

**HIGHER ONE HOLDINGS, INC.**  
**INSIDER TRADING POLICY**  
*(Revised as of August 4, 2010)*

**I. Introduction.**

The purpose of this Insider Trading Policy (the “Policy”) is to promote compliance with applicable securities laws by Higher One Holdings, Inc. and its subsidiaries (collectively, “Higher One” or the “Company”), and all directors, officers and employees thereof, in order to preserve the reputation and integrity of Higher One and all persons affiliated with it. Federal securities laws prohibit trading in the equity or debt securities of the Company while in possession of material non-public information – information that has not been generally disclosed and that a reasonable investor is likely to consider important in determining whether to transact in Company securities. Information should not normally be viewed as public until at least 24 hours after its dissemination by generally accessible means. It is also generally unlawful to transmit such information to others (“tippees”) who may trade on the information. Given the penalties that can ensue from violation of these laws, the Company has adopted the following policies and procedures.

**II. Applicability of Policy.**

This Policy applies to transactions in Company securities by “insiders.” For purposes of this Policy, insiders are the Company’s directors, employees and independent contractors and each of their Related Persons (as defined below). The Company may instruct other personnel that for certain periods they must refrain from trading in Company securities or do so only in accordance with pre-clearance procedures.

While insiders are more likely to have access to material non-public information and are therefore subject to the restrictions described below, all personnel are reminded that the Company’s Code of Business Conduct addresses insider trading and providing tips to others.

Persons who violate this Policy are subject to disciplinary action, including termination of employment and ineligibility for participation in the Company’s equity incentive plans, and may be subject to civil and criminal penalties, imprisonment and other remedies.

Questions regarding this Policy should be directed to the Company’s General Counsel.

**III. Statement of Policy.**

No insider may buy or sell any Company securities when in possession of material non-public information about the Company.

No insider may buy or sell the securities of another company if that person is in possession of material non-public information about the other company.

No insider may make recommendations or express opinions on the basis of material non-public information about trading in the securities of the Company or any other company or disclose material non-public information about the Company to any third party, including family or household members.

No insider may engage in any speculative transactions in Company securities or any other transaction (*e.g.*, “day trading”) that suggests an attempt to profit in short-term increases or decreases in the Company’s stock price. It is contrary to this Policy for any insider to engage in any short sale or “sales against the box” (*i.e.*, sale of securities owned but not delivered against the sale) of Company securities (other than a cashless exercise of an option through a broker conducted in accordance with Regulation T of the Federal Reserve System), any hedging transactions, or to trade in publicly-traded options such as puts or calls in Company securities or make any similar investments.

No insider may establish or use a margin account with a broker-dealer for the purpose of buying or selling Company securities.

#### **IV. Definitions/Explanations**

##### **A. Who is an “Insider?”**

Any person who has access to material, nonpublic information is considered an insider as to that information. Insiders include Company directors, employees, and those persons in a special relationship with the Company, *e.g.*, its auditors, consultants, independent contractors or attorneys.

##### **B. What is “Material” Information?**

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security – debt or equity.

Some examples of material information include:

- Unpublished financial results
- News of a pending or proposed company transaction
- Significant changes in corporate objectives
- News of a significant sale of assets
- Changes in dividend policies
- Financial liquidity problems

The above list is only illustrative; many other types of information may be considered “material,” depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis.

##### **C. What is “Nonpublic” Information?**

Information is “nonpublic” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it

generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Associated Press, or United Press International or other similar media. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement of material information, a reasonable period of time must elapse in order for the market to react to the information. Generally, one should allow approximately two full trading days following publication as a reasonable waiting period before such information is deemed to be public. Therefore, if an announcement is made before the commencement of trading on a Monday, an employee may trade in Company Securities starting on Wednesday of that week, because two full trading days would have elapsed by then (all of Monday and Tuesday). If the announcement is made on Monday after trading begins, employees may not trade in Company Securities until Thursday. If the announcement is made on Friday after trading begins, employees made not trade in Company Securities until Wednesday of the following week.

