

SIEBERT FINANCIAL CORP.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS AMENDED AND RESTATED CHARTER

Preface

This Charter identifies the purpose, composition, meeting requirements, committee responsibilities, annual evaluation procedures and investigations and studies of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Siebert Financial Corp. (the "Company").

I. PURPOSE

The Committee has been established to: (a) assist the Board in its oversight responsibilities regarding (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements and (3) the independent auditors' qualifications and independence; (b) prepare the report required by the United States Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement; (c) retain, consider the continued retention and terminate the Company's independent auditors; (d) approve audit and non-audit services to be performed by the independent auditors; and (e) perform such other functions as the Board may from time to time assign to the Committee. In performing its duties, the Committee shall seek to maintain an effective working relationship with the Board, the independent auditors and management of the Company.

II. COMPOSITION

The Committee shall have a minimum of three members appointed by the Board who serve until replaced by the Board. The Chairman of the Board shall designate the Chairman of the Committee. The Committee shall be comprised of members who meet the independence, experience and financial literacy requirements of The Nasdaq Stock Market, Inc., Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the SEC. All members of the Committee shall be able to read and understand fundamental financial statements and have a working familiarity with basic finance and accounting practices. The Board shall review these requirements on an annual basis to insure continued compliance by the members of the Committee.

Except for Board and Committee fees, after the Company's 2004 Annual Stockholders' Meeting a member of the Committee shall not be permitted to accept any fees paid directly or indirectly for services as a consultant, legal adviser or financial adviser or any other fees which would affect such Committee members' independence under the rules of the SEC, the Sarbanes-Oxley Act of 2002 and The Nasdaq Stock Market. In addition, no member of the Committee may be an affiliated person of the Company or any of its subsidiaries. Members of the Committee may receive their Board and Committee fees in cash, Company stock or options or other in-kind consideration as determined by the Board or the Compensation Committee or other authorized committee of the Board, as applicable, in addition to all other benefits that other directors of the Company receive. No director may serve on the Committee, without the approval of the Board, if such director simultaneously serves on the audit committee of more than three public companies.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary, but at least quarterly, to enable it to fulfill its responsibilities. The Committee shall meet at the call of its Chairperson, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's Bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and procedures, including designation of a chairperson pro tempore, in the absence of the Chairperson, and designation of a permanent or pro tempore secretary. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes if requested.

The Committee may ask members of management, employees, outside counsel, the independent auditors or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least once each year) as requested by the Board.

IV. COMMITTEE AUTHORITY, DUTIES AND RESPONSIBILITIES

The Company's independent auditors shall report directly to the Committee. The Committee shall be directly responsible for, and have sole authority as to, the appointment, retention and termination, compensation and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditors regarding accounting matters and financial reporting matters.

In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Oversight of the Financial Reporting Processes

1. In consultation with the independent auditors review the integrity of the organization's financial reporting processes, both internal and external.
2. Review and approve all related-party transactions.
3. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Consider any alternative accounting principles and estimates presented to it.
4. Annually review major issues regarding the Company's auditing and accounting principles and practices and its presentation of financial statements, including the adequacy of internal controls and special audit steps adopted in light of material internal control deficiencies.

5. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies and other areas of oversight applicable to the legal and compliance area as may be appropriate.
6. Meet at least annually with the chief financial officer and the independent auditors in separate executive sessions.
7. Review all analyses prepared by management and the independent auditors of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effect of alternative treatments of financial information within generally accepted accounting principles ("GAAP") on the Company's financial statements.
8. Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
9. Obtain from the independent auditors assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
10. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as modified or amended, relating to the conduct of the audit.

B. Review of Documents and Reports

1. Review and discuss with management and the independent auditors the Company's annual audited financial statements and quarterly financial statements (including disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to the release of these statements. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, including review of audit adjustments (whether or not recorded) and any such other inquiries as may be appropriate. Based on this review and prior to filing the Company's annual report on Form 10-K, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited consolidated financial statements in the Company's annual report on Form 10-K.
2. Review and discuss with management and the independent auditors any financial reports or other financial information submitted to investors, including any certification, financial report, opinion or review rendered by the independent auditors. Consider, as appropriate, whether the information contained in these documents is consistent with the information contained in the financial statements and whether the independent auditors and legal counsel are satisfied with the disclosure and content of such documents.
3. Review and discuss with management and as appropriate, with the independent auditors, earnings press releases, if any, as well as financial information and earnings guidance provided to investors and rating agencies, prior to their release.
4. Review in meetings with management any correspondence that raises material issues regarding the Company's financial statements or accounting policies received from, or sent to, regulators or government agencies and any employee complaints or published reports.

