

DATAWATCH CORPORATION

Code of Ethics and Business Conduct

The commitment to excellence is fundamental to the philosophy of Datawatch Corporation and its subsidiaries ("Datawatch" or the "Company"). In pursuit of that commitment, we strive to achieve the highest business and personal ethical standards as well as compliance with the laws that apply to our business.

This Code of Ethics and Business Conduct (the "Code") is intended to provide you with a clear understanding of the principles of business conduct and ethics that are expected of you in your daily work and to promote: (1) honest and ethical conduct by the directors, officers, and employees of the Company, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (2) full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the United States Securities and Exchange Commission ("SEC") and in other public communications made by the Company; (3) compliance with applicable governmental laws, rules, and regulations; (4) the prompt internal reporting of any violations of this Code; and (5) accountability for adherence to the Code.

The principles outlined in the Code apply to the Company's employees {including temporary employees hired through agencies and consultants), officers and directors {collectively referred to in this Code as "employees"). You will be asked to periodically acknowledge review of and compliance with the Code as a condition of your relationship with the Company. No employee has the authority to order, direct, request or even influence another employee to violate the Code or the law. Therefore, no employee will be excused for violating the Code or the law at the request or direction of another employee. Any attempt by an employee to have another employee violate the Code or the law, whether successful or not, is itself a violation of the Code and may be a violation of the law.

Most of the principles outlined in the Code will be familiar, for they reflect the fundamental values of fairness and integrity that are part of our daily lives. Note that the Code is not a comprehensive rulebook for it is not intended to cover every applicable law or Company policy or to provide answers to all questions that might arise. Instead, we must ultimately rely on your good sense of what is right, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct. If you are confronted with situations not covered by the Code, or you have questions regarding the matters addressed in the Code, you are urged to consult with your manager, Human Resources, the Chief Financial Officer, or the Company's outside legal counsel, as appropriate. Please note that the information provided in this Code does not amend or supercede the explicit terms of any more restrictive Company policy.

I. Fair Dealing

The Company does not seek to gain any advantage through the improper use of favors or other inducements. You must exercise good judgment to avoid misinterpretation and adverse effect on the reputation of the Company or its employees. Offering, giving, soliciting or receiving any form of bribe or kickback is strictly prohibited.

A. Conflicts of Interest. A conflict of interest occurs if you allow the possibility of personal gain to influence, or appear to influence, your judgment in the conduct of Datawatch business. Business decisions and actions must be based on the best interests of the Company and cannot be motivated by personal gain. You should not knowingly place yourself in a position that has the appearance of being, or could be construed to be, in conflict with the interests of the Company. Following are guidelines on certain conflict of interest situations:

1. Providing Gifts and Entertainment. Favours (e.g. preferential treatment), cash or cash-equivalent gifts may not be provided by an employee directly or indirectly to any person or enterprise that seeks to do business or is associated with the company. Non-cash gifts and entertainment, which support a valid business purpose, may be provided if they are (a) consistent with customary business practice, (b) not of significant value, (c) not in violation of applicable law, and (d) not embarrassing to Datawatch or the recipient if publicly disclosed.

2. Receiving Gifts or Entertainment. Favours (e.g. preferential treatment), cash or cash-equivalent gifts may not be accepted by an employee, or employee's family member from any person or enterprise that seeks to do business or is associated with the Company. Non-cash gifts received (other than normal promotional items bearing the giver's corporate name) and of nominal value must be turned over to the Company for appropriate action or for donation by the Company to an appropriate charity. Nominal business entertainment, such as lunch, dinner, social invitations and the like, is appropriate if reasonable and customary in nature and not of significant value, provided the purpose of such meeting or event is to hold bona fide business discussions or to foster better business relations.

3. Interests in Other Businesses. You should avoid any situation in which you or a family member might profit personally, or give the appearance of profiting personally, from Datawatch's relationship with its customers or suppliers. This includes situations where you or a family member has a financial interest in any enterprise which does, or seeks to do, business with the Company. Insignificant holdings of publicly traded companies do not constitute a conflict of interest. In certain circumstances, the Board of Directors may be required to review and approve related party transactions.

