

ROSETTA GENOMICS LTD.

STATEMENT OF COMPANY POLICY

Securities Trades By Rosetta Genomics Ltd. Personnel

Rosetta Genomics Ltd. and its subsidiary (the “Company”) have adopted the following policy (the “**Policy**”) regarding trading by Company personnel in the Company’s securities. The Policy applies to *all* Company personnel, including directors, officers, employees and consultants of the Company and its subsidiary. This Policy also applies to certain family members and other members of a person’s household, as described below.

The Need For A Policy

This Policy has been developed for the purpose of:

- educating all Company personnel;
- setting forth guidelines for courses of action;
- protecting the Company and all of its personnel against legal liability; and
- Maintaining the good name and reputation of the Company and its personnel, for integrity and ethical conduct.

As a company, publicly traded on the NASDAQ Capital Market, transactions in the Company’s securities are subject to United States federal securities laws and regulations adopted by the United States Securities and Exchange Commission, or the SEC. These laws and regulations make it illegal for an individual to buy or sell securities of the Company while aware of “Inside Information”. The SEC takes insider trading very seriously and devotes significant resources to uncovering such activity and to prosecuting offenders. Liability may extend not only to the individuals who trade based on Inside Information, but also to their “tippers” - people who leak the inside information to the individuals who trade. The Company and “controlling persons” of the Company may also be liable for violations by Company employees.

In addition to adhering to the statutes and regulations, we are adopting this Policy to avoid improper conduct, or the appearance of improper conduct on the part of anyone employed by or associated with the Company (and not only the so-called insiders).

Definitions

In this policy, **Company Securities** includes:

- (a) any shares in the Company;
- (b) any other securities issued by the Company such as debentures, debt notes, options and restricted stock units;

- (c) derivatives and other financial products created by the Company or created or issued by third parties in relation to the Company's shares, debentures, options or other securities able to be traded on NASDAQ or another stock exchange; and
- (d) securities of any other company or entity that may be affected by inside information (such as a joint venture partner of the Company, subsidiary, another party involved in a corporate transaction with the Company or a contractor or shareholder of the Company).

To **Deal** in Company Securities includes:

- (a) subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
- (b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
- (c) entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

Material Non-Public Information

Material non-public information (*i.e.*, "Inside Information") is any information (positive or negative) that:

- (a) Is not generally known to the public, and
- (b) Which, if publicly known, would likely affect either the market price of the Company's securities or a person's decision to buy, sell or hold the Company's securities.

Examples of Material Information

Common examples of information that will frequently be regarded as material are:

- quarterly or annual earnings results;
- projections of future results or sales;
- earnings or losses;
- news of a pending or proposed merger, acquisition or tender offer;
- news of a pending or proposed joint venture or significant licensing agreement;
- significant transactions with officers, directors or significant shareholders;
- financing transactions;
- changes in dividend policies, the declaration of a stock split or the offering of additional securities;
- significant clinical or regulatory developments;
- significant new products or discoveries;
- significant changes in the pricing or reimbursement of Company products or services;
- the entry into or termination of a significant collaboration, joint venture or strategic alliance;
- changes in management;
- pending or threatened significant litigation or the resolution of such litigation;

- impending bankruptcy or financial liquidity problems;
- internal financial information which departs from what the market would expect; and
- the gain or loss of significant major contract, license or collaboration.

Either positive or negative information may be material. It should be noted that this list is merely illustrative.

A reasonable person should expect information may have a material effect on the price or value of the Company Securities if the information would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to deal in the Company Securities in any way. It does not matter how the recipient of the Inside Information (the “Designated Person”) came to have such Inside Information. In determining whether information is material, the SEC and other regulators will view the information after-the-fact with the benefit of hindsight. As a result, in determining whether any information is material, we will and you should carefully consider whether regulators and others might view the information as being material in hindsight, with the benefit of all relevant information that later becomes available. For example, if there is a significant change in the Company’s stock price following release of certain information, that information will likely be determined to have been material when viewed with the benefit of hindsight.

The Consequences

The consequences of insider trading violations can be severe:

A. For individuals who trade while in possession of material non-public information (or tip information to others):

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$5 million; and
- A jail term of up to 20 years.

These penalties can apply even if the individual is not a member of the board of directors or an officer of the Company. Moreover, if an employee violates this Policy, Company-imposed sanctions, including dismissal for cause, could result.

B. For a Company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading:

- A civil penalty of the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$25 million.

Any of the above consequences – even an SEC investigation that does not result in prosecution – can tarnish the Company’s or an individual’s reputation and irreparably damage a career.

Our Policy

It is the Company's policy that Company personnel and any Immediate Family Members (as defined below) may not buy or sell securities of the Company while aware of material non-public information or engage in any other action to take advantage of, or pass on to others, that information.

