

TOP IMAGE SYSTEMS LTD.

CODE OF BUSINESS CONDUCT AND ETHICS

Top Image Systems Ltd. (“*TIS*”) expects the highest possible ethical conduct from all of its directors, officers, employees and consultants (“*Associates*”). Your full compliance with this Code is mandatory. You are expected to foster a culture of transparency, integrity and honesty.

This Code, as applied to TIS’ principal financial officers (i.e. our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions), is our “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. This Code is also our “code of conduct” within the meaning of Nasdaq Rule 4350(n). Any change to, or waiver of, this Code must be publicly disclosed as required by Nasdaq rules and other applicable laws, rules, and regulations.

Conflicts of Interest

You must avoid any personal activity, investment or association that could appear to interfere with good judgment concerning TIS’s best interests. You may not exploit your position or relationship with TIS for personal gain. You should avoid even the appearance of such a conflict. For example, there is a likely conflict of interest if you:

- cause TIS to engage in business transactions with relatives or friends;
- use nonpublic TIS, client or vendor information for personal gain by you, relatives or friends (including securities transactions based on such information);
- have more than a modest financial interest in TIS’s vendors, clients or competitors;
- receive a loan, or guarantee of obligations, from TIS or a third party as a result of your position at TIS; or
- compete, or prepare to compete, with TIS while still employed by TIS.

There are other situations in which a conflict of interest may arise. If you have concerns about any situation, follow the steps outlined in the Section on “*Reporting Violations.*”

As a TIS Associate, it is imperative that you avoid any investment, interest or association that interferes, might interfere, or might appear to interfere, with your independent exercise of judgment in TIS’s best interests.

Engaging in any conduct that represents a conflict of interest is strictly prohibited.

Accurate Periodic Reports

As you are aware, full, fair, accurate, timely and understandable disclosures in TIS's periodic reports is legally required and is essential to the success of its business. Please exercise the highest standard of care in preparing such reports in accordance with the following guidelines:

- All TIS accounting records, as well as reports produced from those records, must be in accordance with the laws of each applicable jurisdiction.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect, in reasonable detail, TIS's assets, liabilities, revenues and expenses.
- TIS's accounting records must not contain any false or intentionally misleading entries.
- No transactions should be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information should be concealed from the internal auditors or the independent auditors.
- Compliance with TIS's system of internal accounting controls is required.

Compliance

You are expected to comply with both the letter and spirit of all applicable governmental laws, rules and regulations.

If you fail to comply with this Code and/or with any applicable laws, you will be subject to disciplinary measures, up to and including immediate discharge from TIS.

Reporting Violations

Your conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow Associates. If you are powerless to stop suspected misconduct or discover it after it has occurred, you must report it to the appropriate level of management at your location.

If you are still concerned after speaking with your local management or feel uncomfortable speaking with them (for whatever reason), you must (anonymously, if you

wish) send a detailed note, with relevant documents, to Top Image Systems Ltd., 2 Habarzel Street, Ramat Hahayal, Tel Aviv 69710 Israel ATTN: Ethical Compliance Officer or you may directly contact the Audit Committee of TIS's Board of Directors by sending a detailed note, with relevant documents, to the foregoing address.

Your calls, detailed notes and/or emails will be kept confidential. You have the commitment of TIS and of the Audit Committee of TIS's Board of Directors that you will be protected from retaliation.

Ethics

TIS and each of its Associates, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Business ethics are no different than personal ethics. The same high standard applies to both. As a TIS Associate you are required to adhere to the highest standard regardless of local custom.

Associates are expected to be honest and ethical in dealing with each other, with clients, vendors and all other third parties. Doing the right thing means doing it right every time.

You must also respect the rights of your fellow Associates and third parties. Your actions must be free from discrimination, libel, slander or harassment. Each person must be accorded equal opportunity, regardless of age, race, sex, sexual preference, color, creed, religion, national origin, marital status, veteran's status, handicap or disability.

Misconduct cannot be excused because it was directed or requested by another. In this regard, you are expected to alert management whenever an illegal, dishonest or unethical act is discovered or suspected. You will never be penalized for reporting your discoveries or suspicions.

TIS conducts its affairs consistent with the applicable laws and regulations of the countries where it does business. Business practices, customs and laws differ from country to country. When conflicts arise between TIS's ethical practices, and the practices, customs, and the laws of a country, TIS seeks to resolve them consistent with its ethical beliefs. If the conflict cannot be resolved consistent with its ethical beliefs, TIS will not proceed with the proposed action giving rise to the conflict. These ethical standards reflect who we are and are the standards by which we choose to be judged.

Gifts, Bribes and Kickbacks

Other than for modest gifts given or received in the normal course of business (including travel or entertainment), neither you nor your relatives may give gifts to, or receive gifts from, TIS's clients and vendors. Other gifts may be given or accepted only with prior approval of your senior management. In no event should you put TIS or yourself in a position that would be embarrassing if the gift was made public. Dealing with government employees is often different than dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuities by their employees,

including meals and entertainment. You must be aware of and strictly follow these prohibitions.

