



Compensation Committee Charter

STATEMENT OF POLICY

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Motorsport Games Inc. (the “Company”) has the responsibility and authority to supervise and review the affairs of the Company as they relate to the compensation and benefits of executive officers and directors of the Company. In carrying out these responsibilities, the Committee shall review all components of executive and director compensation for consistency with the Company’s compensation philosophy and with the interests of the Company’s stockholders.

ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be appointed annually by the Board and shall be comprised of at least two (2) Board members, each of whom must be determined by the Board to be “independent” under applicable securities laws and the rules of The NASDAQ Stock Market LLC; provided that a director who does not meet the independence criteria of NASDAQ may, subject to the approval of the Board, serve on the Committee pursuant to, and subject to the limitation under, the “exceptional and limited circumstances” exception as provided under the rules of NASDAQ. In addition, at least two (2) members of the Committee (such members, the “Outside Directors”) shall also be (1) “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”) as amended, and (2) “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. A Board member shall not serve on this Committee if any executive officer of the Company serves on the board of directors of an entity that employs such Board member as an executive officer.

Each member of the Committee shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation, removal or death. Any member of the Committee may be removed or replaced by the Board. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. The Chair shall preside at all regular meetings of the Committee and set the agenda for each Committee meeting.

In fulfilling its responsibilities, the Committee shall, to the extent permitted by law, be entitled to delegate any or all of its responsibilities to one or more subcommittees of the Committee comprised of one or more members of the Committee. To the extent necessary to comply with Section 162(m) of the Internal Revenue Code or Rule 16b-3, the Outside Directors, acting as a subcommittee, shall have authority to act on behalf of the Committee.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have sole authority to retain and terminate any compensation consultant to be used to assist in the performance of the Committee’s duties, and shall have sole authority to approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.

MEETINGS

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, but not less than once a year, and may meet with management or individual directors at such time as it deems appropriate to discuss any matters before the Committee. The Committee may request that any employee of the Company attend any of its meetings or meet with any Committee member or consultant. The Committee shall meet at least annually with the Company's Chief Executive Officer (the "CEO") and such other senior executives as the Committee deems appropriate provided, however, that the CEO may not be present during deliberations or voting regarding his or her compensation. The Committee shall meet periodically in executive session without the presence of management.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of at least a majority of the members present (in person or by telephone conference call) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes.

The Committee shall maintain written minutes of its meetings, which shall be filed with the minutes of the meetings of the Board.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

- Periodically review and advise the Board concerning the Company's overall compensation philosophy, policies and plans, including a review of both regional and industry compensation practices and trends.
- Advise management on the composition of any peer group used for comparison purposes.
- Review and approve corporate and personal performance goals and objectives relevant to the compensation of all executive officers, and make recommendations to the Board regarding all executive compensation (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites).
- Make recommendations to the Board regarding the establishment and terms of the Company's incentive compensation plans and equity compensation plans, and administer such plans.
- Make and approve grants of options and other equity awards to all executive officers and directors under the Company's compensation plans.
- Make and approve grants of options and other equity awards to all other eligible individuals.
- Review and make recommendations to the Board regarding compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control

provisions, severance arrangements, and material amendments thereto.

- Review and discuss with management the disclosures in the Company’s “Compensation Discussion and Analysis” if required, and any other disclosures regarding executive compensation to be included in the Company’s public filings or shareholder reports.

- Review and discuss with management the risks associated with the Company’s compensation policies.

- Based upon its review and discussion with management, recommend to the Board whether the Compensation Discussion and Analysis, if required, should be included in the Company’s proxy statement, Form 10-K, or information statement, as applicable, and prepare the related report required by the rules of the Securities and Exchange Commission.

- Review and reassess the adequacy of this Charter at least annually.

- Report to the Board on the Committee’s activities on a regular basis.

- Perform any other activities consistent with this Charter, the Company’s Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

- Make recommendations to the Board regarding director compensation.

- Recommend to the Board stock ownership guidelines for the Company’s executive officers and non-employee directors, and periodically assess such guidelines and recommend revisions as appropriate.

- At least annually, discuss with management internal controls and disclosure controls relating to executive compensation.

- Review and make recommendations to the Board regarding stockholder proposals related to compensation matters.

- Establish performance goals and certify that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code as related to plans linked to such performance measures with respect to any awards outstanding that could be grandfathered and eligible for the limited transition relief.

- Review key strategic human resource activities, including those relating to diversity, training and recruitment.

ANNUAL REVIEW

The Committee shall review on at least an annual basis the scope of responsibilities of the Committee and the Committee’s performance of its duties. Any proposed changes to this Charter or the scope of the Committee’s responsibilities, where indicated, shall be referred to the Board for appropriate action.