

CODE OF BUSINESS CONDUCT AND ETHICS
OF
FOAMIX PHARMACEUTICALS LTD.

Effective as of July 6, 2014

I. INTRODUCTION

Foamix Pharmaceuticals Ltd. (the “**Company**”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business conduct and to full and accurate financial disclosure in compliance with applicable law. This Code of Business Conduct and Ethics (the “**Code**”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, directors and officers of the Company. This Code applies to the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions pursuant to Item 406 of Regulation S-K, as well as directors, officers, and employees (collectively, the “**Covered Persons**”) pursuant to the listing standards of NASDAQ Marketplace Rule 5610, for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission (the “**SEC**”) or NASDAQ Global Market, and in other public communications made by the Company;
- compliance with applicable laws and governmental rules and regulations;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

All Covered Persons must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by the Company’s agents and representatives, including consultants. Covered Persons should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section XV of this Code.*

II. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All Covered Persons must respect and obey the laws and regulations of the cities, states and countries in which we operate. Although not all Covered Persons are expected to know the details of these laws and regulations, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

If requested, the Company will hold information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

III. INSIDER TRADING

The U.S. federal securities laws are built on the premise that a purchaser and a seller of securities should have equal access to important information regarding the company whose securities they are trading. Consequently, federal securities laws forbid an investor from purchasing or selling securities based upon inside information not available to the other party.

The consequences of insider trading violations can be severe. Covered Persons who trade on inside information, or who communicate (or tip) this information to others so that they may trade on it, may face a civil penalty of up to three times the profit gained (or loss avoided), a substantial criminal fine and a jail term of up to twenty years. Additionally, if we or our senior officers do not take appropriate steps to prevent a Covered Person from insider trading, we may also face severe legal consequences, including, among other things, substantial criminal penalties.

The following is intended to provide a summary of certain provisions of the Insider Trading Policy adopted by the Company's Board of Directors, effective as of July 6, 2014 (the "**Insider Trading Policy**"), and should be read in conjunction with such policy. You are required to familiarize yourself with all terms of the Company's Insider Trading Policy, in addition to this Code. The summary below touches only on some of the issues presented in the Insider Trading Policy and does not purport to replace such policy nor excuses you from abiding by all its terms and restrictions.

(a) *Policy Statement*

Covered Persons who have material, non-public (*i.e.*, inside) information about the Company must not buy or sell Company's securities until a reasonable time after the inside information has been publicly disclosed. The Insider Trading Policy only allows you to trade in Company's securities during certain designated periods, known as "Trading Windows", and also requires you to obtain prior clearance from the Company's CEO before engaging in any trades in Company's securities. You also must not disclose inside information to others outside the Company until a reasonable time after the information has been publicly disclosed.

In addition, it is never appropriate for you to advise others to buy or sell Company's securities, and you are prohibited from doing so while in possession of any material inside information.

We further prohibit any Covered Person to sell 'short' Company's securities, or engage in other transactions where the person will earn a profit based on a decline in Company's share price.

We also prohibit all Covered Persons from engaging in any speculative trading involving Company's securities, including purchasing or selling 'put' option, 'call' options or other publicly-traded options or derivatives on Company's securities.

These rules also apply to the use of material, non-public information about other companies (including, for example, our clients, competitors and potential business partners).

In addition to you, these rules apply to your spouse, children and any other family members living with you in your household.

(b) *Further Explanation*

1. **What is inside information?** Inside information is material information about a company, including the Company, that has not been publicly disclosed.
2. **What information is material?** Information is material if it is information that a reasonable investor might consider important in deciding whether to buy, sell or hold securities. Examples of information that may be material include financial results or forecasts; a significant proposed acquisition or sale of a business; a stock split; significant litigation; changes in customary earnings trends, and information relating to the Company's products, intellectual property, clinical trials or research and development efforts.
3. **What information is non-public?** Information is non-public until the time it has been effectively disclosed to the public. Effective disclosure generally occurs when information is included in a press release, is revealed during a conference call to which the general public has been invited to participate or is included in our public filings with the SEC. Under certain circumstances, effective disclosure may occur by other means.
4. **What is a reasonable waiting period before purchases and sales can be made?** The investing public must have sufficient time to analyze the information that has been disclosed before those possessing previously non-public information can trade. For matters disclosed in a Company's press release or conference call, a good rule of thumb is that purchases and sales can be made beginning two (2) full trading days after the disclosure. In any event, all Covered Persons are prohibited from carrying out any trades in Company's securities (save for certain exempt transactions such as exercise of stock options without sale of the underlying shares) other than within the quarterly Trading Window set out in the Insider Trading Policy, and only after seeking and obtaining pre-clearance for the trade from the General Counsel.
5. **What transactions are prohibited?** A Covered Person who has inside information about the Company or another company is prohibited from: (a) trading in the Company's or the other company's securities (including derivative securities such as put and call options); (b) having others trade in the Company's or the other company's securities for his benefit; and (c) disclosing the inside information to (or tipping) anyone else who might then trade. These prohibitions apply during Trading Windows as well, and continue for as long as the information remains material and non-public, including after termination for any reason of the Covered Person's employment or other relationship with the Company.