This Policy applies with equal force to information relating to any other company, including our collaborators, partners, suppliers, customers, etc., obtained by Company personnel during the course of his or her service to or employment by the Company. Specifically, no Company personnel who, in the course of work on behalf of the Company, learns of material non-public information about a company with which the Company does business may trade in the other company's securities until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Policy Administrator

This policy shall be administered by the "Policy Administrator", who shall initially be the company's Chief Financial Officer. The Policy Administrator may, however, change from time to time, and you are encouraged to consult the copy of this Policy that is included on the Company's website to obtain current information concerning the Policy Administrator. If the Policy Administrator is not available or wishes to execute transactions governed by this policy, the General Counsel shall act as the "Substitute Policy Administrator" for purposes of this policy and any pre-clearance requirements hereunder. In any event, neither the Policy Administrator nor the Substitute Policy Administrator shall pre-clear his or her own transactions.

Transactions by Family Members and Others in Your Household

These restrictions also apply to your "Immediate Family Members" – that is, any spouse, parent, child or sibling – and others living in your household. SEC regulations now specifically provide that any material non-public information about the company communicated to any spouse, parent, child or sibling is considered to have been communicated under a duty of trust or confidence; any trading in the company securities by family members while they are aware of such information may, therefore, violate insider trading laws and regulations. Employees are expected to be responsible for the compliance of all family members with this Policy. Employees are also expected to be responsible for the compliance of other persons who live in their household, whether or not related, with this Policy.

Tipping Information to Others

Whether the information is proprietary information about the Company or information that could have an impact on our stock price, Company personnel must not pass the information on to others. The above penalties apply, whether or not you derive any monetary benefit from another person's actions. Material non-public information is often inadvertently disclosed or overheard in casual, social conversations. Care must be taken to avoid such disclosures.

When Non-Public Information Becomes Public

As you can appreciate, it is also improper for Company personnel to trade the Company's securities immediately after the Company has made a public announcement of material information. Because the Company's shareholders and the investing public should be afforded time to receive information and to act upon it, as a general rule you should not engage in any transactions until the beginning of the second business day after the information has been released. Thus, if an announcement is made on a Monday, Wednesday generally would be the first day on which you should trade. If an announcement is made on a Friday, Tuesday generally would be the first day on which you should trade. However, if the information released is complex, such as a prospective major financing or other transaction, it may be necessary to allow additional time for the information to be absorbed by investors. In such circumstances, you will be notified by the Policy Administrator, regarding a suitable waiting period before trading. In addition, we have established specific black-out periods, as further described below.

Prevention of Insider Trading by Others

If you become aware of a potential insider trading violation, you must immediately advise our Policy Administrator. You should also take steps, where appropriate, to prevent persons under your supervision and/or control from using inside information for trading purposes. Moreover, Company-imposed sanctions, including dismissal for cause, could result if an employee fails to comply with this policy or any other company policy.

Confidentiality

Unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the securities of the Company, may cause severe problems for the Company. Company employees should not discuss internal Company matters or developments with anyone outside of the company or outside the Company's offices, except as required in the performance of regular corporate duties.

This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of the Company be made through an appropriately designated officer, under carefully controlled circumstances. Unless you are expressly authorized otherwise, if you receive any inquiries of this nature, you should decline comment and refer the inquirer to **Chief Financial Officer**.

Additional Prohibited Transactions

Because we believe it is generally improper and inappropriate for Company personnel to engage in short-term or speculative transactions involving the Company's securities, it is our policy that such personnel should not engage in any of the following activities with respect to the Company's securities:

- Trading in the Company's securities on a short-term basis. Any ordinary shares of the Company purchased in the open market must be held for a minimum of six months and ideally longer. However, this does not apply to sales made within six months before or after the exercise of options that were granted by the Company, or sales according to 10b5-1 trading plans.
- Short sales of the Company's securities.
- Use of the Company's securities to secure a margin or other loan, except in limited cases with the prior approval of the Policy Administrator.
- Transactions in straddles, collars, or other similar risk reduction devices, except in limited cases with the prior approval of the Policy Administrator.
- Transactions in publicly-traded options relating to the Company's securities (i.e., options that are not granted by the Company), except in limited cases with the prior approval of the Policy Administrator.

Trading Blackouts Applicable to all Company Personnel

While it is never permissible to trade based on material non-public information, we are implementing the following procedures to help prevent inadvertent violations and avoid even the appearance of an improper transaction (which could occur, for example, where Company personnel engage in a trade while unaware of a pending major development):

Prohibited periods for Trading

All Company personnel and "Immediate Family Members" (as defined above) are prohibited from trading in any securities of the company during the following periods:

- Until the beginning of the second business day after the day the company has made a public announcement of material information, including earning releases. If the information released is complex or not disclosed in a press release, it may be necessary to extend this period, in which case the Policy Administrator will notify you of the waiting period.
- The company may from time to time require all company personnel or selected company employees with access to material non-public information to refrain from trading during other specified periods when significant developments or announcements are anticipated.
- Twenty (20) days prior to the close of each fiscal quarter until the beginning of the second business day after the release of the Company's financial results for each quarter and, in the case of the fourth quarter, financial results for the year end.

