GLOBAL PAYMENTS INC
Form 4
January 13, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SILBERSTEIN ALAN M

(Last) (First) (Middle)

10 GLENLAKE PARKWAY, NORTH TOWER

(Street)

ATLANTA, GA 30328

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GLOBAL PAYMENTS INC [GPN]

3. Date of Earliest Transaction (Month/Day/Year)
01/12/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/12/2017		M		10,804	A	$ 21.275	58,270	D	
Common Stock	01/12/2017		F (1)		2,962	D	$ 77.6 (2)	55,308	D	
Common Stock	01/13/2017		S		3,865	D	$ 77.52	51,443	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securiti (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Sha
Non-qualified Stock Option (Right to Buy)	$ 21.275	01/12/2017		M			10,804	(3)	09/27/2017	Common Stock	10,8

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SILBERSTEIN ALAN M 10 GLENLAKE PARKWAY NORTH TOWER ATLANTA, GA 30328	X			

Signatures

/s/ David L. Green, as attorney-in-fact for Alan M. Silberstein	01/13/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents forfeitures in connection with a "net exercise" of outstanding stock options. A total of 2,962 shares were withheld by Global Payments Inc. (the "Company") for payment of the exercise price, and the net exercises resulted in the issuance of 7,842 shares, in the aggregate, by the Company to the reporting person.

(2) Closing price of the Company's common stock on the transaction date.

(3) This grant will become exercisable in 25% increments on the first (September 27, 2008), second (September 27, 2009), third (September 27, 2010) and fourth (September 27, 2011) anniversary of the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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2006

$

207,115

$

20,000

$

21,017

$

7,200

$

255,332

Richard J. Larkin, CFO

2006

$

140,385

$

15,000

$

27,300

-

$

182,685

Avi Pelossof, Vice President of Sales and Marketing[5]

2006

$

156,538

$

12,000

$

51,081

$

6,120

$

225,739

Javan Esfandiari, Director of Research and Development

	2006
$	150,385
$	12,000
$	41,390
$	4,800
$	208,575

1 Salary is total base salary.
2 Any bonus earned was paid solely on a discretionary basis, and not pursuant to any bonus plan.
3 The valuations of these options reflect the compensation costs of each option award over the requisite service period in accordance with FAS123R.
4 Mr. Siebert also serves as a director on the Company's board of directors. Mr. Siebert does not receive any compensation for this director role.
5 Mr. Pelossof voluntarily resigned from the Company on December 6, 2006, effective January 31, 2007.

Employment Agreements

Mr. Siebert. On June 15, 2006, Mr. Siebert and the Company entered into an employment agreement, effective May 10, 2006, which terminates on May 10, 2008. Pursuant to the employment agreement, Mr. Siebert serves as the President and Chief Executive Officer of the Company and is entitled to receive a base compensation of $240,000 per year, subject to review by the Board of Directors of the Company at the end of the first twelve months. Mr. Siebert also shall be eligible for a bonus of up to 50% of his salary, consisting of (i) a bonus of up to 25% of his salary that is at the complete discretion and determination of the Board of Directors, and (ii) a bonus of up to an additional 25% of his salary that will be determined based upon revenue and earnings performance criteria established each year by the Board of Directors. Mr. Siebert is eligible to participate in any profit sharing, stock option, retirement plan, medical and/or hospitalization plan, and/or other benefit plans except for disability and life insurance that the Company may from time to time place in effect for the Company's executives during the term of Mr. Siebert's employment agreement. If Mr. Siebert's employment agreement is terminated by the Company without cause, or if Mr. Siebert terminates his employment agreement for a reasonable basis, including within 12 months of a change in control, the Company is required to pay as severance Mr. Siebert's salary for six months. Mr. Siebert has agreed for a period of two years after the termination of his employment with the Company not to induce customers, agents, or other sources of distribution of the Company's business under contract or doing business with the Company to terminate, reduce, alter, or divert business with or from the Company.