6. **What transactions are allowed?** A Covered Person who has inside information about the Company may, nonetheless, usually exercise the Company's stock options for cash (but may not sell the option shares he or she receives upon the exercise). These cash option exercises purchases are allowed because the other party to the transactions is the Company itself, and because the option exercise purchase price does not vary with the market, but, rather, is fixed in advance under the terms of the option plan. You should contact the CEO with any questions.

(c) *Blackout Period for Trading in the Company's Securities*

In addition to our general Insider Trading Policy, which is summarized above, we may institute from time to time blackout periods during which Covered Persons will be precluded from trading in Company's securities. The CEO will typically be responsible for implementing such practices or will delegate such responsibility to one of the Company's other officers.

IV. CONFLICTS OF INTEREST

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. A "conflict of interest" exists when a person's private interest interferes, or appears to interfere, in any way with the interests of the Company. A conflict situation can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a Covered Person, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, Covered Persons and their family members may create conflicts of interest. See Section VI below regarding Entertainment, Gifts and Gratuities for more information in this matter.

It is almost always a conflict of interest for a Covered Person to work simultaneously for a competitor, customer or supplier. You are not allowed to work for or with a competitor in any capacity or manner, including as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Furthermore, you may not own or otherwise possess an interest in a company that competes with the Company. You may not own or otherwise possess an interest in a company or person that does business with the Company (such as a Company investor or supplier) without the prior written approval of the CEO. However, it will not be considered a conflict of interest (and therefore, prior approval will not be required) to have an interest of less than 0.5% of the outstanding shares of a publicly traded company, whether such public company is a competitor of the Company or does business with the Company.

You may also find yourself in a situation where your spouse or significant other, your children, parents, or in-laws, or someone else with whom you have a close familial relationship is a competitor, supplier or customer of the Company or is employed by one. Such situations are not prohibited, but they call for disclosure and extra sensitivity to security, confidentiality and conflicts of interest. There are several factors to consider in assessing such a situation, among them: the relationship between the Company and the other company; the nature of your responsibilities as a Company employee and those of the other person, and the access each of you has to your respective employer's confidential information. Such a situation, however harmless it may appear to you,

could arouse suspicions among your associates that might affect your working relationships. The very appearance of a conflict of interest can create problems, regardless of the propriety of your behavior.

Special rules apply to executive officers and directors who engage in conduct that creates an actual, apparent or potential conflict of interest. Except as may otherwise be permitted under the Company's Articles of Association and the Companies Law, 5759-1999, or any policy approved by the Board of Directors, before engaging in any such conduct, executive officers and directors must make full disclosure of all facts and circumstances to the CEO (or in the event that the CEO is the conflicted person – to the Chairman of the Board of Directors), who shall inform and seek the prior approval of the Board of Directors.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any Covered Person who becomes aware of a conflict or potential conflict should bring it to the immediate attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section XV of this Code.

V. CORPORATE OPPORTUNITIES

Covered Persons are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No Covered Person may use corporate property, information or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Covered Persons owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

VI. ENTERTAINMENT, GIFTS AND GRATUITIES

(a) Receipt of Gifts and Entertainment

When you are involved in making business decisions on behalf of the Company, your decisions must be based on uncompromised, objective judgment. Covered Persons interacting with any person who has business dealings with the Company (including suppliers, competitors, contractors and consultants) must conduct such activities in the best interest of the Company, using consistent and unbiased standards. We must never accept gifts or other benefits if our business judgment or decisions could be affected.

You must never ask for gifts, entertainment or any other business courtesies from people doing business with the Company. Unsolicited gifts and business courtesies, including meals and entertainment (but only when part of a business meeting and when shared with the host business contact), are permissible if they are customary and commonly accepted business courtesies, not excessive in value and given and accepted without an express or implied understanding that you are in any way obligated by your acceptance of the gift or that the gift is a reward or inducement for any particular business decision already made or forthcoming. Gifts with a value in excess of \$100 or that are unusual in nature should not be accepted without the prior written approval of your supervisor, manager or the CEO.

