INTERNAL RULE OF CONDUCT
FACEPHI BIOMETRICS Ltd.

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PREAMBLE

FacePhi Biometrics Ltd. (hereinafter, "FACEPHI" or the "Company", indistinctly) is an expanding company with limited capitalization under the terms of the Second Standard of Circular 6/2016 of the Alternative Stock Market (hereinafter, the "MAB"), of the requirements and procedure applicable to the incorporation and exclusion in the MAB of shares issued by companies in expansion and by Public Limited Companies of Investment in the Real Estate Market (hereinafter, "SOCIMI").

The present Internal Code of Conduct in the field of the Securities Market (hereinafter, the "RIC" or the "Regulations", without distinction) has been approved by the Board of Directors of FACEPHI on December 22, 2017, in accordance with the provisions of the Circular 15/2016 MAB on the information to be provided by companies in expansion and Socimi incorporated into trading in the Alternative Stock Market (hereinafter, the "Circular 15/2016"), replacing the previous one in order to follow the spirit of the Guide to Good Practices of the Issuing Entities in the Alternative Stock Market, published in May 2015 (hereinafter, the "Guide"), as well as, in particular, in accordance with article 225.2 of Royal Legislative Decree 4/2015, of October 23, which approves the revised text of the Securities Market Law (hereinafter, the "LMV").

Specifically, Circular 15/2016, taking into account the nature of the Company, states that "In order to determine the level and characteristics of the information required from the small capitalization entities and SOCIMI whose shares are traded on the Alternative Stock Market, an attempt has been made to a balance between two principles: the principle of sufficiency of information, since investors must have at their disposal a reasonable amount of information to be able to make informed decisions about the purchase or sale of shares, and simplicity, appropriate to the philosophy that inspires the Alternative Stock Market and, in particular, the segments corresponding to the small capitalization entities and SOCIMI."

Likewise, this Regulation complies with the guidelines regarding market abuse for the benefit of the Company’s transparency and the adequate information and protection of investors, including, but not limited to, Regulation (EU) 596/2014, of the European Parliament and of the Council, of April 16, 2014, on the subject of market abuse.

This Regulation contains the provisions of MIFID 2 / MIFIR "Quick Fix" whose entry into force was delayed until January 3, 2018.
FIRST CHAPTER. AREA OF APPLICATION. CONTROL BODY

Article 1.- Scope of application

This Regulation applies to the members of the FACEPHI Board of Directors, the Secretary of the Board of Directors, the Directors and their personnel who, by reason of their work, position or functions, have access to facts, decisions and information that may influence the share price of FACEPHI. Henceforth, the "Recipients".

Article 2.- Control body

The control body of this Regulation may be the one chosen by the Board of Directors and approved by a majority.

In any case, the control body must inform the Board of Directors with the periodicity that is appropriate to the size, evolution and complexity of the Company, as appropriate in relation to the subject matter of this RIC, except in those cases in which a time limit is established in these Regulations or in the applicable regulations or, due to the nature of the matter, must be communicated immediately.

CHAPTER TWO. PRIVILEGED INFORMATION AND RELEVANT INFORMATION

Article 3.- Privileged information and its treatment

1. It is considered privileged information any information of a specific nature that relates directly or indirectly to FACEPHI or to the values of FACEPHI that has not been made public and that, if made or made public, could have an influence or have had an appreciable influence on its quotation. For these purposes, it shall be understood as included in the contribution concept, in addition to that corresponding to marketable securities or financial instruments, that of derivative instruments related thereto.

The information will be considered to have a specific character if it refers to a series of circumstances that occur or that can reasonably be expected to occur, or to a fact that has happened or that can reasonably be expected to happen, provided that that information is sufficiently specific to allow any conclusion to be drawn about the effects that those circumstances or that fact could have on the prices of FACEPHI’s securities. It will be considered that a piece of information can have an appreciable influence on the price when that information is what a reasonable investor could use as part of the basis of its decisions.

Based on this, and in accordance with Article 18 of Regulation EU 596/2014 on market abuse, Facephi Biometrics Ltd. will prepare a Lists of Insiders (Annex III of this Regulation) and in accordance with the following:
• Harmonized rules and a unified format for the whole EU, issuers of instruments that are listed in markets of expanding SMEs do not have to elaborate or maintain it ex-ante under certain conditions, unless they are required to by the Competent Authority.

• Special format for issuers that trade in SME markets in expansion

• Possibility of drawing up lists (sections) by "project" or subject and / or "permanent or general" (presumption of access to all privileged information since its generation)

• Permanent list does not imply non-completion of lists (sections) by project or subject

• Means of transmission and electronic format to the Competent Authority (except for issuers of SME markets).