You will be notified by e-mail when you may trade in the Company's securities during such periods when significant developments or announcements are anticipated, in which event you will also be notified when trading restrictions are resumed. Of course, even during periods when trading is permitted, no one, including persons who do not fall within the definition of Immediate Family Member, should trade in the Company's securities if he or she possesses material non-public information.

Exceptions for Certain Transactions

(1) Gifts. *Bona fide* gifts are not transactions that are subject to this Policy, unless the person making the gift (the donor) has reason to believe that the recipient of the gift intends to sell the Company's securities while the donor is in possession of material non-public information.

(2) Mutual Funds. Transactions in mutual funds that are invested in the Company's securities are not transactions subject to this Policy.

(3) Transactions Involving Company Equity Plans. Except as otherwise noted herein, this Policy does not apply to the following transactions:

- *Stock Option Exercises*. This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's equity plans. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale of stock for the purpose of generating the cash needed to pay the exercise price and or taxes upon the exercise of an option.
- *Restricted Stock Awards and Restricted Stock Unit Awards*. This Policy does not apply to the vesting of restricted stock or restricted stock units. This Policy does apply, however, to any market sale of restricted stock or shares received upon vesting of restricted stock units.
- *Other Transactions with the Company*. Any other purchase of the Company's securities from the Company or sales of the Company's securities to the Company are not subject to this Policy.

(4) Rule 10b5-1 Trading Plans. Notwithstanding the restrictions and prohibitions on trading in the Company's securities set forth in this Policy, persons subject to this Policy are permitted to effect transactions in the Company's securities pursuant to approved trading plans established under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("Trading Plans"), which may include transactions during the prohibited periods discussed above. Rule 10b5-1 requires that these transactions be made pursuant to a plan that was established while the person was not in possession of material non-public information, and the SEC requires that these plans not be entered into during any applicable Company-imposed black-out period. In order to comply with this Policy, the Company must pre-approve any such Trading Plan prior to its effectiveness. After a Trading Plan is approved, you must wait for a cooling-off period before the first trade is made under the Trading Plan, the length of which will be determined by the Policy Administrator. Once the Trading Plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the dates of the trades. The Trading Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Any modification of a

Trading Plan is the equivalent of entering into a new Trading Plan and cancelling the old Trading Plan. Company personnel seeking to establish, modify or cancel a Trading Plan should contact the Policy Administrator.

Pre-Clearance of Trades for all company personnel

In order to ensure and maintain compliance with this Policy, all transactions in the Company's Securities (acquisitions, dispositions, transfers, etc.), including the execution of Trading Plans (as defined below), by Directors, officers, employees and consultants of the company must be pre-cleared in advance by the Policy Administrator prior to executing the transaction. If you contemplate a transaction in the Company's Securities, you must contact the Policy Administrator prior to executing the transaction. The Policy Administrator will use its reasonable best efforts to provide approval or disapproval within two (2) business days, but is not obligated to do so. You must wait until receiving pre-clearance to execute the transaction. Neither the Company nor the Policy Administrator shall be liable for any delays that may occur due to the pre-clearance process. If the transaction is pre-cleared by the Policy Administrator, it must be executed by the end of the second business day after receipt of pre-clearance. Notwithstanding receipt of pre-clearance of a transaction, if you become aware of material non-public information after receiving the pre-clearance but prior to the execution of the transaction, you may not execute the transaction.

Please note that such pre-clearance does not provide the insider with immunity from investigation or suit. For the avoidance of doubt, it is the responsibility of the individual to comply with the relevant securities laws and regulations.

Application of this Policy to Persons Who Cease to be Associated with the Company

This Policy will no longer apply after termination of service to the Company. However, the laws against insider trading continue to apply to anyone who has material non-public information about the Company. Therefore, even if an individual ceases to be employed by or associated with the Company, that person is prohibited by law from trading any securities of the Company for so long as he or she possesses material non-public information.

Company Assistance

Any person who has any questions about specific transactions or this Policy Statement in general may obtain additional guidance from the Policy Administrator. Remember, however, the ultimate responsibility for adhering to the Policy Statement and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

Certifications

As a condition to employment, all employees will be required to certify their understanding of and intent to comply with this Policy Statement. Members of the Board of Directors, Senior Management and other personnel may be required to certify compliance on an annual basis.

Certification

The undersigned hereby certifies that he/she has read and understands, and agrees to comply with, the Company's Statement of Company Policy regarding Securities Trades by Company personnel, a copy of which was distributed with this Certification.

Date: _____

Signature: _____

Name: _____

(Please Print)