4. Business Relationships with Family Members or Relatives. Your family members or relatives may work for, or have business relationships with, the Company. However, you should avoid certain situations and relationships, including:

- a. You should not supervise or influence the hiring, promotion, compensation, work assignments or performance evaluation of a family member or relative who works for the Company.
- b. You should disclose and refer to your supervisor any decision within your area of responsibility that affects the Company's business relationship with any organization that employs a family member or relative.
- c. You should take special precaution to avoid the disclosure of confidential information to or receipt of confidential information from a family member or relative.

5. Outside Activities. You should not engage in "free-lance", "moonlighting" or other activities that interfere with the time or attention you devote to your job duties, adversely affect the quality of your work, compete with the Company's activities, imply sponsorship or support by the Company, or adversely affect the good name of the Company. Employees who free-lance or moonlight may not use Company time, facilities, resources or supplies for such work.

B. Unfair Practices in International Business. Employees of Datawatch should respect the laws, customs and traditions of each country in which they operate, but should also, at the same time, engage in no act or course of conduct which, even if legal, customary and accepted in any such country, could be deemed to be in violation of the accepted business ethics of Datawatch or the laws of the United States. Under the U.S. Foreign Corrupt Practices Act ("FCPA"), it is unlawful for any employee to directly, or indirectly through an agent or middleman, give anything of value to foreign government officials, foreign political parties or officials or foreign candidates for public office for the purpose of obtaining or retaining business for the Company.

Companies (and individuals) can also be guilty of an offence under the UK Bribery Act 2010 if they "carry on business" in the UK. "Carrying on business in the UK" will depend on the extent to which the work is carried out in the UK, but it is not necessary to be simply physically present in the UK to be at risk of conviction under the Bribery Act.

For the employees working or carrying on business in the UK, you should be aware of the following key principles:

1. It is an offence under the UK Bribery Act to give or receive a financial or other advantage to another person, in circumstances in which the advantage is intended to entice a person to improperly perform a function or activity;
2. The bribe need not be cash – it could include an advantage such as tickets, preferential treatment or some other benefit;
3. There is no exemption for "facilitation payments";
4. The offence does not apply only to the Bribery of public officials; and
5. Corporate hospitality may be caught if the requisite intent is shown.

If you require further guidance on the UK offences, or have any issues or concerns, you should contact the Human Resources Department as soon as possible.

All of the Company's subsidiaries and employees, whether or not located in the United States, are subject to the FCPA. You should contact the Human Resources Department if you have any questions regarding a specific situation.

C. Government Relations. As required by the Company's Policy Regarding Government Contracts, if you are engaged in business with a governmental body or agency you must make yourself aware of, and abide by, the specific rules and regulations relating to relationships with public agencies. You must also conduct yourself in a manner that avoids any actions that might be perceived as attempts to influence public officials in the performance of their official duties.

D. Relations with Vendors. Employees of Datawatch are expected to maintain an acceptable relationship with all vendors as it pertains to business conduct between Datawatch and the vendor. You must treat all vendors with respect, fairness, and honesty, and may not take undue advantage of a vendor by utilizing Datawatch's overall influence. You must avoid self-authorized company relationships with vendors who are relatives, close friends and/or one with whom a prior close relationship exists.

II. Compliance with Laws

Datawatch will respect all laws and regulations that apply to our business. To protect yourself and the Company, you need to do the same. Unlawful conduct is strictly prohibited and no employee will be permitted to achieve results on behalf of the Company at the cost of violations of the law through unscrupulous dealings. And you may not use a consultant or contractor to do something prohibited by law or Datawatch policy. Below are references to several important laws that you should know about. This list is not exhaustive and if you have any questions about the application of the law anywhere in the world, you should consult with the Human Resources Department.

A. Securities Laws and Insider Trading. Datawatch is generally required by law to make prompt public disclosure of material information regarding the Company. This is information that if publicly known would likely affect investor decisions or the market price of our stock. There may be occasions when you become aware of material information that has not yet been released to the public. In that case, until the information is publicly disclosed, you must hold the information in strict confidence and you are forbidden by law from buying or selling Datawatch stock, or the stock of others, based on the information. Material information is generally publicly disclosed by the Company in press releases or filings with the SEC. As disclosed in our Insider Trading Policy, you are prohibited from trading in the Company's securities during certain specified periods. You are responsible for being familiar with and complying with this policy.

