

NATIONAL HOLDINGS CORPORATION

AUDIT COMMITTEE CHARTER

AMENDED AND RESTATED MAY 12, 2014

PURPOSE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of National Holdings Corporation (the “Company”) is to assist the Board with its oversight responsibilities regarding: (i) the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance; (ii) the Company's compliance with legal and regulatory requirements; (iii) the appointment, approval and monitoring of the independence, services, performance and compensation of the Company's independent auditors; and (iv) providing an avenue of communication among the independent auditors, management, employees and the Board; and (v) the preparation of the report that the Securities and Exchange Commission ("SEC") rules require to be included in the Company's annual proxy statement.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, management and Company employees. The Audit Committee has the ability to retain, at the Company's expense, legal and accounting experts or advisors (accounting, financial or otherwise) or other consultants it deems necessary in the performance of its duties. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board, from time to time, consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Notwithstanding the foregoing, the Committee's responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, as well as the Company's financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance

with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's Chief Financial Officer (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) and the Company's independent auditor) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

Further, auditing literature, particularly Statement of Accounting Standards No. 71, defines the term “review” to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term “review” as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

MEMBERSHIP

The Committee shall consist of at least three (3) members of the Board. Each Committee member must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. Members of the Committee are not required to be engaged in the accounting and auditing profession and, consequently, some members may not be expert in financial matters, or in matters involving auditing or accounting. At least one (1) member of the Committee shall be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S—K under the Exchange Act. All members of the Committee shall be “independent” as defined under the rules of the NASDAQ Stock Market and meet the criteria for independence set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and shall meet any other applicable standards of the Securities Exchange Act of 1934 and rules and regulations promulgated there under, as they may from time to time be amended. .

The members of the Committee, including the Chairman of the Committee, shall be appointed by the Board upon recommendation of the Nominating Committee at least annually at a meeting of the Board and shall serve for one year or until their successors shall be duly appointed and qualified. Committee members may be removed from the Committee, with or without cause, by the Board.

MEETINGS AND PROCEDURES

The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at each meeting of the Committee and set the agendas for Committee meetings, which shall be prepared and provided in advance to members, along with appropriate background materials. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee.

The Committee shall meet at least once during each fiscal quarter and more frequently as the Committee deems desirable. The Committee shall meet separately, periodically, with management and with the independent auditor. When deemed appropriate, Audit Committee meetings may be held in person or by telephone. Minutes or other records of meetings and activities of the Audit Committee shall be maintained.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director that is not a member of the Committee.

The Committee may conduct or authorize investigations into any matters within the scope of the powers and responsibilities delegated to the Committee.

POWERS AND RESPONSIBILITIES

Interaction with the Independent Auditor

1. *Appointment and Oversight.* The Committee shall be directly responsible and have sole authority for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and the independent auditor shall report directly to the Committee.

2. *Pre-Approval of Services.* Before the independent auditor is engaged by the Company or its subsidiaries to render audit or permitted non-audit services, the Committee shall pre-approve the engagement. The Committee shall establish pre-approval policies and procedures regarding the Company's engagement of the independent auditor for audit or permitted non-audit services. The Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals, provided such approvals are presented to the Committee at a subsequent meeting. Committee pre-approval of permitted non-audit services (other than review and attest services) also will not be required if such services fall within available exceptions established by the SEC.

3. *Independence of Independent Auditor.* The Committee shall, at least annually, review the independence and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Company. In conducting its review:

(i) The Committee shall obtain and review a report prepared by the independent auditor describing (a) the auditing firm's internal quality-control procedures and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

(ii) The Committee shall ensure that the independent auditor prepare and deliver, at least annually, a written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1. The Committee shall actively

engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that, in the view of the Committee, may impact the objectivity and independence of the independent auditor. If the Committee determines that further inquiry is advisable, the Committee shall take appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence.

(iii) The Committee shall confirm with the independent auditor that the independent auditor is in compliance with the partner rotation requirements established by the SEC. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.

(iv) The Committee shall present its conclusions with respect to the independent auditor to the Board.

Annual Financial Statements and Annual Audit

4. *Meetings with Management and the Independent Auditor.*

(i) The Committee shall meet with management and the independent auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit.

(ii) The Committee shall review and discuss with management and the independent auditor: (A) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (B) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; and (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

(iii) The Committee shall review and discuss the annual audited financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its Annual Report on Form 10-K filed with the SEC.

(iv) Prior to releasing year-end earnings, the Committee shall discuss the results of the audit with the independent auditors and review significant accounting and reporting issues of complex or unusual transactions and the effect of off-balance sheet structures on the financial statements of the Company.

5. ***Recommendation to Include Financial Statements in Annual Report.*** The Committee shall, based on the review and discussions in paragraphs 4(iii) above, and based on the disclosures received from the independent auditor regarding its independence and discussions with the auditor regarding such independence pursuant to subparagraph 3(ii) above, determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year subject to the audit.

Quarterly Financial Statements

6. *Meetings with Management and the Independent Auditor.* The Committee shall review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its Quarterly Reports on Form 10-Q filed with the SEC. The Committee shall discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with SAS No. 61.

Internal Controls and Legal Compliance

7. Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities.

8. Review and investigate any matters relating to the integrity of management, potential conflicts of interest and adherence to the Company's policies.

9. Review disclosures made by the Chief Executive Officer and Chief Financial Officer in connection with the certification of the Company's annual and quarterly reports.

10. Consider and review with management and the independent auditors, the effectiveness of the Company's system of internal controls. Develop, in consultation with management, a timetable for implementing recommendations to correct identified weaknesses.

11. Review management's monitoring of the Company's compliance with laws and management's exercise of ethical practices and ensure that management has the proper review systems in place to ensure that the Company's financial statements, reports and other information disseminated to governmental organizations, and the public, satisfy legal requirements.

Other Powers and Responsibilities

12. The Committee shall discuss with outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.

13. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Committee shall also establish procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters.

14. The Committee shall receive funding for the payment of compensation to independent auditors and any advisers employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate to carry out its duties.

15. The Committee shall provide the Company with the report of the Committee with respect to the audited financial statements required by Item 407 of Reg. S-K, for inclusion in each of the Company's Annual Report on Form 10-K.

16. The Committee, through its Chair, shall report regularly to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board.

17. The Committee shall at least annually perform an evaluation of the performance of the Committee and its members, including a review of the Committee's compliance with this Charter.

18. The Committee shall at least annually review and reassess this Charter and submit any recommended changes to the Board for its consideration.

19. The Committee shall maintain minutes of meetings and activities.

20. The Committee shall perform any other activities consistent with this Charter, the Corporation's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.