

AUDIOEYE, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

(as of January 14, 2021)

1. STATEMENT OF POLICY

The Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of AudioEye, Inc. (the “**Company**”) has the responsibility and authority to supervise and review the affairs of the Company as they relate to the compensation and benefits of executive officers and directors of the Company. In carrying out these responsibilities, the Committee shall review all components of executive officer and director compensation for consistency with the Company’s compensation philosophy and the interests of the Company’s stockholders.

2. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee members and chair shall be appointed by the Board on the recommendation of the Company’s Nominating and Corporate Governance Committee. The Committee shall be composed of at least two Board members, each of whom shall satisfy the independence requirements of the Nasdaq Capital Market (“**Nasdaq**”), including the additional independence requirements applicable to members of the Committee and applicable law, provided that the Committee membership shall be subject to the exemptions afforded issuers under SEC and Nasdaq rules.

In addition, at least two members of the Committee (such members, the “Outside Directors”) shall also be “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). To the extent necessary to comply with Rule 16b-3 under the Exchange Act, the Outside Directors, acting as a subcommittee, shall have authority to act on behalf of the Committee. A Board member shall not serve on this Committee if any executive officer of the Company serves on the board of directors of an entity that employs such Board member as an executive officer.

The chair of the Committee shall preside at all regular meetings of the Committee and set the agenda for each Committee meeting (which may be in person, by telephone conference call or by video/audio conference).

In fulfilling its responsibilities, the Committee shall, to the extent permitted by law, be entitled to delegate any or all of its responsibilities to one or more subcommittees of the Committee comprised of one or more members of the Committee.

The Committee shall have the authority to obtain advice or assistance from compensation consultants, independent legal counsel, accounting or other advisors as appropriate to perform its duties hereunder. Without limiting the generality of the foregoing, the Committee shall have sole authority to retain or obtain the advice of any compensation consultant, independent legal counsel or other advisor to assist the Committee in the performance of its duties and shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other advisor. Prior to selecting, or receiving advice from, any advisor, the Committee shall consider the independence of such advisor based on any applicable criteria specified by the Securities and Exchange Commission or the Nasdaq; provided, however, that the Committee shall not be prohibited from obtaining advice from advisors that it determines are not independent. The Company shall provide appropriate funding, as determined by the Committee, for payment of the fees and costs of any consultant or advisor engaged by the Committee to assist it in performing its duties hereunder.

3. MEETINGS

The Committee shall meet as often as it determines necessary or appropriate, but not less frequently than once per year. The Committee may meet with management or individual directors at such time as it deems appropriate to discuss any matters before the Committee. The Committee may request that any employee of the Company attend any of its meetings or meet with any Committee member or consultant. The Committee shall meet at least annually with the Company's chief executive officer and such other senior executives as the Committee deems appropriate; provided, however, that neither the chief executive officer nor any senior executive may be present during deliberations or voting regarding such executive's compensation. The Committee shall meet periodically in executive session without the presence of management.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of at least a majority of the Committee members present at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes.

The Committee shall maintain written minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board.

4. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

- A. Periodically review the Company's overall compensation philosophy, policies and plans, including a review of both regional and industry compensation practices and trends.
- B. Periodically review, evaluate and approve the Company's peer group for relative company performance and executive compensation analysis purposes.
- C. Review and approve corporate and individual performance goals and objectives relevant to the compensation of the chief executive officer, evaluate the chief executive officer's performance in light of these goals and objectives and determine and approve the chief executive officer's compensation (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites) based on this evaluation. The chief executive officer may not be present during such review or deliberations.
- D. Review and approve corporate and individual performance goals and objectives relevant to the compensation of all other executive officers, evaluate the other executive officers' performance in light of these goals and objectives and determine bases for and determine and approve the compensation for the other executive officers (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites).
- E. Make recommendations to the Board regarding the establishment and terms of the Company's incentive compensation plans and equity compensation plans, and administer such plans.
- F. Make and approve grants of options and other equity awards under the Company's compensation plans, which the Committee may delegate to the extent permitted under the plans and applicable law and as it deems appropriate.
- G. Review and approve other compensation-related arrangements with executive officers, including but not limited to employment contracts, change-in-control provisions, severance arrangements and material amendments thereto.

- H. Review and discuss with management the disclosures regarding executive compensation to be included in the Company's public filings or shareholder reports.
- I. Review and discuss with management the risks associated with the Company's compensation policies.
- J. Based upon its review and discussion with management, recommend to the Board whether the disclosures regarding executive compensation should be included in the Company's proxy statement and Form 10-K, as applicable, and prepare the related report as may be required by the rules of the Securities and Exchange Commission.
- K. Monitor the Company's compliance with applicable laws, regulations and rules relating to compensation arrangements for directors and executive officers.
- L. Report to the Board on the Committee's activities on a regular basis.
- M. Perform any other activities consistent with this Charter, the Company's bylaws (as the same may be amended from time to time) and governing law, as the Committee or the Board deems necessary or appropriate.
- N. Periodically review and make recommendations to the Board regarding non-employee director compensation.
- O. Recommend to the Board stock ownership guidelines for the Company's executive officers and non-employee directors if the Committee deems such guidelines appropriate, and periodically assess such guidelines and recommend revisions, as appropriate.
- P. Review and make recommendations to the Board regarding stockholder proposals related to compensation matters.
- Q. Review and evaluate annually the compensation practices, policies, plans and arrangements for the Company's executive officers and employees as they relate to risk management practices, risk-taking incentives and identified major risk exposures to the Company.

5. ANNUAL REVIEW

The Committee shall review and reassess the adequacy of this Charter at least annually. The Committee shall also review on at least an annual basis the scope of responsibilities

of the Committee and the Committee's performance of its duties. Any proposed changes to this Charter or the scope of responsibilities of the Committee, where indicated, shall be referred to the Board for appropriate action.