Mr. Pelossof. On May 5, 2004, Mr. Pelossof and the Company entered into an employment agreement, effective May 10, 2004, which was scheduled to terminate on May 10, 2007. Pursuant to the employment agreement, Mr. Pelossof served as the Vice President of Sales, Marketing and Business Development of the Company. On June 15, 2006, the Board of Directors amended this agreement, and increased Mr. Pelossof's salary from a base compensation of $120,000 per year, to a base salary of $170,000 per year. Mr. Pelossof was also eligible for a bonus of up to 25% of his salary, consisting of (i) a bonus of up to 12.5% of his salary that was at the complete discretion and determination of the Board of Directors, and (ii) a bonus of up to an additional 12.5% of his salary that would be determined based upon revenue and earnings performance criteria established each year by the Board of Directors. Mr. Pelossof was also eligible to participate in any profit sharing, stock option, retirement plan, medical and/or hospitalization plan, and/or other benefit plans except for disability and life insurance that the Company from time to time had in place for the Company's executives during the term of Mr. Pelossof's employment agreement. If Mr. Pelossof's employment agreement was terminated by the Company without cause, or if Mr. Pelossof terminated his employment agreement for a reasonable basis, including within 12 months of a change in control, the Company was required to pay as severance Mr. Pelossof's salary for six months. Mr. Pelossof agreed for a period of two years after the termination of his employment with the Company not to induce customers, agents, or other sources of distribution of the Company's business under contract or doing business with the Company, and not to terminate, reduce, alter, or divert business with or from the Company. Mr. Pelossof voluntarily resigned from the Company effective January 31, 2007.

Mr. Esfandiari. On April 23, 2007, Mr. Esfandiari and the Company entered into a new employment agreement effective March 5, 2007. Pursuant to the terms of the employment agreement, Mr. Esfandiari will continue as the Company's Senior Vice President of Research and Development for an additional term of three years. Mr. Esfandiari's salary under the employment agreement is $185,000 for the first year, $210,000 for the second year, and $235,000 for the final year. Mr. Esfandiari is eligible for a cash bonus of up to 50% of his base salary for each respective year, consisting of (i) a cash bonus of up to 37.5% of his calendar year base salary based on the performance of the Company's Dual Path Platform Technology, which is directly related to certain annual revenue targets budgeted by management of the Company, and (ii) a cash bonus of up to 12.5% of his calendar year base salary that is at the complete discretion and determination of the board of directors. The Company also granted Mr. Esfandiari a stock grant of 200,000 shares of the Company's common stock, and incentive stock options to purchase 300,000 shares of the Company's common stock. Mr. Esfandiari is eligible to participate in any profit sharing plan, executive stock option plan, pension plan, retirement plan, medical and/or hospitalization plan, and/or any and all other benefit plans, except for disability and life insurance, which may be placed in effect by the Company for the benefit of the Company's executive officers during the term of Mr. Esfandiari's employment agreement. For a period of two years following the termination of his employment agreement, Mr. Esfandiari will not induce or attempt to induce any employee of the Company to leave the employ of the Company, or in any way interfere with the relationship between the Company and any other employee; and for a period of one year following the termination of his agreement, Mr. Esfandiari will not compete with the Company or induce customers or others doing business with the Company to terminate, reduce, alter, or divert business with or from the Company. Mr. Esfandiari will not compete with the business activities of the Company. If Mr. Esfandiari's employment agreement is terminated by the Company without cause, or if Mr. Esfandiari terminates his employment agreement for a reasonable basis, including within six months of a change in control, the Company is required to pay as severance Mr. Esfandiari's salary for twelve months.

Mr. Larkin does not have an employment contract with the Company.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2006

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexcercisable (#)	Option Exercise Price ($)	Option Expiration Date	Option Vesting Date
Lawrence A. Siebert	50,000[2]		0.75	11/19/2007	4/17/2006
	10,000[2]		0.75	12/31/2008	4/17/2006
	10,000[2]		0.75	5/4/2011	4/17/2006
	50,000[2]		0.75	5/28/2011	4/17/2006
		50,000[2]	0.75	5/28/2011	1/1/2007
	50,000[3]		0.75	5/4/2011	5/5/2004
Richard J. Larkin	25,000[2]		0.75	5/17/2010	4/17/2006
		25,000[2]	0.75	5/17/2010	4/17/2006
	18,750[1]		0.62	3/24/2011	3/24/2006
		18,750[1]	0.62	3/24/2011	1/1/2007
	50,000[3]		0.45	9/15/2010	5/5/2004
Avi Pelossof	40,000[2]		0.75	11/19/2007	4/17/2006
	10,000[2]		0.75	12/31/2008	4/17/2006
	25,000[2]		0.75	5/17/2010	4/17/2006
		25,000[2]	0.75	5/17/2010	1/1/2007
	25,000[1]		0.62	3/24/2011	3/24/2006
		25,000[1]	0.62	3/24/2011	1/1/2007
	10,000[2]		0.75	5/4/2011	4/17/2006
	27,500[2]		0.75	5/27/2011	4/17/2006
		50,000[2]	0.75	5/27/2011	1/1/2007
		22,500[2]	0.75	5/27/2011	1/1/2007
	40,000[3]		0.75	5/4/2011	5/5/2004
Javan Esfandiari	30,000[2]		0.75	3/31/2008	4/17/2006
	5,000[2]		0.75	12/31/2008	4/17/2006
	25,000[2]		0.75	5/17/2010	4/17/2006
		25,000[2]	0.75	5/17/2010	1/1/2007
	18,750[1]		0.62	3/24/2011	3/24/2006
		18,750[1]	0.62	3/24/2011	1/1/2007
	5,000[2]		0.75	5/4/2011	4/17/2006
	25,000[2]		0.75	5/28/2011	4/17/2006
	25,000[2]		0.75	5/28/2011	4/17/2006
		25,000[2]	0.75	5/28/2011	5/28/2007
	30,000[3]		0.75	5/4/2011	5/5/2004