2.- The Recipients who possess privileged information must safeguard it, without prejudice to their duty of communication and collaboration with the judicial or administrative authorities in the legally foreseen terms.

3.- Such Recipients will abstain from:

a. Performing or attempting to carry out operations with privileged information, understood as:

   i. Acquiring, transmitting or assigning on its own behalf or that of third parties, directly or indirectly, the negotiable securities or financial instruments to which the privileged information refers.

   ii. Cancelling or modifying an order regarding the negotiable value or financial instrument to which the information refers when said order was given before the interested party had knowledge of the privileged information.

b. Communicating this information to third parties, except in the normal exercise of their work, profession or duties.

c. Recommending that another person conduct transactions with privileged information or inducing he or she to do so, understood as:

   i. Recommending to a third party that it acquires, transmits or cedes negotiable securities or financial instruments or inducing that third party to acquire, transmit or transfer them based on said information.

   ii. Recommending that a third party cancels or modifies an order relating to negotiable securities or financial instruments or inducing that third party to make such a cancellation or modification based on said information.

4.- Failure to comply with the abstention obligations described in letters (b) and (c) of section 3 of this article, will presume the illicit communication of privileged information.

In this sense, it will be understood that there is illicit communication of privileged information when a person who has privileged information:

a. Discloses it to any other person, except when such disclosure occurs in the normal exercise of their work, profession or duties.

b. Recommends that another person carry out transactions with inside information or induces him or her to do so in the terms described in letter (c) of section 3 of this article, when the person disclosing the recommendation or induction knows or should know that it was based on inside information.
5.- TECHNICAL RESOURCES FOR THE ADEQUATE PUBLIC DIFFUSION OF PRIVILEGED INFORMATION

Obligation to disseminate information. Search and selection of technical means that guarantee:

- Dissemination to as wide an audience as possible. Without any discrimination
- For free
- Simultaneously throughout the European Union.

Communicate the information, directly or through third parties, to communication media to ensure its effective dissemination, using electronic means that guarantee integrity and confidentiality, specifying:

- Identification that it is privileged information
- Identity of the transmitter
- Identity of the person who presents the notification
- Object of the privileged information (Typology)
- Date and time of communication to the media.

Requirements for the presentation of inside information on a website:

- Access under non-discriminatory and free conditions
- Easily identifiable section
- Date and time of the disclosure and chronological order.

 Article 4.- Relevant information, treatment and communication

1.- Any information whose knowledge could reasonably affect an investor to acquire or transmit securities or financial instruments and, therefore, may significantly influence its price, will be considered relevant information.

2.- Specifically in order to determine the relevant nature of the information, the criteria established by the MAB will be adopted in the terms set forth in the regulations published by the same (for example, Circular 15/2016 MAB).

3.- The control body will directly communicate the relevant information to the MAB as soon as the event is known or as soon as the decision has been adopted or the agreement or contract with third parties has been signed and has been made known to the control body, notwithstanding that, in these latter cases, such communication may be made beforehand if FACEPHI considers that this does not harm their legitimate interests or in compliance with the provisions of letter (e) of section 1 of article 8 of these Regulations.

4.- The communication of relevant information indicated in the previous section must be made simultaneously with its publication on the FACEPHI website, where it must remain published in chronological order for a period of at least five years.

When such information may disturb the normal development of operations on the securities of FACEPHI or jeopardize the protection of investors, FACEPHI must inform the MAB of the relevant information prior to its publication.

5.- FACEPHI may, at its own risk, delay the publication and dissemination of the relevant information when it considers that the information is prejudicial to its legitimate interests, provided that such
omission is not likely to confuse the public and that it can guarantee the confidentiality of said information. FACEPHI will report such circumstances immediately to the MAB.

6.- FACEPHI will observe special care in the dissemination of relevant information and, in particular, will not combine, in a way that may be misleading, such information with the commercialization of its activities.

7.- The control body will present, where appropriate, to the Chairman of the Board of Directors the information referred to in sections 4, second paragraph, and 5 above, to assess whether such information merits the treatment indicated in the aforementioned sections. That is, the Chairman of the Board of Directors will evaluate and, if applicable, decide if the information in question must be communicated prior to its publication or delay its communication and publication, as the case may be.

**Article 5.- Communication of inside information in the framework of a market prospecting**

1.- Market research will be considered the communication of information by FACEPHI to one or more potential investors, prior to the announcement of an operation, with the purpose of evaluating the interest of the same in a possible operation and the relative conditions to the same.

2.- The aforementioned communication of information may be done orally, in physical meetings, through telephone calls or videoconferences, or in writing, by mail, fax or electronic communications.

In the event that FACEPHI communicates this information by telephone, it will use telephone lines that are capable of recording and verify that the people receiving the market surveys have expressed their consent to record the conversations.