Any Associate who pays or receives bribes or kickbacks will be immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Improper Use or Theft of TIS Property

Every Associate must safeguard TIS property from loss or theft, and may not take such property for personal use. TIS property includes confidential information, software, computers, office equipment, and supplies. You must appropriately secure all TIS property within your control to prevent its unauthorized use. Use of TIS's electronic communications systems must conform with TIS's policies which, among other things, precludes using such systems to access or post material that: is pornographic, obscene, sexually-related, profane or otherwise offensive; is intimidating or hostile; or violates TIS policies or any laws or regulations. Associates may make limited non-business use of TIS's electronic communications systems, provided that such use: (i) is occasional; (ii) does not interfere with the Associate's professional responsibilities; (iii) does not diminish productivity; and (iv) does not violate this Policy or any other policies of TIS.

Covering Up Mistakes; Falsifying Records

Mistakes should never be covered up, but should be immediately fully disclosed and corrected. Falsification of any TIS, client or third party record is prohibited.

Protection of TIS, Client or Vendor Information

You may not use or reveal TIS, client or vendor confidential or proprietary information to others. Additionally, you must take appropriate steps — including securing documents, limiting access to computers and electronic media, and proper disposal methods — to prevent unauthorized access to such information. Proprietary and/or confidential information, among other things, includes: business methods, pricing and marketing data, strategy, computer code, screens, forms, experimental research, information about, or received from, TIS's current, former and prospective clients, vendors and Associates.

Gathering Competitive Information

You may not accept, use or disclose the confidential information of our competitors. When obtaining competitive information, you must not violate our competitors' rights. Particular care must be taken when dealing with competitors' clients, ex-clients and ex-employees. Never ask for confidential or proprietary information. Never ask a person to violate a non-compete or non-disclosure agreement. If you are uncertain, you should refrain from taking any action until a determination has been made by a member of executive management.

Sales: Defamation and Misrepresentation

Aggressive selling should not include misstatements, innuendo or rumors about our competition or their products and financial condition. Do not make unsupportable promises concerning TIS's products.

Use of TIS and Third Party Software

TIS and third party software may be distributed and disclosed only to Associates authorized to use it, and to clients in accordance with terms of an TIS agreement.

TIS and third party software may not be copied without specific authorization and may only be used to perform assigned responsibilities.

All third-party software must be properly licensed. The license agreements for such third party software may place various restrictions on the disclosure, use and copying of software.

Developing Software

Associates involved in the design, development, testing, modification or maintenance of TIS software must not tarnish or undermine the legitimacy and "cleanliness" of TIS's products by copying or using unauthorized third party software or confidential information. You may not possess, use or discuss proprietary computer code, output, documentation or trade secrets of a non-TIS party, unless authorized by such party. Intentional duplication or emulation of the "look and feel" of others' software is not permissible.

Fair Dealing

No TIS Associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Fair Competition and Antitrust Laws

TIS must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. If you are uncertain whether a contemplated action raises unfair competition or antitrust issues, executive management can assist you.

Securities Trading

It is illegal to buy or sell securities using material information not available to the public.

Persons who give such undisclosed “inside” information to others may be as liable as persons who trade securities while possessing such information. Securities laws may be violated if you, or any relatives or friends trade in securities of TIS, or any of its clients or vendors, while possessing “inside” information. If you are uncertain, executive management can assist you.

Political Contributions

No company funds may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time.

Retention of Business Records

TIS business records must be maintained for the periods specified by TIS in its applicable policies or the more specific policies of your business unit. Records may be destroyed only at the expiration of the pertinent period. In no case may documents involved in a pending or threatened litigation, government inquiry or under subpoena or other information request, be discarded or destroyed, regardless of the periods specified in the Record Retention Policy. In addition, you may never destroy, alter, or conceal, with an improper purpose, any record or otherwise impede any official proceeding, either personally, in conjunction with, or by attempting to influence, another person.

Waivers

The Code of Business Conduct & Ethics applies to all TIS Associates. There shall be no waiver of any part of the Code, except by a vote of the Board of Directors, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect TIS.

In the event that any waiver is granted, the waiver will be posted on the TIS Web site, thereby allowing the TIS shareholders to evaluate the merits of the particular waiver. Such waivers will also be disclosed either in a Form 6-K or in the next Form 20-F, so long as the company continues to qualify as a foreign private issuer, or in a Form 8-K in the event that the company fails to qualify as a private foreign issuer.

Conclusion

In the final analysis you are the guardian of TIS’s ethics. While there are no universal rules, when in doubt ask yourself:

- Will my actions be ethical in every respect and fully comply with the law and with TIS policies?
- Will my actions have the appearance of impropriety?
- Will my actions be questioned by my supervisors, Associates, clients, family and the general public?
- Am I trying to fool anyone, including myself, as to the propriety of my actions?

If you are uncomfortable with your answer to any of the above, you should not take the contemplated actions without first discussing them with your local management. If you are still uncomfortable, please follow the steps outlined above in the Section on *“Reporting Violations.”*

Any Associate who ignores or violates any of TIS’s ethical standards, and any manager who penalizes a subordinate for trying to follow these ethical standards, will be subject to corrective action, including immediate dismissal. However, it is not the threat of discipline that should govern your actions. We hope you share our belief that a dedicated commitment to ethical behavior is the right thing to do, is good business, and is the surest way for TIS to become and remain a world class company.