5. Prepare the report of the Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

C. Independent Auditors Matters

1. Interview and retain the Company's independent auditors, considering the accounting firm's independence and effectiveness and determine the engagement fees and other compensation to be paid to the independent auditors.

2. Meet separately with each of the independent auditors and the Company's financial management to review the scope of the proposed external audit for the current year.

3. Approve, in advance of the work being performed, the scope of all audit and permissible non-audit services of the independent auditors.

4. On an annual basis, the Committee shall evaluate the independent auditors' qualifications, performance and independence. To assist in this undertaking, the Committee may request information and consider (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the accounting firm or by any inquiry or investigations by governmental or professional authorities (within the preceding five years) respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues and (c) all relationships the independent auditors have with the Company and relevant third parties in order to determine the effect, if any, of such relationships on the independent auditors' independence. In making its determination, the Committee shall consider not only auditing and other traditional accounting functions performed by the independent auditors, but also non-audit services performed or proposed to be performed.

5. The Committee shall also consider whether the provision of any of these non-audit services is compatible with the independence standards under the guidelines of the SEC and other applicable authorities (including, if pertinent, the Public Company Accounting Oversight Board).

6. Review on an annual basis the experience and qualifications of the senior members of the external audit team. Discuss the knowledge and experience of the independent auditors and the senior members of the external audit team with respect to the Company's industry. The Committee shall ensure the regular rotation of the lead audit partner and audit review partner as required by law.

7. Review the performance of the independent auditors and their continued retention as the Company's independent auditors.

8. Establish and periodically review the Company's hiring policies relating to current or former employees of the independent auditors.

9. Review with the independent auditors any problems or difficulties the auditors may have encountered and any "management" or "internal control" letter provided by the independent auditors and the Company's response to that letter. Such review should include:

(a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any disagreements with management; and

(b) any accounting adjustments that were proposed by the independent auditors that were not agreed to by the Company.

10. Communicate with the independent auditors regarding (a) alternative treatments of financial information consistent with GAAP, (b) critical accounting policies and practices to be used in preparing the audit report and (c) such other matters as the SEC and the Nasdaq Stock Market may direct by rule or regulation.

11. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

12. Oversee the relationship with the independent auditors by discussing with the independent auditors the nature and rigor of the audit process, receiving and reviewing audit reports and ensuring that the independent auditors have full access to the Committee (and the Board) to report on any and all appropriate matters.

13. Review with the independent auditors prior to the audit the general planning, scope and staffing of the audit.

D. Audit Control Matters

1. Discuss with management policies with respect to risk assessment and risk management. Although it is management's duty to assess and manage the Company's exposure to risk, the Committee should discuss guidelines and policies to govern the process by which risk assessment and management is handled and review the steps management has taken to monitor and control the Company's risk exposure.

2. Following completion of the annual external audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

3. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

4. Periodically review and monitor compliance with the Company's code of conduct.

5. Maintain procedures for receiving accounting complaints and concerns and anonymous submissions from employees and others regarding questionable accounting, internal controls or auditing matters.

6. Periodically discuss with the chief executive officer and chief financial officer (a) significant deficiencies in the design or operation of the internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and (b) any fraud that involves management or other employees who have a significant role in the Company's internal controls.

V. ANNUAL EVALUATION PROCEDURES

The Committee shall annually assess its own performance to confirm that it is meeting its responsibilities under this Charter. In this review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) frequency and length of meetings and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Charter as the Committee deems appropriate.

VI. INVESTIGATIONS AND STUDIES

The Committee shall have the authority and sufficient funding to retain special legal, accounting or other consultants (without seeking Board approval) to advise the Committee. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described herein, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist the Committee in any such investigations or studies. The Committee shall have sole authority to negotiate and approve the fees and retention terms of such independent counsel or other consultants.

VII. MISCELLANEOUS

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. It is not the duty of the Audit Committee to plan or conduct audits or determine if the financial statements are complete in accordance with GAAP nor is it its duty to conduct investigations or to assure compliance with applicable laws and regulations and the Company's code of conduct. The Committee shall not duplicate the work of the independent auditors in auditing the Company's financial statements or the role of management in preparing these financial statements. This Charter, and any amendments thereto, shall be displayed on the Company's web site and a printed copy of such shall be made available to any shareholder of the Company who requests it.