1 All options issued with a $.62 exercise price were issued during 2006 as part of the Company's 1999 Option Plan. Pursuant to this plan, the Company granted 244,000 options to all employees.

2 All options issued with a $.75 exercise price and an April 17, 2006 vesting date were issued on April 17, 2006 as part of the Company's 1999 Option Plan. Pursuant to this plan, the Company granted 244,000 options to all employees. On April 17, 2006, the Company's Compensation Committee approved the cancellation of each employee stock option award issued under the 1999 Equity Incentive Plan where the exercise price was greater than $0.75 per share of the Company's common stock, and the issuance of a new stock option award under the 1999 Equity Incentive Plan, for the same number of shares of the Company's

common stock, with an exercise price of $0.75 per share of the Company’s common stock for each cancelled stock option award. The market price of the common stock of the Company on April 17, 2006 was $0.72 per share. In total, stock option awards to acquire 795,000 shares of Company common stock were cancelled, and stock option awards to acquire 795,000 shares of Company common stock were issued. Other than the change in the exercise price, all of the terms and conditions in each newly issued stock option award are identical to the cancelled stock option award it replaces, with the following exceptions: (i) Lawrence A. Siebert’s stock option award for 50,000 shares of the Company’s common stock, exercisable on May 28, 2006 and terminating on May 28, 2011 were replaced with a stock option award for 50,000 shares of the Company’s common stock, exercisable on January 1, 2007 and terminating on May 28, 2011; (ii) Avi Pelossof’s stock option awards for 72,500 shares of the Company’s common stock, exercisable on May 28, 2005 and on May 28, 2006 and both terminating on May 28, 2011 were replaced with a stock option award for 72,500 shares of the Company’s common stock, exercisable on January 1, 2007 and terminating on May 28, 2011.

3 All other options shown were issued prior to 2006 as part of the Company’s 1999 Option Plan.

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DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($) [1]	Stock Awards ($) [2]	Option Awards ($) [3]	Total ($)
Alan Carus	$ 40,000	$ 10,650	$ 14,663	$ 65,313
Gerald Eppner [4]	37,500	-	16,504	54,004
Gary Meller	34,750	-	16,504	51,254

1 Fees earned or paid in cash represents a yearly fee and fees for meeting expenses: (a) Mr. Carus received an $18,000 annual fee as a member of the board of directors, a $2,500 annual fee as Audit Committee chairman and $19,500 in meeting fees paid during 2006; (b) Mr. Eppner received an $18,000 annual fee as a member of the board of directors, and $19,500 in meeting fees paid during 2006; (c) Mr. Meller received an $18,000 annual fee as a member of the board of directors, and $16,750 in meeting fees.

2 Alan Carus was awarded 15,000 shares of common stock as compensation for services as the Audit Committee Chairman. The shares were awarded on July 18, 2006 and 5,000 of these shares vested immediately, 5000 vest on July 1, 2007, and 5,000 vest on July 1, 2008. This stock was valued based on the market closing price on the date of the grant at $10,650.

3 Each outside member of the board of directors is granted the right to purchase 36,000 shares of the company's common stock with an exercise price equal to the market price on the date of the grant as part of their annual compensation. One-third of these options are exercisable on the date of grant, one-third become exercisable on the first anniversary of the date of grant, and one-third become exercisable on the second anniversary of the date of grant. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model.

4 Mr. Eppner resigned from our Board of Directors on January 30, 2007.

Director Compensation

For each year of service beginning prior to 2007, non-employee directors were paid an $18,000 annual retainer, and 36,000 stock options, with an exercise price equal to the market price on the date of the grant. One-third of each non-employee director's stock options were exercisable on the date of grant, one-third would become exercisable on the first anniversary of the date of grant, and one-third would become exercisable on the second anniversary of the date of grant. The Audit Committee chairman is paid an annual retainer of $2,500, paid semi-annually. In addition, the non-employee directors are paid $1,000 in cash for each Board of Directors' meeting attended, and paid $500 in cash for each telephonic Board of Directors meeting. The non-employee directors who are members of a committee of the Board of Directors are paid $500 in cash for each committee meeting attended, or $750 in cash for each committee meeting attended if that non-employee director is the committee chairman. In addition, in December 2005, each of the three non-employee directors was granted options to purchase 15,000 shares of the Company's common stock at an exercise price equal to the market price of the underlying common stock on the date of grant.