3.- In each market prospecting that FACEPHI performs, it must comply with the following obligations:

Prior to carrying out the market prospecting, you must:

i. Specifically assess whether the market prospecting involves the communication of privileged information, recording in writing its conclusion and the reasons that have motivated such communication.

ii. Obtain the consent of the person receiving the market prospecting for the receipt of privileged information.

iii. Inform the recipient of the market survey that they are prohibited from using said information, or attempting to use it, acquiring, transmitting or assigning, directly or indirectly, the FACEPHI values related to that information on their own behalf or on behalf of third parties.

iv. Inform the recipient of the market prospecting that he or she is prohibited from using said information, or attempting to use it, by cancelling or modifying an order already given relative to the FACEPHI values with which the information relates.

v. Inform the recipient of the market survey that by accepting the receipt of the information, he or she is obliged to maintain its confidentiality.
In order to comply with the obligation established in letter (a) above, FACEPHI will exchange with the recipients of the market surveys the standard set of information detailed in Annexes I and II of this Regulation, depending on whether the prospecting of market implies or not the communication of privileged information.

b. Prepare a list that contains the following information in relation to the people receiving the market prospecting:

i. The names of all natural and legal persons to whom information has been communicated in the course of the market prospecting.

ii. The date and time of each communication of information that has taken place in the course, or root, of the market prospecting.

iii. The contact details of the people receiving the market surveys used for the purpose of market prospecting.

4.- In addition, FACEPHI will prepare a list of all potential investors who have informed them that they do not wish to receive market surveys (either in relation to all potential operations or with certain types of potential operations); and will refrain from communicating information for the purposes of market surveys to such potential investors.

5.- In the event that FACEPHI considers that the privileged information communicated in the course of a market survey has ceased to be privileged information, it will inform the receiver as soon as possible, providing the following information:

a. The identity of the market participant that communicates the information (FACEPHI BIOMETRICS Ltd.).

b. An identification of the operation object of the market prospecting.

c. The date and time of the market prospecting.

d. The fact that the information communicated is no longer privileged information.

e. The date on which the information has ceased to be privileged information.

**Article 6.- Registration of privileged information in the framework of market surveys**

1.- In the event that FACEPHI communicates privileged information to one or more potential investors prior to the announcement of an operation, it must make and keep a record of all the information provided to the person receiving the market prospecting and the identity of the potential investors to whom the information has been disclosed, including, but not limited to, legal persons and natural persons acting on behalf of the potential investor, as well as the date and time of each communication.

In this sense, FACEPHI will ensure that the records of what is indicated below are kept in durable media that guarantee accessibility and readability for five years:

a. Procedures for carrying out market surveys.
b. The standard set of information determined for each of the market surveys in accordance with the provisions of section 3 (a) of article 5 of this Regulation.

c. Data relating to the persons receiving the market surveys referred to in section 3 (b) of article 5 of this Regulation.

d. All information communications that have been made between FACEPHI and all persons receiving the market prospecting for the purpose of market prospecting, including all documents provided by FACEPHI to the recipients of the market prospecting.

In this sense:

i. When the communication of information has been made over the telephone on recorded lines: FACEPHI will keep the recordings of the telephone conversations, provided that the persons to whom the information has been communicated have given their consent for the recordings to be made.

ii. When the communication of information has been made in writing, FACEPHI will keep a copy of the correspondence.

iii. When the communication of information has been made during meetings recorded in video or audio: FACEPHI will keep the recordings of those meetings, provided that the persons to whom the information has been communicated have given their consent for the recordings to be made.

iv. When the communication of information has been made during meetings or telephone conversations not recorded: FACEPHI will keep the minutes or notes of such meetings or telephone conversations. Said minutes shall be drawn up by FACEPHI and duly signed by it and by the person receiving the market prospecting and shall include:

   a) The date and time of the meeting or the telephone conversation and the identity of the participants.

   b) The details of the information regarding the market prospecting exchanged between FACEPHI and the person receiving the market prospecting in the course of the market prospecting, including the information provided to the person receiving the market prospecting and requested to this, in accordance with the standard set of information referred to in section 3 (a) of article 5 of this Regulation.

   c) All documents and materials provided by FACEPHI to the person receiving the market prospecting during the course of the market prospecting.

In the event that FACEPHI and the person receiving the market survey have not agreed, within five business days after the market prospecting, the content of the minutes or written notes, FACEPHI will record a version of the minutes or written notes signed by FACEPHI and another version of said minutes or written notes signed by the person receiving the market prospecting.

