



INSIDER TRADING POLICY

I. PURPOSE

This Insider Trading Policy (the “Policy”) provides guidelines concerning transactions in the securities of Inovalon Holdings, Inc. (“Inovalon”) and the handling of confidential information about Inovalon and the companies with which Inovalon does business. Inovalon’s Board of Directors has adopted this Policy to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material, nonpublic information about a company and; (1) trading in securities of that company or (2) providing material, nonpublic information to other persons who may trade on the basis of that information.

II. SCOPE

1. Individuals Subject to the Policy

This Policy applies to all officers of Inovalon and its subsidiaries, all members of Inovalon’s Board of Directors, and all employees of Inovalon and its subsidiaries. Inovalon may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material, nonpublic information. This Policy also applies to your family members, other members of your household and entities controlled by you, as described below.

2. Transactions Subject to the Policy

This Policy applies to transactions in Inovalon’s securities (collectively referred to in this Policy as “Inovalon Securities”), including Inovalon’s common stock, options to purchase common stock, or any other type of securities that Inovalon may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by Inovalon, such as exchange-traded put or call options or swaps relating to Inovalon’s Securities.

III. INDIVIDUAL RESPONSIBILITY

Anyone subject to this Policy has ethical and legal obligations to maintain the confidentiality of information about Inovalon and to not engage in transactions in Inovalon Securities while in possession of material, nonpublic information. You are responsible for making sure you comply with this Policy, and that any family member, household member or entity whose transactions are subject to this Policy, as discussed below, also complies with this Policy. In all cases, the responsibility for determining whether you are in possession of material, nonpublic information rests with you, and any action on the part of Inovalon, the Compliance Officer or any other officer, director, or employee under this Policy (or otherwise) does not in any way constitute legal advice or insulate you from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by Inovalon for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading “Consequences of Violations.”

IV. ADMINISTRATION OF THE POLICY

Shauna L. Vernal will serve as the Compliance Officer for the purposes of this Policy, and in her absence, another employee designated by the Compliance Officer is responsible for administration of this Policy. All determinations and interpretations by the Compliance Officer are final and not subject to further review.

V. POLICY STATEMENT

It is the policy of Inovalon that no director, officer or other employee of Inovalon (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material, nonpublic information relating to Inovalon may, directly, or indirectly through family members or other persons or entities:

- (a) Engage in transactions in Inovalon Securities, except as otherwise specified in this Policy under the headings “Transactions Under Company Plans,” “Transactions Not Involving a Purchase or Sale” and “Rule 10b5-1 Plans;”
- (b) Recommend the purchase or sale of any Inovalon Securities;
- (c) Disclose material, nonpublic information to persons within Inovalon whose jobs do not require them to have that information, or outside of Inovalon to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with Inovalon’s

policies regarding the protection or authorized external disclosure of information regarding Inovalon; or

- (d) Assist anyone engaged in the above activities.

In addition, it is the policy of Inovalon that no director, officer or other employee of Inovalon (or any other person designated as subject to this Policy) who, in the course of working for Inovalon, learns of material, nonpublic information about a company with which Inovalon does business, including a customer or supplier of Inovalon, may trade in that company's securities until the information becomes public or is no longer material.

There are no exceptions to this Policy, except as specifically noted herein. Transactions that otherwise may be necessary or justifiable (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve Inovalon's reputation for adhering to the highest standards of conduct.

VI. DEFINITION OF MATERIAL NONPUBLIC INFORMATION

- (a) Material Information. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect Inovalon's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:
 - (i) Projections of future earnings or losses, or other earnings guidance;
 - (ii) Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;
 - (iii) A pending or proposed merger, acquisition or tender offer;
 - (iv) A pending or proposed acquisition or disposition of a significant asset;
 - (v) A pending or proposed joint venture;

- (vi) A company restructuring;
 - (vii) Significant related party transactions;
 - (viii) A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
 - (ix) Bank borrowings or other financing transactions out of the ordinary course;
 - (x) The establishment of a repurchase program for Inovalon Securities;
 - (xi) A change in Inovalon's pricing or cost structure;
 - (xii) Major marketing changes;
 - (xiii) A change in management;
 - (xiv) A change in auditors or notification that the auditor's reports may no longer be relied upon;
 - (xv) Development of a significant new product, process, or service;
 - (xvi) Pending or threatened significant litigation, or the resolution of such litigation;
 - (xvii) Impending bankruptcy or the existence of severe liquidity problems;
 - (xviii) The gain or loss of a significant customer or supplier; and
 - (xix) The imposition of a ban on trading in Inovalon Securities or the securities of another company.
- (b) When Information is Considered Public. Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through the Dow Jones "broad tape," newswire services, a broadcast on widely-available radio or television programs, publication in a widely-available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available

on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to Inovalon's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until after the second business day after the day on which the information is released. If, for example, Inovalon were to make an announcement on a Monday, you should not trade in Inovalon Securities until Thursday. Depending on the particular circumstances, Inovalon may determine that a longer or shorter period should apply to the release of specific material, nonpublic information.