Beginning with the election of directors for the year following the June 21, 2007 Annual Meeting, each non-employee director will receive option grants by which 36,000 stock options will become exercisable each year pursuant to a grant of 180,000 options to be made once each five years. The exercise price of each option is equal to the market price of the stock on the date of grant. Other than these provisions for stock options, the compensation for non-employee directors remains the same as it was for prior years.

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ITEM 2. PROPOSAL TO RATIFY THE SELECTION OF LAZAR, LEVINE & FELIX LLP AS CERTIFIED INDEPENDENT ACCOUNTANTS

The Audit Committee of the Company's Board of directors has appointed Lazar Levine & Felix LLP ("Lazar") of New York, New York to serve as the Company's certified independent accountants to audit the Company's financial statements for the fiscal year ending December 31, 2007. On June 1, 2004, the Company's Board of Directors initially engaged Lazar to serve as the Company's certified independent accountants to audit the Company's financial statements for the fiscal year ended December 31, 2004. Lazar was originally the audit firm for Chembio Diagnostic Systems Inc. before Chembio Diagnostic Systems Inc. became our wholly-owned subsidiary in May 2004.

It is expected that one or more representatives of Lazar will be present at the Annual Meeting and will be given the opportunity to make a statement and to respond to appropriate questions from stockholders.

Principal Accountant Fees and Services

Audit Fees

For the years ended December 31, 2006 and December 31, 2005, Lazar billed the Company $72,000 and $99,000, respectively, for fees for the audit of the Company’s annual financial statements and review of financial statements included in the Company’s Forms 10-QSB and 10-KSB.

Audit-Related Fees

For the years ended December 31, 2006 and December 31, 2005, Lazar did not provide the Company with any assurance or related services reasonably related to the performance of the audit or review of the Company’s financial statements that are not reported above under “Audit Fees.”

Tax Fees

For the years ended December 31, 2006 and December 31, 2005, Lazar billed the Company $3,130 and $9,100, respectively, for professional services for tax compliance, tax advice and tax planning.

All Other Fees

For the years ended December 31, 2006 and December 31, 2005, Lazar billed the Company $30,200 and $17,700, respectively, for fees associated with the preparation and filing of the Company’s registration statements, responses to SEC comment letters and other related matters.

Audit Committee Pre-Approval Policies

The Audit Committee (and prior to the adoption of the Audit Committee, the Board of Directors) approves in advance all audit and non-audit services performed by Lazar, Levine & Felix LLP. There are no other specific policies or procedures relating to the pre-approval of services performed by Lazar, Levine & Felix LLP.

Required Vote; Board Recommendation

An affirmative vote of the majority of shares represented at the Annual Meeting in person or by proxy is necessary to ratify the selection of auditors. There is no legal requirement for submitting this proposal to the stockholders; however, the Board of Directors believes that it is of sufficient importance to seek ratification. Whether the proposal is approved or defeated, the Board may reconsider its selection of Lazar.

The Board of Directors unanimously recommends that the stockholders vote FOR ratifying the selection of the certified public accounting firm of Lazar Levine & Felix LLP to serve as the Company's certified independent accountants for the fiscal year ending December 31, 2007 or until the Board of Directors, in its discretion, replaces them.

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OTHER BUSINESS

The Board of Directors is not aware of any other matters that are to be presented at the Annual Meeting, and it has not been advised that any other person will present any other matters for consideration at the meeting. Nevertheless, if other matters should properly come before the Annual Meeting, the stockholders present, or the persons, if any, authorized by a valid proxy to vote on their behalf, shall vote on such matters in accordance with their judgment.

RESOLUTIONS PROPOSED BY INDIVIDUAL STOCKHOLDERS; DISCRETIONARY AUTHORITY TO VOTE PROXIES

Under Rule 14a-8(e) of the Securities Exchange Act of 1934, in order to be considered for inclusion in the proxy statement and form of proxy relating to our next annual meeting of stockholders following the end of our 2007 fiscal year, proposals by individual stockholders must be received by us no later than January 15, 2008.

In addition, under Rule 14a-4(c)(1) of the Securities Exchange Act, the proxy solicited by the Board of Directors for the next annual meeting of stockholders following the end of our 2007 fiscal year will confer discretionary authority on any stockholder proposal presented at that meeting unless we are provided with notice of that proposal no later than March 31, 2008.