In the event that the person receiving the market survey has not provided FACEPHI with a signed version of the minutes or written notes within five business days after the market prospecting, FACEPHI shall keep a copy of the written version of the minutes or of the notes signed by FACEPHI.
e. The information that led to the assessment that the information communicated during the market survey has ceased to be privileged information, as well as the notifications referred to in section 5 of article 5 of these Regulations.

**Article 7.- Market manipulation**

1.- Any activities that constitute market manipulation, even a mere attempt, will be considered expressly prohibited.

2.- For the purposes of the provisions of this article, such an attempt shall refer to those situations in which an action is initiated but not concluded, for example, as a consequence of a technological failure or a negotiation order that is not executed.

3.- Market manipulation will include the following activities:

   a. Execute an operation, give a bargaining order or any other conduct that: (i) transmits or may transmit false or misleading signals as to the offer, the demand or the price of FACEPHI securities; or (ii) fixes or may fix the price of the FACEPHI securities at an abnormal or artificial level.

   b. Execute an operation, give a negotiation order or any other activity or conduct that affects or may affect, through fictitious mechanisms or any other form of deception or artifice, the price of the values of FACEPHI.

   c. Disseminate information through the media, including the internet, or by any other means, transmitting this way or being able to transmit false or misleading signals regarding the offer, the demand or the price of FACEPHI's securities. The provisions of this assumption shall include the dissemination of rumors when the author of the broadcast knows or should know that the information was false or misleading.

   d. Transmit false or misleading information or provide false data in relation to a benchmark, when the author of the transmission or the provision of data knew or should have known that they were false or misleading, or any other conduct that involves a manipulation of the calculation of a benchmark.

4.- In particular, the following behaviors will be considered market manipulation, among others:

   a. The intervention of a person, or of several in concert, to ensure a dominant position over the supply or demand of the FACEPHI values, which affects or may affect the fixing, directly or indirectly, of purchase or sale prices or that creates or may create other conditions of unfair negotiation.

   b. The purchase or sale of FACEPHI securities, at the time of opening or closing of the MAB, that has or may have the effect of inducing confusion or deceit to investors who operate based on the quotes shown, including opening or closing quotations. closing.
c. The formulation of orders in the MAB, including the cancellation or modification of the same, through any available negotiation methods, that produces any of the effects contemplated in section 3 above letters (a) or (b), to:

i. Disrupt or delay the functioning of the negotiation mechanism used in the MAB or make it more likely to occur.

ii. Make it difficult for others to identify authentic orders in the MAB negotiation mechanism, or increase the likelihood of making it difficult, in particular by introducing orders that lead to overload or destabilization of the order card.

iii. Create, or be able to create, a false or misleading signal about supply and demand or about the price of FACEPHI’s securities, in particular, issuing orders to initiate or exacerbate a trend.

d. Take advantage of the occasional or regular access to the media, traditional or electronic, to express an opinion about the values of FACEPHI, (or, indirectly, about FACEPHI) after having taken positions on them, and, then, take advantage of the effects that the opinions expressed have on the price of FACEPHI’s securities, without having revealed to the public simultaneously the conflict of interest in an adequate and effective manner.

5.- The prohibition established in section 1 will not apply to the activities referred to in section 3 letter (a), if the person who executes the operation, gives the negotiation order or performs any other conduct demonstrates that the reasons for the operation, order or conduct are legitimate and that these are in line with accepted market practices.

In particular, it will be considered that a market practice is accepted taking into account the following criteria:

a. If the market practice offers a degree of substantial transparency for the market.

b. If the market practice guarantees a high degree of protection of the functioning of market forces and the adequate interaction of the forces of supply and demand.

c. If the market practice has a positive impact on the liquidity and efficiency of the market.

d. If the market practice takes into account the market negotiation mechanism in question and allows market participants to react in an appropriate and timely manner to the new market situation created by said practice.

e. If the market practice does not create risks for the integrity of the markets directly or indirectly related, regulated or not, in the values of FACEPHI in question within the Union.

F. The result of any investigation conducted on the market practice in question by any competent authority or other authority, in particular on the possible infringement by such market practice of rules or regulations intended to prevent market abuse, or of codes of conduct, whether it refers to MAB or refers, directly or indirectly, to related markets within the Union.

g. The structural characteristics of the market in question, including, among others:

i. Whether it is a regulated market or not.

ii. The types of financial instruments that are traded.
iii. The type of market participants, including the degree of participation of individual investors in the market in question.

**Article 8.- Operations under study. Duties of conduct.**

1.- The control body, during the phases of study or negotiation of any type of legal or financial operation that may appreciably influence the price of its securities or financial instruments affected, must comply with and monitor that the following obligations are met:

a. Limit the knowledge of the information strictly to those people, internal or external to FACEPHI, to whom it is essential.

b. Carry, for each operation, a list in which the identity of any person who has access to privileged information, the reason, date and time in which said person had access to the privileged information and the dates of creation and updating of the list.

