

**XCEL BRANDS, INC.**  
**INSIDER TRADING POLICY STATEMENT**

---

**Purpose**

To state policies and procedures of XCel Brands, Inc. (“Company” or “Xcel”) with respect to the trading of the Company’s securities by employees, officers, directors, and consultants of the Company and its subsidiaries. For purposes of this policy statement, the term “Company” or “XCEL” shall mean, unless the context requires otherwise, XCel Brands, Inc. and its subsidiaries.

**Scope**

This policy covers all employees, officers, directors, and consultants of the Company and its subsidiaries.

Federal securities laws prohibit all persons, including, but not limited to, officers, directors, employees, and consultants of a public company from trading in the securities of that company on the basis of “inside” (i.e., material nonpublic) information. In addition to the direct liability of persons who trade on inside information for their insider trading violations, potential liability on the part of companies and their directors and officers exists for failure to prevent such violations by company personnel. In light of these liabilities and the severity of possible sanctions both to officers, directors, employees, and consultants and to the Company for insider trading violations, the Company has adopted the policies set forth in this policy statement.

Please note that while these procedures and policies are Company policy, they are not intended to replace the primary responsibility of each employee, officer, director, and consultant to understand and comply with the prohibition on insider trading under federal securities laws. Any individual with questions on any of the following, please contact Chief Executive Officer or Chief Financial Officer of the Company.

**Background**

The Insider Trading and Securities Fraud Enforcement Act of 1988 (the “Insider Trading Act”) imposes severe sanctions against those who engage in insider trading or provide inside information to others who act on such information. Individuals who trade on inside information or “tip” such information to others may be subject to:

Criminal fines up to **\$1,000,000**

Prison sentence of up to **ten years**; and

Civil penalties of up to **three times the profit gained or loss avoided** as a result of such sale, purchase or communication.

In addition to sanctions against those whom directly violate the prohibition on insider trading, the Insider Trading Act, in certain circumstances, imposes a penalty on companies and their directors and officers for failure to take measures to prevent such violations.

Employees, officers, directors, and consultants will be asked to certify as to their understanding and intention to comply, as well as to their actual compliance with this policy statement. It is imperative for employees, officers, directors, and consultants to read this statement carefully.

## **Policy**

No employee, officer, director, or consultant of the Company who possesses material non-public information relating to the Company may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, such information. This policy also applies to information relating to any other company, including our customers, vendors or suppliers, obtained in the course of employment with the Company or by serving as a director of the Company or any other company affiliated with the Company. The foregoing restriction does not, however, prohibit officers, directors or consultants from making purchases of stock from the Company (such as the exercise of stock options or warrants or other convertible securities), sale of stock made to the Company, purchases or sales of stock made pursuant to a pre-approved trading plan that complies with Rule 10b5-1 of the Securities Exchange Act of 1934 (provided that such trading plan was made at the time such individual is not in possession of material non-public information at the time the trading plan is established) and sales of securities pursuant to a registration statement as part of an underwritten public offering authorized by the Board of Directors.

No employee, officer, director, or consultant who, while acting for the Company, obtains material non-public information which relates to any other company, including customers or suppliers, may buy or sell securities of that company or otherwise engage in any other action to take advantage of, or pass on to others, such information.

No employee, officer, director, or consultant should engage in the following transactions with respect to securities of the Company:

selling short (selling stock you do not own and borrowing the shares to make delivery);

buying or selling puts or calls;

“in and out” trading in securities of the Company. Any Company stock purchased in the open market must be held for a minimum of six (6) months. (Note that the SEC has a short-swing profit recapture rule that already effectively prohibits officers and directors as well as any 10% or greater stockholders from selling any stock of the Company within six (6) months of a purchase. (Because short-swing trading (i) results in the imposition of liability of the “offending” officer or director for profits made, (ii) is likely to be viewed negatively by the public and (iii) could subject officers and directors to lawsuits, the short-swing profit rule is generally seen as imposing a practical restriction on the ability of officers and directors to engage in such trading). The Company is expanding this rule to cover all employees. The rule, however, does not apply to stock option exercises and the sale of common stock underlying stock options, except, under certain circumstances, by certain officers and directors.

While stock may be margined, care should be taken to ensure that margin calls would not result in any employee, officer, director, or consultant being forced to sell while in the possession of material non-public information. Individuals should take the advice of their brokers and financial advisers in this matter. (Please note: employee stock option related cashless exercises are not viewed in the same way, because the margin is used during a limited time until the certificate arrives to cover the exercise and sale. However, officers and directors should exercise caution when engaging in broker assisted cashless exercises of stock options to ensure that they do not violate any provisions of the Sarbanes-Oxley Act of 2002).