* * * * *

This Notice and Proxy statement are sent by order of the Board of Directors.

Dated: May 10, 2007 /s/ Lawrence A. Siebert
Lawrence A. Siebert, President, Chief Executive Officer
and Chairman of the Board

* * * * *

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PROXY

CHEMBIO DIAGNOSTICS, INC.
For the Annual Meeting of Stockholders on June 21, 2007
Proxy Solicited on Behalf of the Board of Directors

The undersigned hereby appoints Lawrence A. Siebert, Richard Larkin, or either of them, as proxies with full power of substitution to vote all the shares of the undersigned with all of the powers which the undersigned would possess if personally present at the Annual Meeting of Stockholders of Chembio Diagnostics, Inc. (the "Corporation") to be held at 10:00 a.m. (local time) on June 21, 2007, at the Radisson Hotel, 1730 North Ocean Avenue, Holtsville, New York 11742, or any adjournments thereof, on the following matters:

[X] Please mark votes as in this example.

1. To elect the following four directors:

Nominees: Alan Carus, Katherine L. Davis, Dr. Gary Meller and Lawrence A. Siebert.

FOR ALL NOMINEES [ ]

WITHHELD AUTHORITY FOR ALL NOMINEES [ ]

FOR ALL NOMINEES EXCEPT AS NOTED ABOVE [ ]

2. To ratify the selection of Lazar, Levine & Felix, LLP as the Corporation's certified independent accountants.

[ ] FOR [ ] AGAINST [ ] ABSTAIN

3. In their discretion, to vote upon an adjournment or postponement of the meeting.

[ ] YES [ ] NO [ ] ABSTAIN

4. In their discretion, to vote upon such other business as may properly come before the meeting.

[ ] YES [ ] NO [ ] ABSTAIN

(Continued and to be signed on the reverse side)

Unless contrary instructions are given, the shares represented by this proxy will be voted in favor of Items 1, 2, 3, and 4. This proxy is solicited on behalf of the Board of Directors of Chembio Diagnostics, Inc.

EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THIS PROXY IN THE ACCOMPANYING ENVELOPE.

MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW [ ]

Number of voting shares: ________________________

Dated: _______________________________ ___ ____

Signature: ___________________________________

Signature: ___________________________________

Signature if held jointly

(Please sign exactly as shown on your stock certificate and on the envelope in which this proxy was mailed. When signing as partner, corporate officer, attorney, executor, administrator, trustee, guardian, etc., give full title as such and sign your own name as well. If stock is held jointly, each join owner should sign.)

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CHEMBIO DIAGNOSTICS, INC.

AUDIT COMMITTEE CHARTER

Purpose and Authority

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in overseeing: (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications and independence; (4) the performance of the Company's internal auditors, if applicable, and independent auditor; and (5) compliance with the Company's code of ethics for senior financial officers and compliance with the Company's code of conduct for all Company personnel. The Committee shall have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor. The Committee shall also have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board. The Committee shall fulfill its oversight role by performing the duties and responsibilities set forth in this Charter.

As the Committee deems appropriate, it may retain independent counsel, accounting and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or terms of engagement of any such advisors.

Committee Structure and Expertise

The Committee shall consist of at least three directors, or such other number as the Audit Committee may have and remain in compliance with the rules and regulations promulgated by the Nasdaq Stock Market, who shall be appointed by the Board. Each member of the Committee shall be "independent" as that term is defined in Nasdaq Stock Market ("Nasdaq") Rule 4200(a)(15) and shall otherwise meet the independence and experience requirements of Nasdaq, Section 10A-3 of the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the SEC. The Board may, at any time and in its complete discretion, replace a Committee member. Each member of the Committee shall be financially literate and shall, at a minimum, be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the three years prior to that member being appointed to the Committee. At least one Committee member shall have, through education and experience as a public accountant or auditor, or a principal financial officer, controller or principal accounting officer or a chief executive officer, or from performance of similar functions, sufficient financial expertise in accounting and auditing so as to be a "financial expert", in accordance with such regulations as may be applicable to the Company from time to time.

If the Committee is aware of any material noncompliance with the structure or expertise requirements set forth above, the Committee shall report such noncompliance to the Board.

Meetings

The Committee shall meet as often as necessary, at least on a quarterly basis. The Committee shall meet periodically in separate, private sessions with each of management, the independent auditor and the internal auditors to discuss anything the Committee or these groups believe should be discussed. The Committee may require any Company officer or employee or the Company's outside counsel or external auditor to attend a Committee meeting or to meet with any members of, or consultants to, the Committee, and to provide pertinent information as necessary. In the absence of a member designated by the Board to serve as chair, the members of the Committee may appoint from among their number a person to preside at their meetings.