Said list shall be kept for at least five years from its preparation or update and shall be updated immediately in the following cases, specifying the date and time at which the change that led to the update occurred:

- When there is a change in the reasons why a person is included in said list.
- When it is necessary to add a new person to that list.
- When a person on the list stops having access to privileged information; in this case, the date on which this circumstance occurs will be recorded.

In order to prepare the aforementioned list, FACEPHI will use the "List of insiders" model included in Annex III of this Regulation.

c. Expressly warn the people included in the aforementioned list of the relevant nature of the information and its duty of confidentiality and prohibition of its use, as well as the infractions and sanctions derived from its inappropriate use.

Likewise, the interested parties will be informed of their inclusion in the registry and the other extremes provided for in Organic Law 15/1999, of December 13, on the Protection of Personal Data.

The data included in the list will be kept in the documentary record for at least five years after having been registered or updated for the last time.

d. Monitor the evolution in the market of FACEPHI's securities and the news that the professional diffusers of economic information and the means of disclosure used and that could affect them.

e. In the event that there is an abnormal evolution of the volumes contracted or of the prices negotiated and there are rational indications that such evolution is taking place as a consequence of a premature, partial or distorted diffusion of the operation, immediately transmit a relevant fact that reports, clearly and accurately, the current state of the operation in progress or containing an advance of the information to be provided, all without prejudice to the provisions of article 228.4 of the LMV.
Article 9.- Exception to the duty to communicate the relevant information. Operations under study

1.- The acts of study, preparation or negotiation prior to the adoption of decisions that are considered relevant, in the terms indicated in article 4, are excluded from the obligation to inform the public, provided that the due confidentiality safeguards are maintained.

2.- They may, in particular, avail themselves of the provisions of this section acts of such nature in the cases provided for in article 7 of Royal Decree 1333/2005, of November 11.

CHAPTER THREE. TRANSACTIONS OF ADMINISTRATORS AND DIRECTORS

Article 10.- Communication of the transactions of the administrators and directors in relation to their own shares

10.1.- The present Procedure of notification of operations carried out by executives on securities of FACEPHI BIOMETRICS Ltd. (hereinafter, the "Procedure") will be applicable to:

a. Persons with management responsibilities of FACEPHI, understood as those who have the condition of:

- Member of the administrative, management or supervisory body of FACEPHI, or
- Senior manager who is not a member of the bodies mentioned in the previous point and who has regular access to privileged information relative, directly or indirectly, to FACEPHI, as well as powers to adopt management decisions that affect future developments and prospects of FACEPHI.

b. Persons closely linked to persons with management responsibilities of FACEPHI, understood as such:

- The spouse or any person considered equivalent to a spouse by Spanish law.
- The children in his charge, in accordance with Spanish law.
- Any other family member with whom he or she had lived for at least one year before the date of the operation in question, or
- A legal entity, trust or association, in which a person with management responsibilities or a person mentioned in the previous sections occupies a directive position, or who is directly or indirectly controlled by said person, or that has been created for the benefit of that person, or whose economic interests are to a large extent equivalent to those of that person.

2.- With the purpose of identifying the persons with management responsibility, as well as the persons closely related to them, FACEPHI will draw up a list that must be permanently updated of all the persons described in section 10.1 above.
3.- In addition, and in order to guarantee compliance with the obligations of notification of operations on share ownership made by the persons listed in section 10.1, FACEPHI will notify the persons with management responsibilities in writing, of the obligations of the same, under this Procedure.

4.- Likewise, the persons with management responsibilities (set forth in letter (a) of section 10.1) shall notify in writing the persons closely related to them (set forth in letter (b) of section 10.1) of the obligations of the latter under this Procedure and keep a copy of this notification.

10.2 Mandatory reporting operations:

1.- The persons mentioned in article 10.1 must notify FACEPHI of the operations listed below. These mandatory reporting operations shall include all transactions carried out by the persons described in Article 10.1 on their own account in relation to shares or debt instruments of FACEPHI, derivative instruments or other related financial instruments:

   a) Any operation executed on its own account relative to the values of FACEPHI;
   b) The pledge or loan of securities of FACEPHI by the persons mentioned in article 10.1, or in the name of any of the above. For the purposes of the provisions of this section, it shall not be necessary to notify a pledge or a similar guarantee of the securities of FACEPHI that refers to the deposit of said securities in a custody account, unless and until such pledge or guarantee is used to guarantee a specific credit instrument;
   c) The operations carried out by any person who prepares or executes operations or by someone acting on behalf of the persons mentioned in article 10.1, including cases in which discretionary powers are exercised;