B. Violation of Securities Laws. Any attorney engaged to represent the Company shall report evidence of a material violation of the securities laws or breach of fiduciary duty by the Company or any of its employees or agents to the Chief Executive Officer.

C. Antitrust Laws. The United States and many foreign governments have antitrust or "competition" laws. The purpose of these laws is to ensure that markets for goods and services operate competitively and efficiently. Datawatch supports free and open competition and compliance with the applicable antitrust laws intended to promote competition. It is beyond the scope of this Code to describe the antitrust laws in detail. They prohibit, for example, agreeing with competitors to fix prices, limit production, or divide markets, customers or territories. They also prohibit making agreements with customers on their resale prices of Company products. Because this area is so complex, if you are ever in doubt about whether a transaction may violate antitrust laws, please consult the Chief Financial Officer or the Company's outside legal counsel.

D. Sanctions, Boycotts and Trade Embargoes. The United States government uses economic sanctions, boycotts and trade embargoes to further various foreign policy and national security objectives. Whether or not you are located in the United States you must abide by all economic sanctions or trade embargoes that the United States has adopted. Inquiries regarding compliance with applicable sanctions, boycotts and trade embargoes should be directed to the Chief Financial Officer.

E. Unlawful Harassment. The Company is committed to maintaining a collegial work environment in which all individuals are treated with respect and dignity. In keeping with this commitment, the Company will not tolerate any acts of sexual or other unlawful harassment. If you observe or experience any actions or statements of this nature by anyone on Company premises or on Company business, whether or not the perpetrator is a Company employee, you are expected to report it immediately to a supervisor.

F. Equal Employment Opportunity. The Company is committed to making employment-related decisions, and administering its personnel policies, without regard to race, color, religion, sex, sexual orientation, age, national origin, physical or mental disability, or any other category

protected by law. Datawatch encourages employees to bring any problem, violation or concern regarding equal employment opportunity to the Human Resources Department.

G. Drug Free Workplace. To ensure safety and to uphold applicable laws, Datawatch prohibits the unlawful manufacture, distribution, possession use or sale of a controlled substance or alcohol at any Company facility or while performing Company business.

H. Workplace Violence. The Company is committed to maintaining a work environment free from violence, threats of violence, physical or verbal abuse, intimidation and other disruptive behaviour and will not tolerate any such conduct. If you observe or experience any behaviour or threats of this nature by anyone on Company premises or on Company business, whether or not the perpetrator is a Company employee, you are expected to report it immediately to a supervisor.

I. Health, Safety and Environmental Laws. Health, safety and environmental responsibility are fundamental to Datawatch's values. Datawatch is committed to maintaining a healthy and safe work environment and to conducting its business in an environmentally responsible manner in compliance with all applicable laws. If you ever notice any potential health, safety or environmental hazards or opportunities to improve Datawatch's practices, please notify your manager or the Human Resources Department at once.

III. Protection and Use of Company Assets

Proper protection and use of Company assets is a fundamental responsibility of each employee. You must comply with appropriate policies and practices to safeguard assets against unauthorized use or removal, as well as against loss or injury to the Company by criminal act, breach of trust or other action.

A. Company Property and Facilities. You are responsible for the proper use and care of Company property that you use or over which you have control, including buildings, equipment, tools, supplies, materials, hardware and software, and the reputation of the Company. Company property should not be used for personal benefit, sold, loaned, or otherwise disposed of without proper authorization. Expenditure of Company funds should at all times be prudent, reasonable, necessary to the business of the Company and in accordance with applicable laws and Company policies.

B. Corporate Opportunities. You owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. You are prohibited from (i) taking for yourself personally corporate opportunities that are discovered through the use of Company property; (ii) using corporate property, information, or position for personal gain; and (iii) competing with the Company. Non-employee directors who seek to conduct outside business activities involving an entity that has a business relationship with the Company, or that now is or in the reasonably foreseeable future could become a competitor of the Company, must obtain approval of the Board of Directors before conducting such activities.

