

GLOBALSCAPE, INC.

FINANCE AND AUDIT COMMITTEE CHARTER

Purpose

The Finance and Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of GlobalSCAPE, Inc., a Delaware corporation (the “Company”), is appointed to assist the Board in its oversight responsibilities by monitoring:

1. the integrity of the Company’s accounting and financial reporting process and financial statements;
2. the systems of internal controls and controls over financial reporting,
3. the compliance by the Company with legal and regulatory requirements, and;
4. the performance and independence of the Company’s independent auditors.

Membership

The Committee shall be comprised of not less than three members of the Board and shall meet the requirements of applicable Securities and Exchange Commission (the “SEC”) and the regulations and rules of the applicable exchange on which the Company’s common stock is listed or quoted. All members of the Committee shall be directors who:

1. Meet the applicable SEC and applicable stock exchange independence and experience requirements.
2. Shall have the ability to read and understand the Company's basic financial statements or shall at the time of appointment undertake training for that purpose.
3. Are financially literate, as such qualification is interpreted by the Board in its business judgment but which will include not less than the ability to read and understand financial statements.

At least one member shall be designated by the Board as being an “audit committee financial expert” as such term is defined in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Charter

The Committee shall maintain a written charter that is approved by the Board. The charter will be reviewed and updated at least annually. The Committee will report its activities to the full Board on a regular basis including an annual assessment of Committee performance.

Meetings

The Committee will meet at least four times per year, or more frequently as circumstances dictate. The Committee shall meet regularly with the Chief Financial Officer, the independent auditors and the head of internal auditing (if applicable) in private executive sessions.

Responsibilities

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements and for the maintenance of policies and internal controls necessary to assure compliance with accounting standards and applicable laws and regulations.

The independent auditors are responsible for planning and conducting an audit of the Company's consolidated financial statements, reviews of the Company's quarterly financial statements and performing such other procedures required by applicable Statements of Auditing Standards or requested by the Committee.

The Committee shall have the following duties and responsibilities:

Oversight of the Independent Auditors:

1. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors, who shall report directly to the Committee, or any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other auditing, review or attest services.
2. Pre-approve, or adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors.
3. Review the audit scope and audit plan.
4. Obtain and review, at least annually, a report which describes the independent auditors internal compliance procedures, any issues related to peer review or other quality reviews of the auditors' firm and the independence of the auditors.
5. Set hiring policies for employees or former employees of the independent auditors.
6. Resolve disagreements between management and the independent auditors.
7. Ensure receipt of a formal, written statement from the independent auditor required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as may be modified or supplemented, listing all relationships between the auditor and the Company and discuss

with the independent auditor any disclosed relationship with or any services provided to the Company that may impact objectivity and independence of the independent auditor.

8. Take action, or recommend that the Board take action, to oversee the independence of the independent auditor.

Oversight of the Company's Internal Controls:

1. Discuss the adequacy of the company's internal controls with management and the independent auditors including reports regarding significant deficiencies and material weaknesses in the design or operation of internal controls and review steps taken by management to remediate significant deficiencies or material weaknesses.
2. Review and discuss with management and the independent auditors, management's annual report on the Company's internal control system and the independent auditors attestation regarding management's report.
3. Review the Chief Executive Officer and Chief Financial Officer's certifications filed in SEC forms 10K and 10Q.
4. Review and approve related party transactions disclosed in SEC forms 10-K and 10-Q.

Oversight of the Financial Statements

1. Review with management and the independent auditors prior to the filing of Forms 10-K and 10-Q, the annual and quarterly financial statements of the Company, including: (i) any material changes in accounting principles or practices used in preparing the financial statements; (ii) disclosures relating to internal controls over financial reporting; (iii) items required by Statement of Auditing Standards 61 as in effect at that time in the case of the annual statements and Statement of Auditing Standards 100 as in effect at that time in the case of the quarterly statements; and (iv) meet to review the Company's specific disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations" included in the Forms 10-K or 10-Q.
2. Recommend to the Board whether the financial statements should be included in the annual report on Form 10-K.
3. Review earnings press releases, as well as Company policies with respect to earnings press releases, financial information and earnings guidance provided to analysts and rating agencies.

Oversight of Compliance with Legal and Regulatory Requirements

1. Discuss and review with management, company counsel, and the independent auditors any significant issues raised by counsel concerning litigation, contingencies or claims, and any material reports or inquiries received from regulators or governmental agencies. The Committee should understand how such matters are reflected in the Company's financial statements.

2. Obtain, review and evaluate reports from management with respect to the Company's policies and procedures regarding compliance with applicable legal and regulatory requirements, and the Company's Code of Ethics.

Other Authority

1. Establish written procedures to promote and protect employee reporting of suspected fraud or wrongdoing relating to accounting, internal accounting controls, auditing matters and financial reporting including procedures for: (i) receiving, retaining and addressing treatment of complaints received relating to such matters; and (ii) the confidential, anonymous submission by employees of any concerns regarding questionable accounting or auditing matters.
2. Provide the report of the Committee as required by the SEC in the Company's annual proxy statement.
3. Inquire of management as to significant financial risks or exposures and evaluate steps taken to assess, minimize and manage such risks.
4. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have the authority to engage (at the Company's expense) independent counsel, accountants, or other advisors as it determines necessary to carry out its duties.

Internal Audit

If an Internal Audit function is formed, the Committee will review the scope and staffing of the functions. The head of the Internal Audit department will report directly to the Committee and will reviews plans and findings of internal audits and will meet in executive session with the Committee.

Funding

The Audit Committee shall receive appropriate funding, as determined by the Audit Committee, from the Company for payment of (i) compensation to the Company's independent external auditors (or other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company); (ii) compensation to the outside legal, accounting or other advisors employed by the Audit Committee in the fulfillment of its duties; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate to carry out its duties.

Duty to Serve as Qualified Legal Compliance Committee

If so appointed by the Board, the Audit Committee will serve as a qualified legal compliance committee ("QLCC") pursuant to Part 205 of the rules of the Securities and Exchange Commission, the powers, authority and duties of which will be enumerated under a separate QLCC Charter.