2.- In particular, said compulsory notification operations shall include the following:

   a. Acquisition, assignment, short sale, subscription or exchange;
   b. Acceptance or exercise of stock options, including share options granted to directors or employees as part of their remuneration, and the transfer or assignment of shares derived from the exercise of stock options;
   c. Subscription or exercise of exchange contracts linked to shares;
   d. Derivative transactions or related to them, including transactions settled in cash;
   e. Subscription of a contract for differences over FACEPHI values;
   f. Acquisition, assignment or exercise of rights, including purchase and sale options and option certificates;
   g. Subscription of a capital increase or issue of debt instruments;
   h. Derivative transactions and financial instruments linked to a FACEPHI debt instrument, including credit risk swaps;
   i. Conditional operations subject to the presence of conditions and the effective execution of operations (the notification obligation arises when the condition or conditions in question occur, that is, when the operation in question actually takes place);
   j. Automatic or non-automatic conversion of FACEPHI securities into another financial instrument, including the exchange of convertible bonds for shares;
   k. Gifts and donations made or received, and inheritances received;
   l. Transactions executed in derivatives, baskets and indexed products;
   m. Transactions carried out in shares or participations in investment funds, including alternative investment funds (AIF);
   n. Operations executed by the manager of an alternative investment fund (AIF) in which the person with management responsibilities or a person closely related to it has invested;
FacePhi – Internal Rule of Conduct

1.0 Internal Reference

1.1.1 FacePhi

1.1.2 Regulatory Framework

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o. Operations executed by a third party under an individual asset or portfolio management mandate on behalf of or for the benefit of a person with managerial responsibilities or a person closely related to it;
p. Loans granted or loans taken from shares or debt instruments of FACEPHI or derivatives or other financial instruments related thereto.

3.- The communication of operations described in the preceding sections of this article will apply to any subsequent operation once a total amount of 5,000 EUR has been reached within a calendar year. This threshold will be calculated by the sum without compensation of all the operations referred to in the preceding paragraphs of this article.

10.3 Deadline for notification

The notification of operations referred to in article 2 shall be carried out without delay and no later than three business days from the date of the operation.

10.4 Format and template for notification

1.- The members of the administrative, management or supervisory body of FACEPHI (and the persons closely related to them) must use the Model II established in Circular 8/2015, of December 22 of the CNMV, by which is approved the notification models for significant shareholdings, of the directors and executives and their close links, of the issuer's operations on treasury shares, and other models (hereinafter, "Circular 8/2015"), available on the following link:


When completing the aforementioned Model II, the members of the administrative, management or supervisory body of FACEPHI (and the persons closely related to them) will take into account the following considerations:

a. The new obligations to notify the additional operations established by the Market Abuse Regulation and that are not linked to shares / voting rights or to financial instruments linked to shares, such as: operations on debt instruments or financial instruments linked to these instruments; debt; pledges; etc., included in Article 2 of this Procedure, will be included in section "10. Additional information "of the aforementioned Model II.

b. Although the obligation to notify arises from transactions that do not affect the final position in shares / voting rights or in financial instruments linked to shares, all the sections of the Model II must be completed, including the final position in voting rights or in financial instruments linked to the actions of the member of the administrative, management or supervisory body of FACEPHI (and / or of the person closely related to it).

2.- For their part, senior managers who are members of the administrative, management or supervisory bodies of FACEPHI (and those closely related to them) must use Model III established in Circular 8/2015, available in the following link:


When completing the aforementioned Model III, senior managers who are members of the administrative, management or supervisory bodies of FACEPHI (and those closely related to them) will take into account the following considerations:
a. In section 3 of the aforementioned Model III, the option "transactions carried out with financial instruments" must be marked to notify any transaction included in article 2 of this Procedure, made on any instrument other than shares, such as transactions in securities instruments, debt or financial instruments linked to these debt instruments or linked to shares pledges; etc.

10.5 Form of presentation of notifications

1. Models II and III included in the preceding article 10.4 must be sent to the CNMV by electronic means and in accordance with the requirements established by the CNMV in its Electronic Register, available at the following link.

2. The obligation of remission shall be deemed fulfilled when FACEPHI receives by electronic means of the CNMV a "proof of receipt of entry in the Electronic Register of the CNMV" for the corresponding notification.

10.6 Prohibited operations

1. Persons with management responsibilities of FACEPHI will not carry out any transaction on their behalf or on behalf of a third party, directly or indirectly, in relation to FACEPHI debt securities or instruments, or with derivative instruments or other financial instruments. linked, for a limited period ("closed period") of 30 calendar days before the publication of an intermediate financial report or an annual report that FACEPHI must publish in accordance with:

   a. The MAB rules.
   b. Spanish law.

