

## **EQM TECHNOLOGIES & ENERGY, INC.**

### **INSIDER SECURITIES TRADING POLICY**

#### **Statement of Company Policy Regarding Securities Trading**

**A.** Officers, directors and employees of EQM Technologies & Energy, Inc. (the “Company”) who obtain material nonpublic information about the Company’s affairs will maintain the confidentiality of that information and **will not**, while in possession of such information, engage in personal transactions in the Company’s Common Stock and other Securities. Similarly, they will not convey (“tip”) such information to any other person who may use that information for personal benefit. **Discussion of any inside information in Internet “chat” or “message” forums is strictly prohibited.**

**B.** Officers, directors and employees of the Company who, while carrying out their duties, obtain material nonpublic information about the affairs or prospects of other companies whose securities are publicly traded, including information about possible transactions between such other companies and the Company, will not, while in possession of such information, engage in personal transactions in the securities of any such companies. Similarly, they will not convey such information to any other person who may use that information for personal benefit.

**C.** Officers, directors and employees of the Company will at all times observe the foregoing policy and the procedures regarding securities transactions outlined in this Policy. Failure to do so will be grounds for dismissal or other disciplinary action. Failure to do so might also result in civil or criminal penalties (including imprisonment).

**D.** Any person with supervisory authority over any of the Company’s personnel promptly will report to the Company’s Chief Financial Officer any securities trading by supervised personnel which he or she believes may violate these policies and procedures.

#### ***Insider Trading***

“Insider trading” has become a top enforcement priority of the Securities and Exchange Commission and the Department of Justice in recent years. The purchase or sale of our securities by a person who is aware of material nonpublic information about the Company, or the disclosure of material nonpublic information to others who then trade in the Company’s securities, is prohibited by the federal securities laws. Criminal prosecutions for insider trading are now commonplace and may result in substantial fines and/or imprisonment.

The prohibition against “insider trading” generally is understood to prohibit any person from (1) trading on the basis of material, nonpublic information, (2) conveying such information to others (“tipping”) or recommending the purchase or sale of securities on the basis of such information, or (3) assisting someone who is engaged in any of these activities. The term “insider” applies to anyone who, by virtue of a special relationship with a company, possesses material, nonpublic information regarding the business of that company. The term covers directors, officers and all other employees who may become aware of such information concerning the Company or other public companies. “Securities” means any and all of the Company’s securities, including its common stock and any other type of securities that the Company may issue or any securities in any way related to the company’s common stock and securities, such as preferred stock, convertible notes, warrants and exchange-traded options or other derivative securities (collectively, “Securities”). “Insider trading” occurs when a person trades in securities while in possession of information which is both material and nonpublic that is misappropriated or used in breach of a fiduciary duty.

The Company has adopted this Policy both to satisfy our obligation to prevent insider trading and to help our personnel avoid the severe consequences associated with violations of the insider trading laws and described below. This Policy is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (that is, not just “insiders”). We have all worked hard to establish a reputation for integrity and ethical conduct, and we cannot afford to have that reputation damaged.

### ***Material Information***

Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company’s stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are:

- projections of future earnings or losses, or other earnings guidance;
- earnings that are inconsistent with the expectations of the investment community or previously-disclosed financial information;
- a pending or proposed merger, acquisition or tender offer;
- a pending or proposed acquisition or disposition of a significant asset;
- the possibility of a public or private offering of Securities;
- the declaration of a stock split, an offering of additional Securities, or a change in dividend policy;
- a change in management;
- development of a significant new service, product or process;
- timing of product introductions or marketing initiatives;
- the gain or loss of a significant customer, supplier or business partner;

- the occurrence of, or important developments in, major disputes, claims or litigation;
- execution or termination of important supply, sales, or license agreements;
- defaults under agreements or actions by creditors, customers or suppliers relating to a company's credit standing; or
- impending bankruptcy or the existence of severe liquidity problems.

As a practical matter, materiality often is determined after the fact, when it is known that someone has traded on the information and after the information itself has been made public and its effects upon the market are more certain. Filings with the Securities and Exchange Commission, press reports and brokerage reports are generally regarded as public information; information about undisclosed financial results or a possible acquisition, new contract or other material development, whether concerning the Company or otherwise, and obtained in the normal course of employment or through a rumor, tip or just "loose talk," are generally not public information.

**If any officer, director or employee has any doubt as to whether information he or she has received is "material" or "nonpublic," the question should be referred to the Chief Financial Officer prior to any trading in the Company's common stock.** The Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 under the Exchange Act make it unlawful for any person to make false statements or omit to state material facts in connection with the purchase or sale of any security. This rule applies to trading activities by persons in possession of material nonpublic information who fail to disclose that information prior to engaging in trading. Federal law explicitly includes the employer of such persons if the employer knowingly or recklessly disregarded the likelihood of a violation and failed to take appropriate steps to prevent a violation.