Gifts of cash or cash equivalents (including securities, below-market loans, etc.) in any amount are prohibited and must be returned promptly to the donor.

(b) Offering Gifts and Entertainment

When you are providing a gift, entertainment or other accommodation in connection with Company business, you must do so in a manner that is in good taste and without excessive expense. You may not furnish or offer to furnish any gift that is of more than token value or that goes beyond the common courtesies associated with accepted business practices or that is an inducement or reward for entering into a business transaction. You should follow the above guidelines for receiving gifts in determining when it is appropriate to give gifts and when prior written approval from your supervisor or manager or the CEO is required.

Our investors, customers, suppliers and consultants likely have gift and entertainment policies of their own. You must be careful never to provide a gift or entertainment that violates the other party's gift and entertainment policy.

What is acceptable in the commercial business environment may be entirely unacceptable in dealings with the government. There are strict laws that govern providing gifts, including meals, entertainment, transportation and lodging, to government officials and employees. You are prohibited from providing gifts or anything of value to government officials or employees or members of their families in connection with Company business without prior written approval from the CEO. For more information, see the Section VII below regarding Interacting with Government Personnel.

Giving or receiving any payment or gift in the nature of a bribe or kickback is absolutely prohibited.

VII. INTERACTING WITH GOVERNMENT PERSONNEL

(a) Prohibition on Gifts to Government Officials and Employees

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

However, the U.S. Foreign Corrupt Practices Act does allow for certain permissible payments to foreign officials. Specifically, the law permits "facilitating" payments, which are payments of small value to effect routine government actions such as obtaining permits, licenses, visas, mail, utilities hookups and the like. However, determining what is a permissible "facilitating" payment involves difficult legal judgments. Therefore, employees must obtain permission from the CEO before making any payment or gift thought to be exempt from the U.S. Foreign Corrupt Practices Act.

(b) Political Contributions and Activities

Laws of certain jurisdictions prohibit the use of Company funds, assets, services or facilities on behalf of a political party or candidate. Payments of corporate funds to any political party, candidate or campaign may be made only if permitted under applicable law

and approved in writing and in advance by the CEO. Indirect political contributions or payments of political contributions through third parties (such as suppliers or consultants) in the name of the Company are not permitted, unless permitted under applicable law and approved in writing and in advance by the CEO.

Your work time may be considered the equivalent of a contribution by the Company. Therefore, you will not be paid by the Company for any time spent running for public office, serving as an elected official or campaigning for a political candidate. Nor will the Company compensate or reimburse you, in any form, for a political contribution that you intend to make or have made.

You may make personal contributions, but you must avoid any appearance that the contribution is made with Company funds or on behalf of the Company. Personal political contributions made by you will not be reimbursed by the Company.

(c) *Lobbying Activities*

Laws of some jurisdictions require registration and reporting by anyone who engages in a lobbying activity. Generally, lobbying includes: (1) communicating with any member or employee of a legislative branch of government for the purpose of influencing legislation; (2) communicating with certain government officials for the purpose of influencing government action; or (3) engaging in research or other activities to support or prepare for such communication. So that the Company may comply with lobbying laws, you must notify the CEO before engaging in any activity on behalf of the Company that might be considered “lobbying” as described above.

VIII. COMPETITION AND FAIR DEALING

(a) *Gathering Information from or about Company’s Competitors*

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Covered Person should endeavor to respect the rights of and deal fairly with the Company’s customers, suppliers, competitors and employees. No employee, officer or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

(b) *Antitrust*

While the Company competes vigorously in all of its business activities, its efforts in the marketplace must be conducted in accordance with all applicable antitrust and competition laws. While it is impossible to describe antitrust and competition laws fully in any code of business conduct, this Code will give you an overview of some types of conduct that are particularly likely to raise antitrust concerns. If you are or become engaged in activities similar to those identified in the Code, you should consult our CEO for further guidance.

1. **Conspiracies and Collaborations among Competitors.** One of the primary goals of the antitrust laws is to promote and preserve each competitor’s independence when making decisions on price, output and other competitively sensitive factors. Some of the most serious antitrust offenses are agreements between competitors that limit

independent judgment and restrain trade, such as agreements to fix prices, restrict output or supply or to divide a market for customers, territories, products or purchases. You should not agree with any competitor on any of these topics, as these agreements are virtually always unlawful. (In other words, no excuse will absolve you or the Company of liability.)

Unlawful agreements need not take the form of a written contract or even express commitments or mutual assurances. Courts can – and do – infer agreements based on “loose talk,” informal discussions, or the mere exchange between competitors of information from which pricing or other collusion could result. Any communication with a competitor’s representative, no matter how innocuous it may seem at the time, may later be subject to legal scrutiny and form the basis for accusations of improper or illegal conduct. You should take care to avoid involving yourself in situations from which an unlawful agreement could be inferred.

By bringing competitors together, trade associations and standard-setting organizations can raise antitrust concerns, even though such groups serve many legitimate goals. The exchange of sensitive information with competitors regarding topics such as prices, profit margins or marketing practices can potentially violate antitrust and competition laws, as can creating a standard with the purpose and effect of harming competition. You must notify the CEO before joining any trade associations or standard-setting organizations. Further, if you are attending a meeting at which potentially competitively sensitive topics are discussed without oversight by an antitrust lawyer, you should object, leave the meeting and notify the CEO immediately.

Joint ventures with competitors are not illegal under applicable antitrust and competition laws. However, like trade associations, joint ventures present potential antitrust concerns. The CEO should therefore be consulted before negotiating or entering into such a venture.

2. **Distribution Issues.** Relationships with customers and suppliers can also be subject to a number of antitrust prohibitions if these relationships harm competition. For example, it can be illegal for a company to affect competition by agreeing with a business partner to limit that partner’s business activities with any of the company’s competitors. Collective refusals to deal with a competitor, potential business partner or customer may be unlawful as well. While a company generally is allowed to decide independently that it does not wish to transact business with a particular person, when such a decision is reached jointly with others, it may be unlawful, regardless of whether it seems commercially reasonable. Finally, it is always unlawful to restrict a customer’s ability to transact business with others through minimum price maintenance (for example, by prohibiting discounts).
3. **Other Activities that may raise Antitrust Concerns.** Other activities that can raise antitrust concerns are:
 - discriminating in terms and services offered to customers where a company treats one customer or group of customers differently than another;

- exclusive dealing agreements where a company requires a customer or business partner to transact only with that company;
- tying arrangements where a customer or business partner is required, as a condition of transacting business, to also consummate a second, distinct transaction;
- “bundled discounts,” in which discount or rebate programs link the level of discounts available on one product to purchases of separate but related products; and
- “predatory pricing,” where a company offers a discount that results in the sales price of a product being below the product’s cost (the definition of cost varies depending on the court), with the intention of sustaining that price long enough to drive competitors out of the market.

Because these activities are prohibited under many circumstances, you should consult the CEO before implementing any of them.

4. **Penalties.** Failure to comply with the antitrust laws could result in jail terms for individuals and large criminal fines and other monetary penalties for both the Company and individuals. In addition, private parties may bring civil suits to recover three times their actual damages, plus attorney’s fees and court costs.

The antitrust laws are extremely complex. Because antitrust lawsuits can be very costly, even when a company has not violated the antitrust laws and is cleared in the end, it is important to consult with the CEO before engaging in any conduct that even appears to create the basis for an allegation of wrongdoing. It is far easier to structure your conduct to avoid erroneous impressions than to have to explain your conduct in the future when an antitrust investigation or action is in progress.

IX. DISCRIMINATION AND HARASSMENT

The diversity of the Company’s employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

X. HEALTH AND SAFETY

The Company strives to provide each employee with a safe and healthy work environment. Each Covered Person has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Covered Persons should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

XI. RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many Covered Persons regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to email, internal memos and formal reports. In the event of litigation or governmental investigation, please consult the CEO.

XII. CONFIDENTIALITY

Covered Persons must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the CEO or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. In connection with this obligation, every employee should have executed a confidentiality agreement when he or she began his or her employment with the Company.

XIII. PROTECTION AND PROPER USE OF COMPANY ASSETS

All Covered Persons should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of Covered Persons to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, formulas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

XIV. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed, along with the reasons for the waiver, as required by law or stock exchange regulation.

XV. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Covered Persons are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of

misconduct by others made in good faith by Covered Persons. Covered Persons are expected to cooperate in internal investigations of misconduct.

Employee declaration

I _____ (full name) ID# _____ hereby declare that I
have read, understands and will comply with this policy.

Signature: _____

Employee Name: _____

Date: _____