Employees, officers, directors, and consultants should avoid discussing or disclosing non-public information about the Company or its activities that may have an impact on the value of the Company's stock, except when clearly authorized in connection with the Company's business. Employees, officers, directors, and consultants are reminded they should not be discussing the Company's business with non-employees of the Company unless specifically authorized to do so by an officer of the Company. In addition, employees, officers, directors, and consultants should not discuss the Company's business in any public location where their conversations are likely to be heard by any non-employee.

### **Material Information**

Material information is any information that a reasonable investor could consider important to a decision to buy, hold or sell stock and which therefore could reasonably affect the price of the stock. Examples of material information include, but are not limited to: projections of future earnings or losses or other earnings guideline, earnings information, knowledge regarding a pending or proposed merger, acquisition or tender offer or regarding a significant sale or other of assets, or the disposition of a subsidiary, impending bankruptcy or financial liquidity problems, changes in dividend policies, the declaration of a stock split or the offering of additional securities, changes in management, breakthroughs in technology, significant litigation, or significant new products or discoveries the award or loss of a substantial contract, order, customer, or supplier.

Either positive or negative information may be material. Before engaging in any transaction, an employee, officer, director, or consultant should carefully consider how regulators and others might view the transaction in hindsight. If an employee, officer, director, or consultant is unsure at any time as to whether they are in possession of material information about the Company, they should contact the Chief Executive Officer or Chief Financial Officer for clarification.

### **Non-Public Information**

The restriction on trading based on material information applies not only to non-public information but also applies for a limited time after such information has been released to the public. The Company's stockholders and the investing public must be afforded time to receive and digest material information. As a general rule, employees, officers, directors, and consultants should consider material information to be non-public from the time they become aware of material information until two business days after it has been released by the Company to the public. Accordingly, they should not engage in any stock transactions until the beginning of the third business day after material non-public information of which they are aware has been released to the public (via news/press releases). If the information is complex or is not widely disseminated, a longer waiting period may be imposed by the Company.

### **Tipping Information to Others**

The Company's policy relating to insider trading addresses the subjects of insider trading and maintaining the confidentiality of corporate information. The Company is required under SEC Regulation FD to avoid the selective disclosure of material non-public information. The Company has developed means for publicly announcing information in a manner that is designed to comply with Regulation FD. Employees, officers, directors, and consultants, therefore, may not prematurely disclose confidential or material information about the Company. An employee, officer, director, or consultant who discloses material inside information about the Company to another person who in turn engages in stock market transactions may be liable for having "tipped" the other person. Therefore, considerable caution must be exercised when discussing the Company with others.

Employees, officers, directors, and consultants may not disclose any material non-public information to family members, friends, social acquaintances, or others. These restrictions apply whether or not an employee, officer, director, or consultant receives any benefit from the other person's use of that information. Employees, officers, directors and consultants may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.

### **Trading by Family Members and Others**

The legal prohibitions against insider trading apply to securities directly owned by employees, officers, directors, and consultants, as well as securities beneficially owned by these individuals (i.e., where they have the right to vote or dispose of the securities either directly or indirectly). Depending on the circumstances, ownership of shares held in the name of family members could be attributable to the employee, officer, director, or consultant. Accordingly, if the spouse, child or other family member living in the employee's, officer's, director's, or consultant's home were to buy or sell the Company's securities, the transaction might be deemed a purchase or sale by the employee, officer, director or consultant or otherwise result in liability for the purchaser or seller and the employee, officer, director or consultant if it were determined that the purchaser or seller possessed inside information at the time of the transaction. Therefore, the restrictions set forth in this policy apply not only to securities transactions by the employee, officer, director, or consultant, but also to all such transactions by the individual's spouse, minor children, other family members residing in the individual's home or other persons living in the individual's home or who are the individual's dependents, and any other person or entity who holds securities of the Company over which the individual does or may have some control.

### **No Exceptions**

There are no exceptions to these restrictions. Transactions that might otherwise be necessary for emergencies or other personal reasons are subject to the restrictions and guidelines of this policy.

### **Questions; Violations of Policy; Certification Procedures**

Employees and consultants with questions about the Company's policy regarding insider trading should call either the Chief Executive Officer or Chief Financial Officer.

Any violations of this policy statement may result in disciplinary action, which may include immediate dismissal.

All employees, officers, directors, and consultants shall execute the attached certification regarding compliance with the policies and procedures set forth in this policy statement and with the prohibition against insider trading.

On a periodic basis, all employees, officers, directors, and consultants, shall certify as to compliance with the policies and procedures set forth in this policy statement and with the prohibition on insider trading.

CERTIFICATION FORM

The Board of Directors of the Company has approved this policy.

**INSTRUCTIONS** - Please read the attached Company policy, sign the following certification and return it to Mr. Seth Burroughs.

CERTIFICATION

The undersigned hereby certifies that he/she has read and understands the Insider Trading Policy Statement of XCel Brands, Inc. (the "Company") relating to securities trading by Company personnel, a copy of which is attached hereto, and agrees to comply with the procedures and policies set forth therein.

Date:.....

Signature:.....

Name (please print):.....

Department:.....