The policy and procedures regarding securities trading outlined below are designed to deter and, to the extent possible, to prevent improper trading. Additional policies and procedures are applicable to the Company's directors and officers who are subject to the reporting and "short-swing profit" liability provisions of Section 16 of the Securities Exchange Act of 1934 ("Section 16") or the restrictions applicable to "affiliates" under SEC Rule 144.

### *Consequences*

The consequences of an insider trading violation can be severe:

**Traders and Tippers.** Company personnel (or the people they tip) who trade on inside information are subject to the following penalties:

- a civil penalty of up to three times the profit gained or loss avoided;
- a criminal fine of up to \$1,000,000 (no matter how small the profit); and
- a jail term of up to ten years.

An employee who tips information to a person who then trades is subject to the same penalties as the tippee, even if the employee did not trade and did not profit from the tippee's trading.

**Control Persons.** The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, are subject to the following penalties:

- a civil penalty of up to \$1,000,000 or, if greater, three times the profit gained or loss avoided as a result of the violation; and
- a criminal penalty of up to \$2,500,000.

**Company-Imposed Sanctions.** An employee's failure to comply with this Policy may subject the employee to sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law.

### ***Securities Trading Procedures***

The procedures set forth below apply to all persons who in the course of employment are likely to come into possession of material nonpublic information regarding the Company's business and/or regarding the business of other public companies. As used below, "Insiders" include all directors, all executive officers and any other officers designated as Section 16 reporting persons by the Board of Directors, and any other person designated as an "insider" by the Board of Directors. This policy applies to any and all transactions in the Company's Securities. To the extent possible, Insiders and other employees should retain all records and documentation that support their reasons for making each trade.

**A. Insiders and Other Employees.** No Insider or other employee may purchase or sell the Company's Securities or any publicly traded securities of any other companies, except as provided below:

(1) ***Company Information.*** No Insider or other employee may trade in the Company's Securities while actually in possession of material nonpublic information about the Company, whether or not permission to trade is sought from or granted by the Chief Financial Officer.

(2) ***Other Issuers.*** No Insider or other employee may trade in any publicly traded securities while actually in possession of material nonpublic information concerning the issuer of such information, if the information is obtained by virtue of such person's employment or other association with the Company, whether or not permission to trade is sought from or granted by the Chief Financial Officer.

(3) ***No Short Term Trading.*** No Insider or other employee may engage in short term trading in the Company's securities regardless of whether the Insider or employee is in possession of material nonpublic information concerning the Company. "Short term trading" generally means buying and selling (or

selling and buying) Securities within a period of less than six months that results in a profit to the trader. The Securities being bought or sold need not be the same ones – that is, a trader could purchase new stock at the beginning of the period and later sell stock he had held for several years. Accordingly, short sales and purchases or put or call options on the Company’s securities are prohibited.

(4) **Window Period for Sales.** There is no absolute rule as to the timing of purchases and sales of the Company’s Securities. However, in order to avoid the appearance of any “insider trading,” Insiders and other employees are strongly urged to confine their trading in the Company’s Securities to the period beginning on the third business day after the public release of the Company’s quarterly or annual financial information and ending one calendar week before the last day of the fiscal quarter in which such public release is made (the “window period”), unless you possess material nonpublic information during such period. For example, suppose the Company releases its annual financial information on Monday, March 15. Insiders and other employees would be encouraged to conduct their trades from Thursday, March 18 (the third business day after the public release) through March 24 (the date occurring one calendar week before March 31, the last day of the fiscal quarter in which the release was made; the Company uses calendar fiscal quarters). In any event, Insiders and other employees are prohibited from trading in the Company’s Securities during the two weeks prior to the start of each window period (in this example, March 1 through March 14) and during the day of and the first two business days after the public release of the Company’s quarterly or annual financial information (in this example, March 16 and 17).

(5) **Company Advisories.** From time to time, in unusual circumstances, management may issue an advisory prohibiting all trading in the Company’s Securities by all Insiders and other employees, and no trading by Insiders or other employees may occur until such an advisory is lifted.

(6) **Trading Plans.** Without regard to the restrictions listed above, Insiders may sell the Company’s Securities pursuant to a predetermined written plan pursuant to Rule 10b5-1 of the Securities and Exchange Act of 1934, as amended (a “Plan”). The Plan must be pre-approved in writing by the Chief Financial Officer of the Company and should:

- a. be in the form of a written contract that is documented in the Company’s records;
- b. specify precisely how determinations as to amounts, prices, dates and frequency of transactions are to be made (*e.g.*, by limit order, formula or algorithm), or delegate discretionary trading authority to a named party who is neither subject to the influence of the Insider nor privy to material non-public information concerning the Company;

- c. provide that the Insider is not allowed to exercise any subsequent control over the Plan while in possession of material nonpublic information;
- d. specify a termination date, unless it is clearly stated in the Plan that it will continue for an indefinite period ;
- e. allow for suspension or cancellation of the Plan if unforeseen events outside the control of the Insider occur (*i.e.*, occurrences such as the merger of the issuer or transactions that would violate the law); and
- f. contain a provision requiring timely notification to the Insider of all transactions to assure compliance with applicable reporting requirements.