#### D. Who is a “Related Person?”

For purposes of this Policy, a Related Person includes your spouse, minor children, minor stepchildren and anyone else living in your household; partnerships in which you are a general partner; trusts of which you are a trustee; estates of which you are an executor; and other equivalent legal entities that you control. Although a person’s parent or sibling may not be considered a Related Person (unless living in the same household), a parent or sibling may be a “tippee” for securities laws purposes. See Section V(D) below for a discussion on the prohibition on “tipping.”

### V. Guidelines

#### A. Non-disclosure of Material Nonpublic Information

Material, nonpublic information must not be disclosed to anyone, except the persons within the Company or third party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.

#### B. Prohibited Trading in Company Securities

No person may place a purchase or sell order or recommend that another person place a purchase or sell order in Company securities when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. Loans, pledges, gifts, charitable donations and other contributions of Company securities are also subject to this Policy.

#### C. Twenty-Twenty Hindsight

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction an insider should carefully consider how his or her transaction may be construed in the bright light of hindsight. Again, in the event of any questions or uncertainties about the Policy, please consult the Company’s General Counsel or someone that he or she has delegated responsibility for advising of this Policy.

#### D. “Tipping” Information to Others

Insiders may be liable for communicating or tipping material nonpublic information to any third party (“tippee”), not limited to just Related Persons. Further, insider trading liability is not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, nonpublic information tipped to them and individuals who trade on material, nonpublic information which has been misappropriated.

Tippees inherit an insider’s duties and are liable for trading on material, nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material, nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

#### E. Avoid Speculation

Directors and employees, and their Related Persons may not trade in options, warrants, puts and calls or similar instruments on Company securities or sell Company Securities “short.” In addition, directors and employees, and their Related Persons may not hold Company Securities in margin accounts. Investing in Company securities provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. Such activities may put the personal gain of the director or employee in conflict with the best interests of the Company and its stockholders. Anyone may, of course, in accordance with this Policy and other Company policies, exercise options granted to them by the Company.

#### F. Trading in Other Securities

No director, officer or employee may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if such person learns of material, nonpublic information about such other company in the course of his/her employment with Higher One.

### **VI. Additional Restrictions, Requirements and Exceptions for Directors and Employees**

#### A. Trading Window

In addition to being subject to all of the other limitations in this Policy, directors and employees may only buy or sell Company securities in the public market during the period beginning two full trading days after the release of the Company’s annual or quarterly earnings and ending twenty-one days prior to the end of the next fiscal quarter. Any period outside of this period is a “blackout period,” during which insiders may not purchase or sell the Company’s stock. A trading day is a day on which The New York Stock Exchange is open for business and trading in the Company’s stock has not been suspended for more than an hour on that day. The Company may extend the blackout period, impose it at an earlier date or declare a special blackout period. In that case, insiders will be appropriately notified.

The blackout period does not prevent insiders from exercising Company stock options, paying the exercise price in cash or by delivery of previously owned Company stock, on the terms of the option being exercised and the related Plan. Although the exercise of an option during a blackout period is permissible, the sale of the option shares is not.

#### B. Pre-Clearance

Directors and Officers (as such term is defined pursuant to Section 16 of the Securities Exchange Act, as amended) and employees of the Company must obtain prior written clearance from the Company's General Counsel, or his or her designee, before he, she or a Related Person makes any purchases or sales of Company Securities including for transactions occurring outside a blackout period. A form for such purposes is attached. A request for pre-clearance should be submitted at least two (2) business days in advance of the proposed transaction. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under the federal or state securities laws and regulations. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance. The General Counsel, or his or her designee, is under no obligation to approve any trade and may refuse to do so in his or her discretion.

C. Equity Incentive Plans. This policy does not apply to the acquisition of Company stock pursuant to awards granted under the Company's equity incentive plans (the "Plans") through exercise of stock options or otherwise; however, it does apply to the sale of any Company stock acquired under the Plans, including as a result of a cashless exercise through a broker.

D. Transactions under 10b5-1 Plans. This policy does not apply to transactions effected under a 10b5-1 Plan (see below) that complies with and is approved under this policy.

E. "10b5-1" Plans. Implementation of a trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act") allows an insider to place a standing order with a broker to purchase or sell Company securities, so long as such plan specifies the dates, prices and amounts of the planned trades or establishes a formula for those purposes. A trading plan may only be entered into when a person is not in possession of material non-public information and during a non-blackout period. Entry into a 10b5-1 Plan requires the prior written clearance of the General Counsel. Modifications to existing 10b5-1 Plans have the effect of terminating the plans, requiring the plan participants to recommence the implementation process if such participants desire to trade under a plan.