2. In this regard, it must be taken into account that the publication of information containing variables or fundamental data on the financial results that will be included in the reports referred to in the previous paragraph, determines the date from which the computation of the 30 days of the limited period must be made.

3. To the extent that the announced information changes after its publication, this circumstance would not trigger another limited period, and in any case, the persons with FACEPHI management responsibilities would be subject, at all times, to the prohibition established in section 1.

4. Notwithstanding the provisions of section 1, FACEPHI may authorize persons with management responsibilities to negotiate on their own account or that of third parties, for a limited period of 30 calendar days prior to the publication of an intermediate financial report or an annual report, in any of the following cases:

   a. Case by case, due to exceptional circumstances, such as the occurrence of serious financial difficulties that require the immediate sale of FACEPHI shares.
   b. When trades are traded in any of the following cases:
      I. Within the framework of or in relation to a plan of options or savings of employees
      II. In relation to the qualification or subscription of shares
      III. When trades are negotiated in which there are no changes in the final ownership of the value in question, given that the negotiation of these types of transactions has particular characteristics.

EXCEPTION TO PROHIBITION. THE ISSUER CAN AUTHORIZE THE DIRECTOR TO OPERATE IN CERTAIN ASSUMPTIONS:

- The Executive must make an informed request to the issuer in writing.
- The circumstances must be extremely urgent, unforeseen and unrelated to the Manager.
• The Issuer must assess the financial commitment of the Manager, its enforceability and the impossibility of being satisfied by any other means (i.e. Payment of a tax).

OTHER EXCEPTIONAL ASSUMPTIONS:

• Delivery of financial instruments as part of an employee plan.
• The plan must have been approved before the beginning of the closed period.
• The Plan must fix the moment of granting and its quantity.
• The Executive must not have discretion in the acceptance of financial instruments.

Article 11.- Duties of conduct

The Recipients must refrain from preparing or carrying out practices that distort the free formation of prices. As such, the following will be understood:

a. The operations or orders:

- That provide or may provide false or misleading indications as to the offer, demand or price of negotiable securities or financial instruments.

- That ensure, through one person or several persons acting in concert, the price of one or several financial instruments at an abnormal or artificial level, unless the person who has carried out the transactions or issued the orders demonstrates the legitimacy of their reasons and that these are in accordance with market practices accepted in the regulated market in question.

- Operations or orders that use fictitious devices or any other form of deception or machination.

- Dissemination of information through the media, including the internet, or through any other means, that provides or may provide false or misleading indications as to the values of FACEPHI, including the spread of rumors and false or misleading news, when the person who disclosed them knew or should have known that the information was false or misleading. With respect to journalists acting on a professional basis, such disclosure of information will be evaluated taking into account the rules governing their profession, unless such persons directly or indirectly obtain an advantage or benefit from the aforementioned dissemination of information.

Article 12.- Treasury stock

Transactions in treasury shares or financial instruments referenced to them will be subject to measures that prevent investment or disinvestment decisions from being affected by the knowledge of privileged information.
CHAPTER FOUR. CONFLICT OF INTEREST.

Article 13.- Duty to inform

1.- Notwithstanding the provisions of the Regulations of the Board of Directors for the Directors, the Recipients are obliged to inform, in sufficient detail and in writing, the control body, who must immediately inform the Board of Directors about possible conflicts of interest in those who were involved as a result of their family relationships, their personal assets, their activities outside the Company, or for any other reason.

2.- In the event that there are doubts as to whether a conflict of interest does occur, the control body will make a written request to the Secretary of the Board of Directors.

Single final provision. Efficiency and updating.

1.- This Regulation will enter into force on the day following its approval by the Board of Directors of FACEPHI.

2.- The control body will make this Regulation known to its Recipients, keeping the receipt of delivery attached to this as Annex V.

3.- Annually, or with the periodicity that is deemed appropriate in view of the nature of the Company as an expanding company and the evolution and complexity of its activity, the Board of Directors, following a report from the control body, will review and, as the case may be, update this Regulation.
Annex I

CONTENT OF THE NORMALIZED INFORMATION GROUP TO EXCHANGE WITH THE RECEIVERS OF THE MARKET PROSPECTIONS OF FACEPHI BIOMETRICS Ltd. WHEN THESE INVOLVE THE COMMUNICATION OF PRIVILEGED INFORMATION

When FACEPHI considers that a market prospecting involves the communication of privileged information, the content of the standard set of information should be limited to the following, in the order indicated below:

1. A statement that indicates that the communication is carried out for the purposes of a market survey.

2. When the market prospecting is made through recorded telephone lines, or audio or video recordings are used: A statement that the conversations are recorded and that the person receiving the market survey has given his consent to be recorded.