**B. Insiders.** In addition to the restrictions contained above, no Insider may purchase or sell the Company's Securities except as follows:

(1) ***Pre-clearance.*** No Insider may trade in the Company's Securities without the prior written permission of the Chief Financial Officer. Permission may be sought by submitting a "Request for Prior Approval of Stock Trading" (*see Exhibit A* attached to this Policy). The Chief Financial Officer is not obligated to specify the reason for which such permission for trading is denied.

(2) ***Stock Reports.*** To assist in monitoring compliance with this Policy, and to ensure timely filing of Forms 4 and 5 with the SEC by persons subject to Section 16, Insiders will submit a "Stock Report" in the form of Exhibit B to this Policy in writing or by mail to the Chief Financial Officer immediately following any change in stock holdings of that person. In addition, all Section 16 reporting persons who anticipate any transaction involving Company Securities will, at least three days in advance of that transaction, notify the Chief Financial Officer .

**C. Scope of Application.** The requirements of Paragraphs A and B above apply to every securities transaction in which a person has, or may acquire, a direct or indirect beneficial ownership interest. Persons are considered to have a "beneficial interest" in securities held by them, their spouses, their minor children, and any relative who resides with them or in securities held by anyone else if by contract, understanding, agreement or arrangement, the person enjoys the benefit of ownership. "Securities transactions" include, among other things, open-market purchases and sales, gifts, stock splits and securities acquired upon the exercise of options.

**D. Stock Options.** The Policy does not apply to the exercise of an employee stock option for cash, but does apply to any sale of stock as part of a broker-assisted cashless exercise of an option, to any other market sale for the purpose of generating the cash needed to pay the exercise price of an option, and to the sale of any stock received upon exercise of an option.

**E. Confidentiality.** Every reasonable effort will be made to protect the confidentiality of all pre-clearance requests and stock reports. Requests and reports will be used solely to monitor and prevent unlawful trading and to enforce this Policy.

*Questions*

If you have a question about this Policy or its application to any proposed transaction, please contact the Company's Chief Financial Officer, Robert R. Galvin, by fax ((513) 825-7495), mail (c/o EQMTE 1800 Carillon Boulevard, Cincinnati, OH 45240) or e-mail ([rgalvin@eqm.com](mailto:rgalvin@eqm.com)) . Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with you.

*Adopted and approved by EQM Technologies & Energy, Inc. Board of Directors*

*March 2011*

Exhibit A

**CONFIDENTIAL MEMORANDUM**

TO: Chief Financial Officer

FROM: \_\_\_\_\_

DATE: \_\_\_\_\_, 201\_\_

RE: **Request for Advance Approval of Stock Trading By "Section 16" Reporting Persons**

The Undersigned proposes to engage in a transaction involving the following security:

\_\_\_\_\_ EQM Technologies & Energy, Inc. Common Stock  
\_\_\_\_\_ Other \_\_\_\_\_  
[Name of Issuer and Security]

The transaction proposed is an:

\_\_\_\_\_ Open-Market Purchase  
\_\_\_\_\_ Open-Market Sale  
\_\_\_\_\_ Other  
[Please explain: \_\_\_\_\_]

The transaction is proposed to be effected on \_\_\_\_\_. [Date]

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Transaction may not be effected.

\_\_\_\_\_ This authorization extends to [date] \_\_\_\_\_, 200\_\_.

Copies of broker's confirmations of effected transactions must be forwarded to the Secretary for record keeping purposes.

\_\_\_\_\_  
Date

\_\_\_\_\_  
[Signature of CFO]

**Exhibit B**

**CONFIDENTIAL MEMORANDUM**

TO: Chief Financial Officer

FROM: \_\_\_\_\_

DATE: \_\_\_\_\_, 201\_\_

RE: **Stock Report by “Section 16” Reporting Persons for Filing of Form 4’s with SEC**

My holdings in EQM Technologies & Energy, Inc. changed as follows:

Date of transaction:	_____
Number of shares acquired:	_____
Number of shares transferred:	_____
Price(s) per share	\$ _____

If acquisition or transfer was effected indirectly (*e.g.*, for your spouse, through an individual or entity who has agreed with you to acquire or transfer the security on your behalf, etc.), please identify the person through whom the transaction was effected and your relationship with such person:

Name of Individual or Entity: \_\_\_\_\_

Relationship with you: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

(THIS REPORT IS DUE IMMEDIATELY FOLLOWING ANY CHANGE IN BENEFICIAL STOCK OWNERSHIP, EITHER DIRECTLY OR INDIRECTLY. IF APPLICABLE, FORM 4 WILL BE PREPARED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITHIN TWO DAYS FOLLOWING THE DAY ON WHICH THE CHANGE IN STOCK HOLDINGS OCCURRED.)