- Pre-clearance will depend on all the facts and circumstances at the time, but the following guidelines should be kept in mind:
- The trading plan must be entered into only inside a trading window;
- The trading plan must permit its termination by the Company at any time when it believes that trading may not lawfully occur;

- Transactions under the trading plan may not commence until 30 days have elapsed from the execution of the plan;
- The trading plan should, in the absence of special circumstances, be for a period of not less than one year;
- Termination of a trading plan should be discussed with the General Counsel before being effected;
- Trading plans do not obviate the need to file Form 144 or Forms 4 or 5 and the fact that a reported transaction was made or is to be made pursuant to a trading plan should be noted on the Form;
- A copy of the executed version of any pre-cleared trading plan must be provided to the General Counsel for retention in accordance with the Company's record retention policy; and
- Depending on the facts and circumstances, the General Counsel may require other conditions to pre-clearance.

## **VII. Exchange Act Section 16**

A. General. Directors and executive officers of the Company are subject to the short-swing profit and reporting rules under Exchange Act Section 16. Section 16(a) provides an extensive reporting scheme for transactions in, and holdings of, such securities, while Section 16(b) provides for the recovery of short-swing profits from certain transactions in Company securities beneficially owned by such persons.

Specifically, a director or executive officer of the Company is required by law to turn over to the Company any "profit" realized upon a purchase followed by a sale, or a sale followed by a purchase, of any equity security of the Company that is beneficially owned by him or her made within a period of less than six months. "Equity securities" include common stock, preferred stock, derivative securities related thereto, such as options, warrants or convertible instruments, and other securities with a value derived from the value of an equity security (*e.g.*, restricted units, credits to deferred stock accounts and stock appreciation rights). A profit may result even if the purchase and sale involve different types of equity securities. Moreover, any sale or purchase may be matched with any purchase or sale within the period such that there may be recoverable profit even if there has been no economic benefit to the individual in question. The good faith of a director or officer is irrelevant to whether recovery is required under Section 16.

B. Beneficial Ownership. Section 16 applies to securities that are beneficially owned by a covered person – that is, securities in which the person, directly or indirectly, has or shares a "pecuniary interest." A pecuniary interest is the opportunity to profit or share in any profit derived from a transaction in the securities. An indirect pecuniary interest is presumed to exist in securities held by immediate family members sharing the same household and may also exist if the securities are held (i) by a partnership of which the director or executive officer is the general partner; (ii) by a corporation if the director or executive officer is either a controlling stockholder or has, or shares,

investment control over the corporation's portfolio; or (iii) by a trust of which the director or executive officer is a trustee, settlor or beneficiary.

C. Transactions. For purposes of Section 16, "purchases" are deemed to include any acquisition of equity securities for value, whether made on the open market or in a private transaction. "Sales" are deemed to include any disposition of the Company's equity securities for value (including the disposition of stock acquired under the Plans), whether made on the open market or in a private transaction. Sales of stock held by pledgees of directors and officers may also be included in some cases.

As indicated above, transactions in the Company's securities by immediate family members of an insider or by entities in which the insider may have an indirect interest (*e.g.*, partnerships, corporations and trusts) may be attributed to the director or executive officer. Accordingly, such persons or entities should not to engage in trades within six months of trades engaged in by the insider, or engaged in by each other, without considering the implications of the short-swing profit and reporting rules.

Gifts of the Company's securities generally are not regarded as purchases or sales for purposes of the short-swing profit rule. Nevertheless, the making or receiving of gifts of Company securities will be considered dispositions or acquisitions by the director or executive officer and must be reported to the Securities and Exchange Commission ("SEC") as provided below. It should be noted, however, that the status of some gifts may be questionable (*e.g.*, those that are a payment to settle a debt or other obligation), and that the sale of shares that were given to certain donees (*e.g.*, family members) may be attributable to the donor. Gifts of the Company's securities may not be made by an insider during a blackout period.