VII. TRANSACTIONS BY FAMILY MEMBERS AND OTHERS

This Policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household, but whose transactions in Inovalon Securities are directed by you or are subject to your influence or control, such as in situations when parents or children who consult with you before they trade in Inovalon Securities (collectively referred to as "Family Members"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Inovalon Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

VIII. TRANSACTIONS BY ENTITIES THAT YOU INFLUENCE OR CONTROL

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

IX. TRANSACTIONS UNDER COMPANY PLANS

This Policy does not apply in the case of the following transactions, except as specifically noted:

- (a) Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option acquired under Inovalon's option plans where you continue to hold all of the shares as to which the option was exercised. This Policy also does not apply to the exercise of a stock withholding or tax withholding right pursuant to which a person has elected to have Inovalon withhold shares subject to an option to pay the option exercise price or to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option or tax withholding requirements associated with that exercise.
- (b) Restricted Stock Awards. This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right under to which you elect to have Inovalon withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.
- (c) 401(k) Plan. Inovalon's 401(k) Plan currently does not include Inovalon Securities as an Investment option. However, if that changes in the future, this Section IX(c) will apply only if and when Inovalon's 401(k) plan includes Inovalon Securities as an Investment Option. This Policy does not apply to purchases of Inovalon Securities in Inovalon's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This Policy does apply, however, to certain elections you may make under the 401(k) plan, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to Inovalon stock fund; (b) an election to make an intra-plan transfer of an existing account balance into or out of Inovalon stock fund; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to Inovalon stock fund.
- (d) Employee Stock Purchase Plan. This Policy does not apply to purchases of Inovalon Securities in Inovalon's employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. This Policy also does not apply to purchases of Inovalon Securities resulting from lump sum contributions to the plan, provided that you elected to participate by lump sum payment at the beginning of the applicable enrollment period. This Policy does apply, however, to your election to participate in the plan for any enrollment period, and to your sales of Inovalon Securities purchased under to the plan.

- (e) Dividend Reinvestment Plan. This Policy does not apply to purchases of Inovalon Securities under Inovalon's dividend reinvestment plan resulting from your reinvestment of dividends paid on Inovalon Securities. This Policy does apply, however, to voluntary purchases of Inovalon Securities resulting from additional contributions you choose to make to the dividend reinvestment plan, and to your election to participate in the plan or increase your level of participation in the plan. This Policy also applies to your sale of any Inovalon Securities purchased under the plan.
- (f) Other Similar Transactions. Any other purchase of Inovalon Securities from Inovalon or sales of Inovalon Securities to Inovalon are not subject to this Policy.

X. TRANSACTIONS NOT INVOLVING A PURCHASE OR SALE

Bona fide gifts of securities are not transactions subject to this Policy, although such gifts are still subject to the Pre-Clearance Procedures described below and are not recommended during Trading Restriction Periods. Further, transactions in mutual funds that are invested in Inovalon Securities are not transactions subject to this Policy.

XI. SPECIAL AND PROHIBITED TRANSACTIONS

Inovalon has determined that there is a heightened legal risk or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. It therefore is Inovalon's policy that any persons covered by this Policy, without first obtaining clearance from the Compliance Officer, may not engage in any of the following transactions, or should otherwise consider Inovalon's preferences as described below:

- (a) Short-Term Trading. Short-term trading of Inovalon Securities may be distracting to the person and may unduly focus the person on Inovalon's short-term stock market performance instead of Inovalon's long-term business objectives. For these reasons, any director, executive officer subject to Section 16(a) of the Exchange Act, and any other employee designated by the Compliance Officer as subject to the Blackout Period specified in Section XII(b) below who purchases or sells Inovalon Securities in the open market may not engage in an opposite way open market transaction (i.e., a sell or purchase in Inovalon Securities of the same class during the six months following the original transaction) without first obtaining clearance from the Compliance Officer for the transaction. As noted below, directors and executive officers are also required to file reports with the Securities and Exchange Commission concerning their transactions in Company securities.

- (b) Short Sales. Short sales of Inovalon Securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in Inovalon's prospects. In addition, short sales may reduce a seller's incentive to seek to improve Inovalon's performance. For these reasons, short sales of Inovalon Securities are prohibited. In addition, Section 16(c) of the Exchange Act generally prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "Hedging Transactions.")
- (c) Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer or employee is trading based on material, nonpublic information and focus a director's, officer's or other employee's attention on short-term performance at the expense of Inovalon's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy.
- (d) Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a person to continue to own Inovalon Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as Inovalon's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.
- (e) Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material, nonpublic information or otherwise is not permitted to trade in Inovalon Securities, directors and officers are prohibited from holding Inovalon Securities in a margin account or otherwise pledging Inovalon Securities as collateral for a loan.
- (f) Broker Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no

control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee is in possession of material, nonpublic information. Inovalon therefore discourages placing standing or limit orders on Inovalon Securities other than under a Rule 10b5-1 Plan. If a director, executive officer subject to Section 16(a) of the Exchange Act, or any other employee designated by the Compliance Officer as subject to the Blackout Period specified in Section XII(b) below determines that they must use a standing order or limit order that is not part of a 10b5-1 Plan, the person must first obtain clearance from the Compliance Officer for the order and the order should be limited to short duration and should otherwise comply with the restrictions and procedures outlined below under the heading “Additional Procedures.”

