

JETPAY CORPORATION

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. Statement of Purpose

The Compensation Committee (the “Committee”) is a standing committee of the Board (the “Board”) of JetPay Corporation (the “Company”), whose purpose, as set forth herein, is to review and approve corporate goals and objectives relevant to executive compensation, evaluate the performance of the Company’s executives in light of those goals and objectives, and determines those executives’ compensation levels based on this evaluation. The Committee shall also develop and recommend to the Board corporate governance principles applicable to the Company and be responsible for leading the annual review of the Board’s performance.

II. Organization

A. *Charter.* The Committee shall review and reassess this Charter annually and submit any proposed changes to the Board for approval.

B. *Members.* The Board shall appoint the three members of the Committee, each of whom shall satisfy the independence requirements of applicable law and the rules of NASDAQ, as determined by the Board, and designate a Committee chairperson (the “Chairperson”). Committee members may be removed by the Board. The Board shall also designate a Committee Chairperson.

C. *Meetings.* The Committee shall meet as often as necessary to carry out its responsibilities, but not less than once each year. At the discretion of the Chairperson of the Committee, but at least once each year for all or a portion of a meeting, the members of the Committee shall meet in executive session, without any members of management of the Company present.

D. *Quorum; Action by Committee.* A quorum at any Committee meeting shall be at least two members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held, except as specifically provided herein (or where only two members are present, by unanimous vote). Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

E. *Agenda, Minutes and Reports.* The Chairperson shall be responsible for establishing the agenda for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting, and minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The Committee shall make regular reports to the Board.

F. *Performance Evaluation.* The Committee shall evaluate its performance on an annual basis, develop criteria for such evaluation and report on such performance to the Board.

III. Responsibilities

The following shall be the principal responsibilities of the Committee:

A. *Executive Goals and Objectives.* The Compensation Committee annually reviews and approves corporate goals and objectives relevant to executive compensation, The Compensation Committee has the authority to form and delegate authority to subcommittees.

B. *Performance Evaluation.* The Compensation Committee annually evaluates the performance of the Company’s executives in light of those goals and objectives, and determines their compensation levels based on this evaluation.

- C. *Executive Officer Identification.* The Compensation Committee has the authority to review the compensation of any employee, which the Committee, in its judgment, deems to be an executive officer. The CEO advises the Compensation Committee on the annual performance of the executive officers. The CEO also provides the Compensation Committee his opinion on appropriate levels of compensation for each executive officer.
- D. *Executive Officer Recruitment.* The Committee shall consider (in consultation with the Chairman of the Board and the Chief Executive Officer) and assist management to recruit candidates to identify the need for executive positions and assist in filling them. As part of this responsibility, the Committee shall be responsible for conducting, subject to applicable law, any and all inquiries into the background and qualifications of any candidate for the an executive officer position and such candidate's compliance with other qualification requirements established by the Committee.
- E. *Use of Consultants.* The Compensation Committee has the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO and executive officer compensation.
- F. *Recommendation to Board.* The Committee shall make recommendations for approval by the Board and / or the stockholders of the Company as appropriate.
- G. *Executive Officer Removal Guidelines.* The Committee shall establish and recommend to the Board guidelines for the removal of members of the Board.
- H. *Evaluation of Board and Senior Management.* The Committee shall oversee the evaluation of the Board and executive officers of the Company. In discharging this responsibility, the Committee shall solicit comments from all Directors and report annually to the Board on the results of the evaluation.
- I. *Access to Records, Consultants and Others.* In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may retain outside consultants to advise the Committee. The Committee may also request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee.
- J. *Delegation.* The Committee may delegate any of its responsibilities to a subcommittee composed of one or more members of the Committee.
- K. *Other Delegated Responsibilities.* The Committee shall also carry out such other duties that may be delegated to it by the Board from time to time.