The Committee shall maintain minutes and other relevant documentation of all its meetings.

Committee Authority and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any duties and responsibilities assigned to the Committee from time to time by the Board:

Engagement of Independent Auditor

- The Committee has the sole authority to approve all audit engagement fees and terms, as well as all significant non-audit engagements with the independent auditor. The Committee shall be directly responsible for overseeing the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee.

- The Committee shall pre-approve all audit and non-audit services as the independent auditor is permitted to provide, subject to *de minimus* exceptions for other than audit, review, or attest services that are approved by the Committee prior to completion of the audit. Alternatively, the engagement of the independent auditor may be entered into pursuant to pre-approved policies and procedures established by the Committee, provided that the policies and procedures are detailed as to the particular services and the Committee is informed of each service. In considering whether to pre-approve any non-audit services, the Committee shall consider whether the provision of such services is compatible with maintaining the independence of the auditor.

- The Committee shall ensure that the Committee's approval of any non-audit services is publicly disclosed pursuant to applicable laws, rules and regulations.

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· The Committee shall have the authority to engage, without Board approval, independent legal, accounting, and other advisors as it deems necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, to compensate the independent auditor, outside legal counsel, or any other advisors employed by the Committee, and to pay ordinary Committee administrative expenses that are necessary and appropriate in carrying out its duties.

Evaluate Independent Auditor's Qualifications, Performance and Independence

· At least annually, the Committee shall evaluate the independent auditor's qualifications, performance and independence, including that of the lead audit partner.

· At least annually, the Committee shall obtain and review the letter and written disclosures from the independent auditor consistent with Independence Standards Board No. 1, including a formal written statement by the independent auditor delineating all relationships between the auditor and the Company; actively engage in a dialogue with the auditor with respect to that firm's independence and any disclosed relationships or services that may impact the objectivity and independence of the auditor; and take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditor.

· The Committee shall discuss with the independent auditor the matters required to be discussed by the Statement of Auditing Standards ("SAS") No. 61, as amended from time to time, together with any other matters as may be required for public disclosure or otherwise under applicable laws, rules and regulations.

Review Financial Statements and Financial Disclosure

· The Committee shall review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", the report of the independent auditor thereon, the disclosures regarding critical accounting estimates, and shall discuss any significant issues encountered in the course of the audit work, including any restrictions on the scope of activities, access to required information or the adequacy of internal controls.

· If so determined by the Committee, based on its review and discussion of the audited financial statements with management and the independent auditor, its discussions with the independent auditor regarding the matters required to be discussed by SAS 61, and its discussions regarding the auditor's independence, recommend to the Board that the audited financial statements be included in the Company's annual report on Form 10-KSB.

· The Committee shall review the CEO and CFO's disclosures and certifications set forth in the Company's Forms 10-QSB and 10-KSB under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

· The Committee shall discuss earnings press releases, as well as the financial information and earnings guidance provided to analysts and rating agencies. This may be done generally and does not require the Committee to discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

Periodic Assessment of Accounting Practices and Policies

· The Committee shall obtain and review timely reports from the independent auditor regarding: (1) all critical accounting policies to be used; (2) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (3) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

- The Committee shall review with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company.

- The Committee shall review changes in promulgated accounting and auditing standards that may materially affect the Company's financial reporting practices.

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- The Committee shall review any reports by management regarding the effectiveness of, or any deficiencies in, the design or operation of internal controls and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. Review any report issued by the Company's independent auditor regarding management's assessment of the Company's internal controls.

Proxy Statement Report of Audit Committee

- The Committee shall prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

Related-Party Transactions

- The Committee shall review and approve all related-party transactions, including transactions between the Company and its officers or directors or affiliates of officers or directors.

Hiring Policies

- The Committee shall set clear hiring policies for the Company's hiring of employees and former employees of the independent auditor who were engaged on the Company's account, and ensure that such policies comply with any regulations applicable to the Company from time to time.

Ethics Compliance and Complaint Procedures

- The Committee shall develop, and monitor compliance with, a code of ethics for senior financial officers pursuant to, and to the extent required by, regulations applicable to the Company from time to time.

- The Committee shall develop, and monitor compliance with, a code of conduct for all Company employees, officers and directors pursuant to, and to the extent required by, regulations applicable to the Company from time to time.

- The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

- The Committee shall establish procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Evaluation

The Committee shall review and reassess the adequacy of this Charter at least annually and submit proposed changes to the Board for approval. The Committee has the powers and responsibilities delineated in this Charter. It is not, however, the Committee's responsibility to prepare and certify the Company's financial statements, to guaranty the independent auditor's report, or to guaranty other disclosures by the Company. These are the fundamental responsibilities of management and the independent auditor. Committee members are not full-time Company employees and are not performing the functions of auditors or accountants.

The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations for improvement.

It is not the responsibility of the Committee to plan or conduct audits or to determine whether the Company's financial statements are complete and accurate or in conformance with generally accepted accounting principles.

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CHEMBIO DIAGNOSTICS, INC.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

A. Purpose and Authority

The purpose of the Nominating and Corporate Governance Committee (the “Committee”) is to (i) identify individuals qualified to become members of the Board of Directors (the “Board”), (ii) recommend director candidates to the Board, (iii) develop, update as necessary and recommend to the Board corporate governance principles and policies applicable to the Company, and (iv) monitor compliance with such principles and policies.

The Committee also shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

B. Composition

1. Independence

The Committee shall be composed of three or more directors, as determined by the Board, and shall meet the independence standards required by the NASDAQ, Section 10A-3 of the Securities Act of 1934 (the “Exchange Act”), to the extent that Section 10A-3 is applicable to membership on the Committee, and any regulations of the Securities Exchange and Commission (the “SEC”) applicable to the Company.

Notwithstanding the foregoing, one director who is not independent and who is not a current employee of, or an immediate family member of a current employee of, the Company may be appointed to the Nominating Committee if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is required by the best interests of the Company and its shareholders, and the Board discloses such determination, the nature of the relationship, and the reason for the determination in the next annual proxy statement or, if the Company does not file a proxy statement, in the next annual report on Form 10-KSB. A director who is appointed to the Committee pursuant to this exception may not serve in excess of two years.

2. Appointment and Removal of Members

The members of the Committee shall be appointed by the Board on the recommendation of the Chair of the Board following the Chair’s consultation with the incumbent Chair of the Committee. The Board may remove any member from the Committee at any time with or without cause.

D. Duties and Responsibilities:

The Committee shall have the following duties and responsibilities, in addition to any duties and responsibilities assigned to the Committee from time to time by the Board.

Director Selection

- Review, approve and recommend for Board consideration director candidates based on the Director Selection Guidelines outlined in Exhibit A to this Charter, and advise the Board with regard to nomination or election of director candidates.

- Periodically review, approve and recommend to the Board appropriate revisions to the Director Selection Guidelines outlined in Exhibit A to this Charter.

- Determine procedures for the review, approval and recommendation of director candidates, as appropriate.

- Determine procedures for the consideration of shareholder-recommended Board candidates.

Periodic Disclosure

Prepare the disclosure required in the Company's proxy statement which explains the process used to identify and evaluate nominees for the board of directors, including an explanation of:

1. Director Nomination Process

a. The "minimum qualifications" that must be met for a nominee to be recommended by the Committee, including any specific qualities or skills necessary for a nominee.

b. Whether the Company has a policy regarding consideration of shareholder-recommended Board candidates and, if not, why not. The Committee must describe the material terms of any policy, including whether the Committee will consider shareholder-recommended candidates and, if so, what the procedures are for recommending them.

c. The Committee's process for identifying and evaluating potential nominees for the Board, including shareholder-recommended candidates. If shareholder-recommended candidates are evaluated on a different basis from other candidates, the Committee must disclose and explain these differences. For all nominees proposed by the Committee for election (other than executive officers or current directors standing for reelection) the Committee must disclose which of the following recommended each nominee: shareholder; non-management director, CEO, other executive officer; third party search firm; or other source. The Committee must disclose the identity and role of any third party engaged to identify or evaluate potential Board candidates.

d. If a 5% or greater shareholder (or group) that has held its position for at least a year recommends a director candidate at least 120 days prior to the anniversary of the mailing date of the prior year's proxy statement, the Committee must disclose the name of the candidate and of the recommending shareholder, and whether the Company nominated the candidate.

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e. The Committee shall assist the Board in preparing disclosure regarding any material change to the procedures for shareholder nomination of directors. The disclosure will be made in the Form 10-QSB filed for the period in which the material change occurred (or the Form 10-KSB, for the fourth quarter). Adopting procedures for the first time will be considered a material change.

2. Shareholder Communications with the Board

The Committee shall disclose whether the Company has a process for shareholders to communicate with the Board and, if not, why not. Finally, the Committee must explain the process shareholders should use for sending communications to the Board or to specific individual directors.

Board and Board Performance

· Periodically review and recommend to Board appropriate size of the Board.

· Periodically review appropriateness of any restrictions on Board service, such as term limits and retirement policy.

· Recommend to Board standards regarding Company's definition of "independence" as such term relates to directors (taking into account, among other things, Nasdaq requirements and any other laws and regulations applicable to the Company).

· Establish performance criteria/expectations for directors in areas of attendance, preparedness, candor and participation.

· Establish, coordinate and review with the Chair of Board criteria and method for evaluating the effectiveness of the Board.

· Recommend frequency of regular meetings of non-management directors and develop format for such meetings, including selection of presiding director at such meetings.

· Determine method of communications between (i) employees, shareholders and other interested parties and (ii) non-management directors and/or the presiding non-management director.

Board Leadership

· Develop and recommend to the Board procedures for selection of the Chair of the Board.

· Develop and recommend to the Board procedures for Board review of, and for communicating such review to, the Chair of the Board.

Board Relationship to Senior Management

· Monitor process and scope of director access to Company management and employees and communications between directors and Company management and employees.

Meeting Procedures

- Develop annual meeting calendar for Board.

- Develop process for preparing agendas for, organizing and running Board meetings.

- Determine appropriate timing for distribution of Board materials to allow directors adequate time to review materials and prepare for meetings.

Board Committee Matters

- Recommend to Board, as appropriate, number, type, functions, structure and independence of committees.

- Annually recommend to Board director membership on Board committees and advise Board and/or committees with regard to selection of Chairs of committees. (The Committee should consider rotation of Chairs and committee members when making its recommendations).

- Determine criteria and procedures for selection of committee members and Chairs, as appropriate.

- Establish and coordinate with applicable committee Chair criteria and method for evaluating the effectiveness of the committees.

Director Orientation and Continuing Education

- Periodically review and revise, as appropriate, the Company's director orientation program.

- Monitor, plan and support continuing education activities of the directors.

Governance Policies

- Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.

Committee Reports to Board

- Provide minutes of Committee meetings to the Board and report to the Board on any significant matters arising from the Committee's work.

E. Meetings

The Committee shall establish a meeting calendar annually. The Committee may hold such other meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities. In the absence of a member designated by the Board to serve as Chair, the members of the Committee may appoint from among their number a person to preside at their meetings.

F. Evaluation

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.

The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.

EXHIBIT A

Director Selection Guidelines

The Charter of the Nominating and Corporate Governance Committee (the "Committee") of the Board requires the Committee to develop and periodically review and recommend to the Board appropriate revisions to these Director Selection Guidelines. The following guidelines have been adopted by the Board upon the recommendation of the Committee.

A. Director Qualifications

When considering potential director candidates for nomination or election, directors should consider the following qualifications, among others, of each director candidate:

- High standard of personal and professional ethics, integrity and values;
- Training, experience and ability at making and overseeing policy in business, government and/or education sectors;
- Willingness and ability to keep an open mind when considering matters affecting interests of the Company and its constituents;
- Willingness and ability to devote the required time and effort to effectively fulfill the duties and responsibilities related to Board and committee membership;
- Willingness and ability to serve on the Board for multiple terms, if nominated and elected, to enable development of a deeper understanding of the Company's business affairs
- Willingness not to engage in activities or interests that may create a conflict of interest with a director's responsibilities and duties to the Company and its constituents; and
- Willingness to act in the best interests of the Company and its constituents, and objectively assess Board, committee and management performances.

B. Board Composition Selection Criteria

The Board believes that its effectiveness depends on the overall mix of the skills and characteristics of its directors. Accordingly, the following factors, among others, relating to overall Board composition should be considered when determining Board needs and evaluating director candidates to fill such needs:

- Independence;
- Diversity (e.g., age, geography, professional, other);
- Professional experience;
- Industry knowledge (e.g., relevant industry or trade association participation);

- Skills and expertise (e.g., accounting or financial);
- Leadership qualities;
- Public company board and committee experience;
- Non-business-related activities and experience (e.g., academic, civic, public interest);
- Board continuity (including succession planning);
- Board size;
- Number and type of committees, and committee sizes; and
- Legal and Nasdaq, or other applicable trading exchange or quotation system, requirements and recommendations, and other corporate governance-related guidance regarding board and committee composition.

C. Selection Procedures

Potential director candidates should be referred to the Chair of the Committee for consideration by the Committee and possible recommendation to the Board. The Committee shall maintain a list of director candidates to consider and propose to the Board, as required. If necessary or desirable in the opinion of the Committee, the Committee will determine appropriate means for seeking additional director candidates, including engagement of any outside consultant to assist the Committee in the identification of director candidates.

The Committee shall decide on the appropriate means for the review, recommendation and/or selection of individual director candidates, including current directors, and the recommendation of director candidates to the Board. In the event of a vacancy on the Board, the Chair of the Committee shall initiate the effort to identify appropriate director candidates.