XII. ADDITIONAL PROCEDURES

Inovalon has established additional procedures in order to assist Inovalon in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material, nonpublic information, and to avoid the appearance of any impropriety. These additional procedures are applicable only to those individuals described below.

- (a) Pre-Clearance Procedures. All directors, executive officers subject to Section 16(a) of the Exchange Act, and any other employee the Compliance Officer advises is subject to this Policy, as well as the family members and controlled entities of such persons may not engage in any transaction in Inovalon Securities or enter into Rule 10b5-1 Plan without first obtaining pre-clearance of the transaction or Rule 10b5-1 Plan from the Compliance Officer. A request for pre-clearance should be submitted to the Compliance Officer at least two business days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Inovalon Securities, and should not inform any other person of the restriction.

When a request for pre-clearance is made, you should carefully consider whether you are aware of any material, nonpublic information about Inovalon, and should describe fully those circumstances to the Compliance Officer. If you are a director or executive officer, you should also indicate whether the requestor has effected any non-exempt “opposite-way” transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor

should also be prepared to comply with SEC Rule 144 and file Form 144, if necessary, at the time of any sale.

- (b) Quarterly Trading Restrictions. All directors, executive officers subject to Section 16(a) of the Exchange Act, and any other employee designated by the Compliance Officer as well as the Family Members and Controlled Entities of such persons, may not conduct any transactions involving Inovalon's Securities (other than as specified by this Policy), during any regular or special "Blackout Period". Inovalon's regular blackout period begins two weeks prior to the end of each fiscal quarter (i.e., June 15, September 15, December 15, and March 15) and ends after the first business day following the date of the public release of Inovalon's earnings results for that quarter.
- (c) Event-Specific Trading Restriction Periods. From time to time, an event may occur that is material to Inovalon and is known by only a few directors, officers or employees. So long as the event remains material and nonpublic, persons designated by the Compliance Officer may not trade Inovalon Securities. In addition, Inovalon's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from trading in Inovalon Securities even sooner than the typical Blackout Period described above. In that situation, the Compliance Officer may notify these persons that they should not trade in Inovalon's Securities, without disclosing the reason for the restriction. The existence of an event-specific trading restriction period or extension of a Blackout Period will not be announced generally within Inovalon as a whole, and those persons subject to the event-specific blackout should not communicate its existence to any other person. Even if the Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material, nonpublic information. Exceptions will not be granted during an event-specific trading restriction period.
- (d) Exceptions. The quarterly trading restrictions and event-driven trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the headings "Transactions Under Company Plans" and "Transactions Not Involving a Purchase or Sale." Further, the requirement for pre-clearance, the quarterly trading restrictions and event-driven trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "Rule 10-b5-1 Plans."

XIII. RULE 10B5-1 PLANS

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy

must enter into a Rule 10b5-1 plan for transactions in Inovalon Securities that meets certain conditions specified in the Rule (a “Rule 10b5-1 Plan”). If the plan meets the requirements of Rule 10b5-1, Inovalon Securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1 and Inovalon’s “Guidelines for Rule 10b5-1 Plans,” which may be obtained from the Compliance Officer. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material, nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval at least five business days the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted under to the Rule 10b5-1 Plan will be required.

XIV. POST-TERMINATION TRANSACTIONS

This Policy continues to apply to transactions in Inovalon Securities even after termination of service to Inovalon. If an individual is in possession of material, nonpublic information when his or her service terminates, that individual may not trade in Inovalon Securities until that information has become public or is no longer material. The pre-clearance procedures specified under the heading “Additional Procedures” above, however, will cease to apply to transactions in Inovalon Securities upon the expiration of any Blackout Period or other Company-imposed trading restrictions applicable at the time of the termination of service.

XV. CONSEQUENCES OF VIOLATIONS

The purchase or sale of securities while aware of material, nonpublic information, or the disclosure of material, nonpublic information to others who then trade in Inovalon’s Securities, is prohibited by the federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as the laws of foreign jurisdictions. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

XVI. COMPANY ASSISTANCE

If you have any questions about this Policy or its application to any proposed transaction you may obtain additional guidance from the Compliance Officer, who can be reached by telephone at x1788 or by e-mail at svernal@inovalon.com.

XVII. CERTIFICATION

Each associate must certify his or her understanding of, and compliance with, this Policy as provided in Inovalon's Code of Conduct.