-earnings related) Material Non Public Information as a result of such relationship, in which case you are prohibited from trading until such information is disclosed to the public.

### 3. Suspension of Trading

From time-to-time, we may recommend that Directors, officers, selected employees and others suspend trading in our securities because of developments that have not yet been disclosed to the public. In such case, each of those affected may not trade in our securities while the suspension is in effect, and may not disclose to others that we have suspended trading for certain individuals.

### 4. Definitions:

- (a) Black-Out Periods. Blackout Periods begin March 21st, June 20th, September 20th and December 21st of each year, and end when one full trading day (i.e., NASDAQ Stock Market is open for normal trading) has passed on the NASDAQ Stock Market (“NASDAQ”) *after* we announce our results for the preceding fiscal period.

Assuming the NASDAQ is open each day, below are some examples of when you can trade:

<u>Announcement on Monday</u>	<u>First Day You Can Trade is</u>
Before Market Opens	Tuesday
While Market is Open	Wednesday
After Market Closes	Wednesday
<u>Announcement on Wednesday</u>	<u>First Day You Can Trade is</u>
Before Market Opens	Thursday
While Market is Open	Friday
After Market Closes	Friday

- (b) Insiders. Forward’s “Insiders” are
- members of our Board of Directors, our corporate officers and our employees;
  - our consultants, financial, legal and public relations advisors, and other persons associated with us and our subsidiaries, including distributors, sales agents who receive or have access to our Material Non-Public Information; and
  - household members, immediate family members, and, as the case may be, employees, of those listed in (i) and (ii).
- (c) Material Information. Information is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of securities. While it is not possible to define all categories of material information, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:
- Financial results
  - Projections of future earnings or losses

- News of a pending or proposed merger
- Acquisitions /Divestitures
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- Changes in dividend policy
- New product announcements of a significant nature
- Significant pricing changes
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Major changes in senior management.

Either positive or negative information may be material.

- (d) Non-Public Information. Non-Public Information is information that has not been disclosed to the general public and is not available to the general public. Non-Public Information will be deemed to be public after one full trading day (normal trading hours) has passed on NASDAQ following the date when the information is disclosed publicly. See the example above in Section 4 (a) for assistance in determining when you can trade.
- (e) Securities. Securities include common stock, preferred stock, options to purchase common stock, warrants, convertible debentures and derivative securities.

## **5. Potential Criminal And Civil Liability And/Or Disciplinary Action**

(a) Individual Responsibility. Each Insider is individually responsible for complying with Federal and state securities laws and this policy, regardless of whether we have prohibited trading by that person or any other Insiders. Trading in securities outside the Blackout Periods or suspension periods should not be considered a “safe harbor”, although the safest period for trading in the Company's securities, assuming the absence of Material Non-Public Information, is generally the first ten trading days following the end of a Blackout Period. Blackout Periods are particularly sensitive for transactions in the Company's stock for compliance with applicable securities laws. This is because officers, directors and certain other employees will, as any quarter progresses, be increasingly likely to possess Material Non-Public Information about the expected financial results for the quarter.

The matters set forth in this policy are guidelines only, and appropriate judgment should be exercised in connection with all securities trading.

### **(b) Potential Sanctions**

- (i) Liability for Insider Trading. Insiders may be subject to penalties including fines and jail for trading in securities when they have Material Non-Public Information.
- (ii) Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a “tippee”) to whom they have disclosed Material Non-Public Information, or to whom they have made recommendations or expressed opinions on the basis of such information about trading securities. The Securities and Exchange Commission (the “SEC”) has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and

NASDAQ use sophisticated electronic surveillance techniques to uncover insider trading.

## 6. Compliance Officer

Our Compliance Officer is the Company's Chief Financial Officer. We may, in our sole discretion, change the Compliance Officer from time-to-time.

## 7. Additional Information – For Section 16 Individuals

Section 16 Individuals (i.e., executive officers and directors of Forward and beneficial owners of more than 10% of any class of its securities registered under Section 12 of the Securities Exchange Act of 1934) must also comply with the reporting obligations and limitations on “short-swing” transactions set forth in the federal securities laws. The practical effect of these provisions is that Section 16 Individuals who *both* purchase and sell the Company's securities in non-exempt transactions within a six-month period must refund all profits from the sale to the Company, whether or not they had knowledge of any Material Non-Public Information. Under these provisions, and so long as certain other criteria are met, the receipt of options under the Company's option plans and the exercise of that option is not subject to these restrictions. Additionally, Section 16 Individuals may never make a short sale of the Company's stock. Regulations issued pursuant to Section 16 under the Exchange Act are very complex, and you are urged to consult with your advisors before executing any transactions that might be subject to the short-swing trading rules.

By my signature below, I acknowledge that I have read and understand Forward's Insider Trading Policy and that I agree to abide by its provisions.

Signature: \_\_\_\_\_

Name (printed): \_\_\_\_\_

Date: \_\_\_\_\_