In the event of an unusual transaction that does not clearly constitute a purchase or sale, directors and executive officers should consult with the General Counsel about the applicability of the short-swing rule.

Certain transactions are exempt from the short-swing profit rule provided certain conditions are met including the acquisition and exercise of options granted under the Plans.

D. Reporting Requirements. The recovery of short-swing profits is facilitated by the requirement that executive officers and directors file certain reports relating to their beneficial ownership of equity securities with the SEC through the electronic EDGAR filing system. Such reports, which are discussed below, are public information. These reports are made available immediately on the SEC's and our website, and are studied carefully by individuals interested in instituting actions or the recovery of short-swing profits.

Individuals failing to comply with the reporting requirements may also be subject to civil monetary penalties and to injunctive actions. In addition, the Company is required to disclose in its annual proxy statement the identity of an executive officer or director who fails to file any required report on a timely basis.

Within 10 days after election to office, every director and executive officer must file a report on Form 3 disclosing the amount and nature of his or her beneficial ownership of the Company's equity securities (including derivative securities), even if no such securities are owned. The

information initially reported must be kept current by the filing of further reports on Forms 4 and 5 as required.

As a general rule, changes in beneficial ownership resulting from most transactions (including option exercises and open market purchases and sales) are required to be reported on a Form 4 filed by the second business day following the date that the change occurs. A Form 5 may be required to be filed annually to report those changes and holdings that were not included in an earlier Form 4 (*e.g.*, small acquisitions from the Company under \$10,000 and gifts).

Transactions reportable on Form 4 that occur after termination of service but less than six months after any non-exempt, opposite way transaction prior to such termination would also be reportable on Form 4 (*e.g.*, a post-employment sale on the open market within six months of a purchase on the open market while employed). A final Form 5 may also be required after termination of service if there are reportable transactions prior to or after termination that were not reported previously.

Since an executive officer or director is generally presumed to be the beneficial owner of securities owned by his or her spouse, children, and other relatives who share the same household with the director or executive officer, or by entities in which he or she may have an indirect interest (*e.g.*, partnerships, corporations and trusts), the executive officer or director may be required to file a Form 4 or Form 5, as appropriate, to reflect transactions by such persons or entities in the Company's equity securities. The existence of beneficial ownership should be determined on the basis of the facts of each particular case and, if appropriate, may be disclaimed on the form being filed.

Upon the election of a new director or executive officer of the Company, the General Counsel will prepare a Form 3, following consultation with the director or executive officer, and will file it with the SEC. Although it is the individual responsibility and legal obligation of each director and executive officer to comply with the reporting requirements described herein, the General Counsel will also prepare Forms 4 or 5 and arrange for their filing provided that the General Counsel has been apprised of a transaction.

### **VIII. Monitoring Compliance.**

The General Counsel will monitor compliance with this policy and periodically review this policy with the Audit Committee of the Board of Directors. The General Counsel will distribute quarterly reminders of the Company's trading policy to all directors and executive officers.

**ACKNOWLEDGEMENT**

The undersigned hereby acknowledges that he/she has read and understands, and agrees to comply with the Company's Insider Trading Policy.

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Date: \_\_\_\_\_

**FORM OF TRADING CLEARANCE APPLICATION**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Proposed Trade Date: \_\_\_\_\_  
Type of Security to be Traded: \_\_\_\_\_  
Type of Trade (Purchase / Sale / Entry into 10b5-1 Plan (if latter, please attach)): \_\_\_\_\_  
Number of Shares to be Traded (if applicable): \_\_\_\_\_

**CERTIFICATION**

I hereby certify that I am not in possession of any material non-public information about the Company and / or its subsidiaries. I understand that material non-public information is information concerning the Company that (a) is not generally known to the public; and (b) if publicly known, would be likely to affect either the market price of Company securities or a person's decision to buy, sell or hold Company securities. I understand that if I trade while in possession of material non-public information, I may be subject to severe civil or criminal penalties, and may be subject to discipline by the Company up to and including termination for cause.

By: \_\_\_\_\_  
Name:  
Date:

**REVIEW AND DECISION**

The undersigned has reviewed the foregoing application and approves / prohibits (circle one) the proposed trade(s).

\_\_\_\_\_  
Thomas D. Kavanaugh  
General Counsel  
Date: