



NANOPHASE TECHNOLOGIES CORPORATION
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TO: All Directors, Advisory Board Members, Officers and Employees of Nanophase Technologies Corporation

FROM: Insider Trading Compliance Officer, Jess Jankowski

DATE: September 21, 2022

RE: Amended Policy on Insider Trading

In the course of employment with Nanophase Technologies Corporation ("Nanophase" or the "Company"), directors, advisory board members, officers and employees may come into possession of confidential and highly sensitive information concerning the Company, its suppliers, customers, investors or other persons or companies with whom Nanophase has contractual relationships or may be negotiating transactions. This confidential and sensitive information may have a potential for affecting the market price of securities issued either by Nanophase or the other involved companies.

Federal securities laws, under some circumstances, impose considerable civil and criminal penalties on persons who improperly obtain or use **material, non-public information** in connection with a purchase or sale of securities. In addition to civil damages of up to three times the profit gained or loss avoided, an individual could be subject to imprisonment of up to 20 years and criminal fines of up to \$5,000,000 for violations, plus prejudgment interest and private party damages. Recent federal legislation has given the Securities and Exchange Commission ("SEC") and courts greater powers in imposing penalties for violations of the insider trading provisions of the federal securities laws. The SEC and governmental prosecutors have been vigorously enforcing these insider trading laws against both institutions and individuals.

Violations adversely affect the Company's reputation. Furthermore, if the Company fails to take appropriate steps to prevent insider trading, the Company and its directors, officers and other supervisory personnel may be subject to "controlling person" liability and potential civil and criminal penalties. In light of the importance of preserving Nanophase's reputation for maintaining the highest legal, business and ethical standards, as well as the detrimental impact on employees and Nanophase for failures to comply with applicable laws, the Company is hereby providing specific guidance concerning the propriety of various personal transactions, and has developed specific procedures in certain cases to attempt reasonably to ensure that neither Nanophase nor its directors, advisory board members, officers and employees violate insider trading laws.

With this in mind, all directors, advisory board members, officers and employees of Nanophase have been presented with a copy of this memorandum. We are asking you to read this memorandum and thoroughly understand its contents. Once you are sure you have a complete understanding of its meaning, we are asking that you sign the attached Insider Trading Compliance Statement.

Explanation of the Law

The federal securities laws and regulations prohibit the purchase or sale of a security at a time when the person trading in that security possesses **material, non-public information** concerning the issuer of the security, or the market for the security, which has not yet become a matter of general public knowledge and which has been obtained or is being used in breach of a duty to maintain the information in confidence. Communication of nonpublic information to a third party, under circumstances where improper trading can or may be anticipated, is also prohibited. These prohibitions apply to any security, including derivative securities such as put and call options, options to acquire common stock including company-granted stock options, warrants, convertible debentures, preferred stock and debt securities such as bonds and notes -- not just common stock.

"Material, non-public information" includes information that is not available to the public at large which could affect the market price of the security and to which a reasonable investor would attach importance in deciding whether to buy, sell, or retain the security. Common examples of information that will frequently be regarded as material are: (1) significant acquisitions; (2) matters involving significant new products, patent approvals and/or licensing agreements; (3) matters relating to new financing; (4) gain or loss of a substantial supplier or customer; (5) negotiating or signing a significant contract; (6) financial results or financial condition or projections by a corporation's officers or directors of future financial results or financial condition; (7) news of a pending or proposed merger or acquisition, or a tender offer or exchange offer; (8) information about a major joint venture; (9) news of a significant sale of assets; (10) changes in dividend policies or the declaration of a stock split or the offering of additional securities; (11) impending bankruptcy or financial liquidity problems; (12) changes in management; (13) significant litigation; (14) significant regulatory exposure due to actual or threatened action by state or federal regulators; (15) major restructuring actions or asset impairments; (16) changes in auditors; or (17) discovery of an error in the Company's financial statements or notification from an independent auditor that the Company may no longer rely on a previously issued audit report or completed interim review. It should be noted that either positive or negative information may be material.

Information is considered to be available to the public only when it has been released to the public through appropriate channels (for example, by means of a press release or a public statement from one of Nanophase's senior officers) and enough time has elapsed to permit the investment market to absorb and evaluate the information. Publicly released information will normally be regarded as absorbed and evaluated within three days after its disclosure.

Company Policy

1. No Trading On Material, Non-Public Information.

Any director, advisory board member, officer or employee who has **material, non-public information** relating to Nanophase or any other corporation, including any of the Company's major suppliers, customers or joint venture partners (i) may not buy or sell the securities of Nanophase or such other corporation, (ii) pass along the information to others or recommend to anyone to buy or sell the securities of Nanophase or such other corporation (so called "tipping"), or (iii) permit any member of his or her immediate family, anyone living in the same household, any persons or entities, including trusts, corporations, partnerships or associations, whose decisions are directed, influenced or controlled by such director, advisory board member, officer or employee, anyone acting on his or her behalf, or anyone to whom he or she has disclosed the information, to purchase or sell such securities. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

A reasonable time should be allowed to elapse (at least three business days) before trading in the security to allow for public dissemination and evaluation of the information after public disclosure through appropriate channels. Generally, it is expected that you will be less likely to be in possession of **material, non-public information** during the 30-day period beginning three days after the release of either quarterly or annual financial results. However, even during these periods, you are subject to the above prohibitions if you possess **material, non-public information**.

2. Prior Approval Required for All Persons.

Since everyone is likely to have access to **material, non-public information**, it is Nanophase's policy that directors, advisory board members, officers and all employees must not purchase or sell the Company's securities or securities of any company or publicly traded partnership known or believed to be a significant supplier or customer of Nanophase, whether or not the director, advisory board member, officer or employee possesses specific **material, non-public information**, unless the written permission from the Company's Insider Trading Compliance Officer (the "Compliance Officer") is first received. Written permission will be given for a specified period but will continue to be subject to the above prohibitions if such person possesses **material, non-public information**. For purposes of this policy, a company or partnership would be a significant supplier or customer if its business with Nanophase constituted an important portion of the Company's business. All inquiries in this regard, including, without limitation, inquiries as to whether a company is a significant supplier or customer of Nanophase, should be directed to the Compliance Officer.

3. Other Trading Restrictions.

In addition, it is Nanophase's policy that directors, advisory board members, officers, and employees shall not engage in any of the following activities with respect to the Company's securities:

- a. Trading in Nanophase's stock during the period beginning on the twenty-fifth day of the last month of a calendar quarter (i.e., March 25, June 25, September 25, and December 25) through and including the third business day following the press release of such quarter's earnings or prior year's earnings in the case of the fourth quarter.
- b. Trading in Nanophase's stock during any other ad-hoc blackout period as may be declared from time to time by the Compliance Officer.
- c. Trading in Nanophase's stock on a short-term basis. Any stock purchased must be held for a minimum of six months before sale, unless the stock is subject to forced sale (*e.g. as a consequence of a merger or acquisition*).
- d. Purchases on margin or otherwise pledging Nanophase's stock.
- e. Short sales.
- f. Buying or selling put options or call options on Nanophase's stock, or entering into hedging transactions with respect to Nanophase's securities such as "costless collars," prepaid variable forwards," "equity swaps" or similar transactions intended to preserve value.
- g. Engaging in limit orders, standing orders or other pre-arranged transactions that execute automatically, except for "same-day" limit orders and approved 10b5-1 plans that are not otherwise subject to limitations.

4. Rule 10b5-1 Sales or Trading Plans.

Transactions in Nanophase's securities by persons subject to this Policy that are made pursuant to a 10b5-1 sales or trading plan that has been approved in advance and in writing by the Compliance Officer are generally not subject to the prohibition on trading on the basis of material non-public information or the restrictions contained in this Policy relating to blackout periods and the preclearance approval process. Rule 10b5-1 provides an "affirmative defense" in those instances, although not an absolute safe harbor, from insider trading liability under the federal securities laws provided that the trading plans meet certain requirements. In every instance, a 10b5-1 plan must be entered into in good faith during a permitted trading period and when the person is not aware of material non-public information. Once the plan is adopted, and for as long as it continues in effect, the person must not exercise any further influence over how, when or whether to trade the securities subject to the plan.

Persons subject to this Policy should discuss their proposed 10b5-1 plans with the Compliance Officer to determine the restrictions expected relative to plan design. These expectations may change for new plan requests as time advances and regulations change. At a minimum, plans must specify the amount, pricing and timing of the transactions (including arrangements to set these terms by formula) in advance, or alternatively, delegate discretion on those matters to an independent party. Once a person's 10b5-1 plan is approved and put into place, all proposed modifications of the plan must also be submitted to the Compliance Officer for approval prior to their implementation, and must be made when you are not aware of material non-public information and during a permitted trading period. In effect, any modification of a 10b5-1 plan is treated as if the existing 10b5-1 plan has been terminated and a new 10b5-1 plan has been put in place, subject to approval by the Compliance Officer or the Chair of the Compensation Committee of the Nanophase Board of Directors.

Nothing in this Policy prohibits a person subject to this Policy from terminating a 10b5-1 plan in accordance with applicable law and regulation. However, such persons should be aware that modifications to, or terminations of, 10b5-1 plans may be viewed as exercises of insider control that could affect the determination of whether an insider entered into a 10b5-1 plan in good faith and is therefore entitled to affirmative defenses under the plan. Consequently, it is recommended that persons subject to this Policy consult with their personal legal advisors before making plan changes.

Insiders seeking to establish a 10b5-1 plan should contact the Company's legal counsel. Nanophase's acceptance of a 10b5-1 plan does not mean that the plan automatically meets the requirements of applicable law or that persons adopting such plans will be insulated from insider trading liability. It is the responsibility of each person to ensure compliance with insider trading laws and regulations, including Rule 10b5-1.

Appointment and Duties of the Compliance Officer

The Company has appointed the Company's Chief Financial Officer as the Compliance Officer. The Compliance Officer may assign certain of the related duties to another Company employee from time to time.

The appointment of a Compliance Officer does not shift responsibilities under this Policy away from the individual. The individual remains solely responsible for compliance with this Policy. The duties of the Compliance Officer are strictly for the Company's benefit. Neither the Compliance Officer nor any of the Company's employed or retained attorneys shall be deemed to represent individual employees or other persons subject to this Policy.

Acknowledgment

I have carefully reviewed the Nanophase Technologies Corporation Policy on Insider Trading, as amended through September 21, 2022, and understand all of its provisions. I certify that to the best of my knowledge I have complied with these policies since such date (or during my term of employment, or tenure as a director or advisory board member, if after such date) and that I will continue to adhere to these policies and procedures in the future.

I realize that failure to observe and comply with all of the provisions contained in the memorandum may subject me to sanctions including disciplinary action, up to and including discharge, as well as civil liability and criminal penalties under applicable law.

Signature: _____

Date: _____

Print Name: _____

Title: _____