3. A confirmation request addressed to the person contacted that FACEPHI communicates with the person in charge of the potential investor to receive the market prospecting, as well as the response and confirmation of the person contacted.

4. A statement that states that, if the contacted person agrees to receive market research, that person will receive information that FACEPHI considers privileged information and a reference to the obligation of the person receiving the survey to evaluate for themselves (i) if he is in possession of privileged information and (ii) when he ceases to be in possession of privileged information.

5. If possible, an estimate of when the information will cease to be privileged information, the factors that may modify said estimate and, in any case, the information on how the person receiving the survey will be informed of any change that occurs in that estimate.

6. A statement in which the person receiving the market prospecting is informed of the following obligations:

   a. That the person is prohibited from using said information, or attempting to use it, to acquire, transmit or give, on his or her own or from third parties, directly or indirectly, FACEPHI values that are related to that information.

   b. That the person is prohibited from using said information, or attempting to use it, by cancelling or modifying an already given order related to FACEPHI values with which the information relates.

   c. When accepting the receipt of the information, the person is obliged to maintain its confidentiality.

7. A request for consent from the person receiving the market prospecting to receive privileged information.
8. When the receiving person gives the consent required in point (7) above: The information communicated for the purpose of market prospecting, indicating the information that FACEPHI considers privileged information.
Annex II

CONTENT OF THE NORMALIZED INFORMATION GROUP TO EXCHANGE WITH THE RECEIVERS OF THE MARKET PROSPECTIONS OF FACEPHI BIOMETRICS Ltd. WHEN THESE DO NOT IMPLY THE COMMUNICATION OF PRIVILEGED INFORMATION

When FACEPHI considers that a market prospecting does not involve the communication of privileged information, the content of the standard set of information should be limited to the following, in the order indicated below:

1. A statement that indicates that the communication is carried out for the purposes of a market survey.

2. When the market prospecting is made through recorded telephone lines, or audio or video recordings are used: A statement that the conversations are recorded and that the person receiving the market survey has given his consent to be recorded.

3. A confirmation request addressed to the person contacted that FACEPHI communicates with the person in charge of the potential investor to receive the market prospecting, as well as the response and confirmation of the person contacted.

4. A statement stating that, if the contacted person agrees to receive the market survey, that person will receive information that FACEPHI does not consider privileged information and a reference to the obligation of the person receiving the survey to assess for itself if it is in possession of privileged information.

5. A request for the consent of the person receiving the market prospecting to proceed with the market prospecting and the response to said request.

6. When the receiving person gives the consent required in point (5) above: The information that is communicated for the purposes of market prospecting.
Annex III
LIST OF INITIATES OF FACEPHI BIOMETRICS, Ltd.

Date and time of creation: [yyyy-mm-dd, hh: mm]
Date of transmission to the competent authority: [yyyy-mm-dd]

<table>
<thead>
<tr>
<th>Name (s) of people with access to privileged information</th>
<th>Surname (s) of people with access to privileged information</th>
<th>Professional telephone numbers (fixed and mobile direct line)</th>
<th>Business name and address of the company</th>
<th>Role and reason why privileged information is accessed</th>
<th>Obtention (date and time the person obtained access to privileged information)</th>
<th>Cessation of access (date and time the person ceased to have access to privileged information)</th>
<th>National identification number (if not available, date of birth)</th>
<th>Complete personal address (street; number; city; postal code; country)</th>
<th>Personal telephone numbers (fixed and mobile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[First name]</td>
<td>[Surnames]</td>
<td>[Numbers without spaces]</td>
<td>[Address of the issuer or the third party corresponding to the person with access to privileged information]</td>
<td>[Specifying text of the role and function performed and the reason why it is included in the list]</td>
<td>[yyyy-mm-dd, hh: mm]</td>
<td>[yyyy-mm-dd, hh: mm]</td>
<td>[Numbers and / or text or yyyy-mm-dd, hh: mm, in case of date of birth]</td>
<td>[Text: detailed personal address of the person with access to privileged information - Street and number; - City; - Postal Code; - Country]</td>
<td>[Numbers without spaces]</td>
</tr>
</tbody>
</table>


Annex IV

DECLARATION OF KNOWLEDGE AND ACCEPTANCE OF THE INTERNAL CONDUCT REGULATIONS OF FACEPHI BIOMETRICS Ltd.

Name and surname:

DNI:

Email address:

In compliance with the single additional provision of the Internal Code of Conduct of FACEPHI BIOMETRICS Ltd., in the field of the Securities Market, I have received a copy, with my acceptance and full knowledge and understanding of its contents.

In Alicante, the ...... of ..................... 2018.

Signature