

*Effective: March 7, 2018*

**BIOXCEL THERAPEUTICS, INC.**

**RELATED PERSON TRANSACTION POLICY**

**I. PURPOSE**

The Company's Code of Business Conduct and Ethics provides that employees, executive officers and directors must act in the best business interests of the Company and refrain from engaging in any activity or having a personal interest that presents a "conflict of interest." In addition, under applicable SEC rules, the Company is required to disclose transactions with "related persons." In general, these rules apply to transactions between the Company and any executive officer, director, or director nominee (or any immediate family member of the foregoing) or any 5% stockholder.

The Board of Directors of the Company has adopted this Policy to set forth the policies and procedures for the review and approval or ratification of Related Person Transactions (as defined below).

**II. DEFINITIONS**

For the purposes of this Policy:

A "Related Person" is:

- any person who is or was an executive officer, director, or director nominee of the Company at any time since the beginning of the Company's last fiscal year;
- a person who is or was an Immediate Family Member of an executive officer, director, director nominee at any time since the beginning of the Company's last fiscal year;
- any person who, at the time of the occurrence or existence of the transaction, is the beneficial owner of more than 5% of any class of the Company's voting securities (a "Significant Stockholder");
- any person who, at the time of the occurrence or existence of the transaction, is an Immediate Family Member of a Significant Stockholder of the Company; or
- entity which is owned or controlled by any of the foregoing persons, or an entity in which one of the foregoing persons has a substantial ownership interest in or control over of such entity

An "Immediate Family Member" of a person is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such person, or any other person sharing the household of such person, other than a tenant or employee.

A “Related Person Transaction” is any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which the Company was or is to be a participant, the amount involved exceeds \$120,000, and a Related Person had or will have a direct or indirect material interest. Except as otherwise set forth in this Policy, “Related Person Transaction” specifically includes purchases of goods or services by or from the Related Person or entities in which the Related Person has a material interest, indebtedness, guarantees of indebtedness, and employment by the Company of a Related Person.

### **III. EXCEPTIONS**

The Board of Directors has determined that the following do not create a material direct or indirect interest on behalf of the Related Person, and are, therefore, not “Related Person Transactions” for purposes of this Policy:

1. Interests arising only from the Related Person’s position as a director of another corporation or organization that is a party to the transaction.
2. Interests arising only from the direct or indirect ownership by the Related Person and all other Related Persons in the aggregate of less than a 10% equity interest (other than a general partnership interest) in another entity that is a party to the transaction.
3. Interests arising solely from the ownership of a class of the Company’s equity securities if all holders of that class of equity securities receive the same benefit on a pro rata basis.
4. Compensation arrangements with executive officers if the compensation has been approved, or recommended to the Board of Directors for approval, by the Compensation Committee.
5. Compensation for services as a director of the Company if such compensation will be publicly reported pursuant to SEC rules.
6. A transaction that is specifically contemplated by the Company’s corporate charter or bylaws.
7. Interests arising solely from indebtedness of a Significant Stockholder or an Immediate Family Member of a Significant Stockholder to the Company.
8. A transaction where the rates or charges involved in the transaction are determined by competitive bids.
9. A transaction that involves the rendering of services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental authority.
10. A transaction that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

#### **IV. POLICIES AND PROCEDURES FOR REVIEW, APPROVAL OR RATIFICATION OF RELATED PERSON TRANSACTIONS**

Any Related Person Transaction proposed to be entered into by the Company must be reported to the Company's Chief Financial Officer and shall be reviewed and approved by the Audit Committee of the Board of Directors in accordance with the terms of this Policy, prior to effectiveness or consummation of the transaction, whenever practicable.

In addition, any Related Person Transaction previously approved by the Audit Committee or otherwise already existing that is ongoing in nature shall be reviewed by the Audit Committee annually to ensure that such Related Person Transaction has been conducted in accordance with the previous approval granted by the Audit Committee, if any, and that all required disclosures regarding the Related Person Transaction are made.

Transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee of the Board of Directors in the manner specified in the charter of the Compensation Committee.

#### **V. STANDARDS FOR REVIEW, APPROVAL OR RATIFICATION OF RELATED PERSON TRANSACTIONS**

A Related Person Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee in accordance with the standards set forth in this Policy after full disclosure of the Related Person's interests in the transaction. In connection with its review of a Related Party Transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction. As appropriate for the circumstances, the Audit Committee shall review and consider:

- the Related Person's interest in the Related Person Transaction;
- the approximate dollar value of the amount involved in the Related Person Transaction;
- the approximate dollar value of the amount of the Related Person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of business of the Company;
- whether the transaction with the Related Person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;

- the purpose of, and the potential risk, costs and benefits to the Company of, the transaction;
- the impact on a director's independence in the event that the related person is a director, Immediate Family Member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products;
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally; and
- any other information regarding the Related Person Transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Audit Committee will review all relevant information available to it about the Related Person Transaction. The Audit Committee may approve or ratify the Related Person Transaction only if the Audit Committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, the best interests of the Company and its shareholders. The Audit Committee may, in its sole discretion, impose such conditions as it deems appropriate on the Company or the Related Person in connection with approval of the Related Person Transaction.

No member of the Audit Committee shall participate in any review or approval (or ratification) of any Related Person Transaction in respect of which he or she, any Immediate Family Member or any Significant Stockholder with which he or she is affiliated is the Related Person.

The review, approval or ratification of a transaction, arrangement or relationship pursuant to this Policy does not necessarily imply that such transaction, arrangement or relationship is required to be disclosed under Item 404(a) of Regulation S-K.

In any circumstance where the terms of this Related Party Transaction Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Related Party Transaction Policy until such time as this Related Party Transaction Policy is changed to conform to the law, rule, regulation or standard.