C. Confidential Information. The Company's continued success depends on developing knowledge and using that knowledge to improve our business. This knowledge, sometimes known as trade secrets or confidential information, must be protected. Examples include research and development plans, financial data, supplier and customer information, and any other sensitive or proprietary information. As discussed in the Company's Corporate Proprietary Information and Inventions Agreement, you have an obligation to safeguard confidential information by:

- Keeping it secure.
- Discussing it only with other Datawatch employees who have a need to know in order to do their job.
- Not discussing it in public.
- Only disclosing it outside of Datawatch if you have the required permission to do so and the party receiving the information has signed a confidentiality agreement.
- Consulting with the Chief Financial Officer if you know of any developments that may be eligible for protection by patent or trademark.

When your employment ends, your obligation to protect Datawatch confidential information continues, you may not use confidential information in any other endeavor and all property and confidential information held by you must be returned.

D. Assets of Other Companies. You must never use any illegal or unethical methods to gather information about other companies. Respect the proprietary rights of others, including patents, copyrights and trademarks. Stealing or possessing confidential information or trade secret information that was obtained without the owner's consent, or persuading past or present employees of other companies to disclose confidential information or trade secrets is prohibited. If information is obtained by mistake, or if you have any questions about the legality of how you are gathering information, please consult the Chief Financial Officer.

E. Accurate Business Records and Reporting. Datawatch requires truthful and accurate recording and reporting of information in order to make sound business decisions as well as to satisfy our reporting obligations under the law. Under the law, Datawatch is required to keep books and records that fully, fairly, accurately and timely reflect all transactions and other events that are the subject of specific regulatory record keeping requirements, including generally accepted accounting principles and other applicable rules, regulations and criteria for preparing financial statements. All Company financial records must accurately and clearly represent the relevant facts and the true nature of transactions. Under no circumstances may there be any unrecorded liability, funds or accounts of the Company, or any improper or inaccurate entry knowingly made on the books and records of the Company. No payment on behalf of the Company may be approved or made with the intention, understanding or awareness that any part of the payment is to be used for any purpose other than that described by the documentation supporting the payment. Intentional accounting misclassifications (for example, expense versus capital) and improper acceleration or deferral of expenses or revenues are prohibited.

The Company has developed and maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, are properly recorded and posted, and are in compliance with regulatory requirements. The system of internal controls within the Company includes written policies and procedures, budgetary controls, supervisory review and monitoring and other checks and balances. You are expected to be familiar with, and adhere strictly to, those control principles that apply to your job.

Responsibility for compliance with these principles rests with all employees, and not solely with the Company's accounting and finance personnel. **Because the integrity of the Company's external reports to shareholders and the SEC depends on the integrity of the Company's internal reports and record keeping, you must adhere to the highest standards of care with respect to internal records and reporting. Datawatch is committed to full, fair, accurate, timely**

and understandable disclosure in the periodic and other reports required to be filed by it with the SEC, and it expects you to work diligently toward that goal.

Any employee who believes the Company's books and records are not in compliance with these requirements may report the matter to the Chief Financial Officer or to a member of the Audit Committee of the Board of Directors of the Company. In addition, the Audit Committee of the Board of Directors will establish procedures for employees to report, on an anonymous basis, any concerns regarding questionable accounting practices or auditing matters. These procedures may be amended or supplemented from time-to-time in order to comply with applicable listing requirements of The Nasdaq SmallCap Market.

F. Document Retention. Because the space available for storage of paper and electronic documents is limited and expensive, the periodic disposal of documents may become necessary. However, there are legal requirements that certain records be retained for specific periods of time. Before disposing of documents, you must make sure that you are in compliance with the applicable Company records retention policies or practices. If you are unsure of your document retention obligations, please consult with your manager or the Chief Financial Officer.

In addition, any documents relevant to a threatened or actual lawsuit, investigation or charge may not be discarded, concealed, falsified, altered, or otherwise made unavailable once you become aware of the existence of the actual or threatened lawsuit, investigation or charge. Questions regarding your obligations should be directed to the Chief Financial Officer.

G. Electronic Communications. You are responsible for using the Company's electronic information and communications systems, including facsimile, voice mail, electronic mail, interne, laptop and personal computer systems ("Systems"), properly and in accordance with Company policy. Generally speaking, you should be aware of the following:

- The Systems, and all communications, memoranda, files or other data created, uploaded, downloaded, sent, accessed, received or stored on any System ("Messages"), are Company property.
- Except for minimal incidental and occasional personal use, the Systems are for Datawatch business use. Pornography and computer games are prohibited.
- You should not have an expectation of privacy in any Messages you create, upload, download, send, receive or store as they may be monitored by Datawatch at any time.
- Messages should not contain content that may be considered offensive, disruptive, defamatory or derogatory.
- "Hacking" into Datawatch Systems to which you do not have access or into computer systems of third parties, or impersonating someone else on a Datawatch System, is prohibited

H. Litigation and Claims. Datawatch, like all large businesses, is sometimes involved in disputes that may result in claims or litigation. If you ever receive a legal document related to Datawatch, such as a summons, complaint, subpoena or discovery request, whether from a governmental agency or otherwise, you must immediately contact the Chief Financial Officer to ensure an appropriate and timely response. Do not respond to any request, answer any questions or produce any documents without first discussing with the Chief Financial Officer. Also, it is not appropriate to attempt to list legal matters or pending litigation in vendor or supplier qualification

forms, RFPs or RFQs, or in any questionnaires. Under no circumstance should you ever threaten or initiate legal action on behalf of Datawatch.

I. Political Process. The Company encourages employees to participate in the political process. However, because the political process is highly regulated, you should be aware of the following limitations:

- The Company is generally prohibited from making donations of funds, property or services to candidates for public office.
- Any political activities or donations must be on your own time and at your own expense and you may not utilize company resources or Systems for political purposes.
- If you are involved in politics, please be sure you express your views as an individual, and not as a representative of Datawatch.

IV. Administration of the Code

A. Reporting Violations Under the Code. If you have any information or knowledge regarding any actual or suspected violation of the Code, you are required to contact your manager, the Chief Financial Officer or the Audit Committee of the Board of Directors. The Audit Committee will establish an Ethics Violation Reporting Procedure for reporting actual or suspected violations of the Code, which will be posted on bulletin boards in your facility. You may also contact your Human Resources representative or the Chief Financial Officer for assistance in reporting such violations. Reports may be made on an anonymous basis.

B. Reporting Concerns Regarding Accounting or Auditing Practices. If you have any information or knowledge regarding questionable accounting practices or auditing matters, you may notify the Audit Committee of the Board of Directors, **on an anonymous basis**, using the Datawatch Ethics Violations Reporting Procedure which will be posted on bulletin boards in your facility.

C. Retaliation Prohibited. Datawatch prohibits any form of retaliation against an employee for reporting in good faith a suspected violation of the Code or for assisting in a violation investigation. Every report of a suspected violation will be treated as confidential to the extent practical or allowed by law. Any employee who is found to have engaged in retaliation against an employee for raising, in good faith, a suspected violation or for participating in the investigation of a suspected violation may be subject to discipline, up to and including termination of employment, without additional warning. If any employee believes he or she has been subjected to such retaliation, that individual is encouraged to report the situation as soon as possible to the Chief Financial Officer or to the Human Resources Department.

D. Violations of the Code. Adherence to the Code is responsibility of each employee of the Company and is a condition of continued employment. A violation of the Code may result in appropriate disciplinary action up to and including termination of employment, without additional warning. Nothing in the Code prohibits or restricts the Company from taking disciplinary action on any matters relating to employee conduct, whether or not expressly discussed in the Code. The Code does not create any express or implied contract, including an employment contract, with any employee.

E. Waivers. Waivers and interpretations of the Code with respect to executive officers and directors of the Company may only be granted by the Board of Directors of the Company, or an

authorized committee of the Board. The Board of Directors will promptly cause the Company to make public disclosure of any waivers of the Code granted to directors or executive officers. Any such disclosure shall be in a form prescribed by the SEC.

F. Amendments. The Code may be amended only by the Board of Directors of the Company. The Board of Directors will promptly cause the Company to make public disclosure of any amendments of the Code. Any such disclosure shall be in a form prescribed by the SEC.

**Datawatch Corporation
Code of Ethics and Business Conduct Policy**

CERTIFICATION

The undersigned hereby certifies that he/she has read and understands the Datawatch Corporation Code of Ethics and Business Conduct Policy, a copy of which is attached, and agrees to comply with the procedures and policies set forth therein. The undersigned also acknowledges that they have been advised that the Code of Ethics and Business Policy is located on our Company website.

Signature: _____ Date: _____

Print Name: _____