

JMP GROUP INC.

CORPORATE GOVERNANCE GUIDELINES

(As Adopted by the Board of Directors March 25, 2010)

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of JMP Group Inc. (the “Corporation”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitoring the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing stockholder value over the long term. These Guidelines are in addition to, and are not intended to change or interpret, any federal or state law or regulation, including the Delaware General Corporation Law, or the Corporation’s Certificate of Incorporation or Bylaws. The Board may amend these Guidelines from time to time as necessary or appropriate. These guidelines are posted on the Corporation’s website.

I. Board Composition

A. Director Qualifications

The Board will have a majority of independent directors as required by the New York Stock Exchange (“NYSE”). The Board will determine each director’s “independence,” on an annual basis, in accordance with the provisions of the NYSE governance rules and standards established by the Board from time to time.

The Board’s Corporate Governance and Nominating Committee will conduct annual reviews of each director’s independence and make recommendations to the Board based on its findings, for the Board’s determination.

B. Size of the Board

The Board will assess its size from time to time. In accordance with the Corporation’s Bylaws, the Board believes that it should generally have no fewer than three (3) directors and no more than ten (10) directors. The number of members is changed from time to time depending upon the needs of the Board and the availability of qualified candidates. It is the policy of the Corporation that the number of directors not exceed a number that can function efficiently as a body. The Corporate Governance and Nominating Committee considers and makes recommendations to the Board concerning the appropriate size and composition of the Board.

C. Selection of Board Members

The Corporate Governance and Nominating Committee will make recommendations to the Board, which will be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. Board members will possess certain core competencies, some of which may include broad experience in business, finance or administration, familiarity with national and international business matters, and familiarity with the Corporation’s industry. In addition to having one or more of

these core competencies, Board member nominees are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand the Corporation's business. Nominees will be screened to ensure each candidate has qualifications which complement the overall core competencies of the Board. The screening process includes conducting a background evaluation and an independence determination.

D. Term Limits

The Board does not believe it should establish term limits. Such limits may lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operation and therefore provide an increasing contribution to the Board. There will be no specific term limits for directors, given the normal process of annual election of Board members by the stockholders and the stated retirement age. Directors who have served on the Board for an extended period of time are in a position to provide valuable insight into the operation and future of the Corporation based on their experience with and understanding of the Corporation's history, policies, operations, and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and selection process described herein.

E. Directors Who Change Their Job Responsibility

Directors who change the principal position they held when they were initially elected to the Board are expected to offer to resign from the Board as of the date of change in position. The Board does not believe that a director in this circumstance should necessarily be required to leave the Board. Rather, the Board believes the Corporate Governance and Nominating Committee should have the opportunity to assess each situation based on the individual circumstances and make a recommendation to the Board.

F. Retirement Age

No director after having attained the age of 70 years will be nominated for reelection or reappointment to the Board.

G. Director Compensation; Stock Ownership

The form and amount of director compensation will be determined by the Corporate Governance and Nominating Committee in accordance with the policies and principles set forth in its Charter, and the Corporate Governance and Nominating Committee will conduct an annual review of director compensation. In discharging this duty, the Committee will be guided by three goals: compensation should fairly pay directors for work required in a company of the Corporation's size, and industry; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand.

All directors are expected to own stock in the Corporation in an amount that is appropriate for them. All directors will receive all or part of their compensation in restricted stock or restricted stock units, which may vest over a period of time, have performance

conditions or be subject to other terms and conditions as determined by the Compensation Committee, Board or other authorizing body.

H. Chairman of the Board

It is the policy of the Corporation that the positions of Chairman of the Board and Chief Executive Officer be held by the same person, except in unusual circumstances. The function of the Board in monitoring the performance of the senior management of the Corporation is fulfilled by the presence of outside directors of status who have a substantive knowledge of the Corporation's business.

I. Independent Lead Director

The Board will designate an independent, non-employee director as Lead Director, who shall be identified as such in the Company's annual proxy statement. The duties of the Lead Director will include chairing executive sessions of the Board, serving as the principal liaison between the Chairman and the independent directors, approving information sent to the Board, approving meeting agendas and schedules for the Board, and ensuring that he or she is available for consultation and direct communication with stockholders, if requested. The Lead Director has the authority to call meetings of the independent directors.

II. Director Responsibilities

The Board is responsible for oversight of the business and affairs of the Corporation, determination of the Corporation's mission, long-term strategy and objectives, and management of the Corporation's risks while evaluating and directing implementation of its controls and procedures. The Board of Directors fosters and encourages a corporate environment of strong disclosure controls and procedures, including internal controls, fiscal accountability, high ethical standards and compliance with applicable policies, laws and regulations.

A. Business Judgment

Directors are responsible for exercising their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors.

B. Director Time Commitments

Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director of the Corporation. Directors should advise the Chairman of the Board in advance of accepting a position on another public company board. Directors shall not serve on the Boards of more than three (3) public companies without the approval of the Corporate Governance and Nominating Committee.

C. Board Meetings

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Meeting agendas, as well as information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting, should generally be distributed in writing to the directors at least two days in advance of the meeting for review by the directors. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting. Directors are expected to review such materials prior to the meeting and should request any additional materials or resources they require to make informed decisions. For example, legal counsel, outside accountants, compensation experts, and others may assist the Board in its consideration of matters.

The Chairman of the Board is responsible for setting and circulating in advance an agenda for each Board meeting. The Board expects that meeting agendas will include, on a regular basis, a review of financial performance and a review of the Corporation's business strategies and practices. Directors are encouraged to be proactive. Any director may suggest items for inclusion on the agenda. In addition, any director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

D. Independent Director Meetings

The Corporation's non-management directors are expected to meet in executive sessions at least twice a year. The director who presides at these meetings will be appointed by the independent directors, and such director's name will be disclosed in the Corporation's proxy statement.

Communications to the non-management directors can be sent to email address, physical address, and/or voicemail.

E. Director Orientation and Continuing Education

All new directors will be briefed by senior management to familiarize new directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors.

The Corporation may periodically provide materials or briefing sessions or arrange for outside preparation for all directors on subjects that would assist them in discharging their duties.

F. Communications

The Board believes that senior management speaks for the Corporation. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation, subject to prior consultation with senior management.

Stockholders or other interested parties may communicate with the Board of Directors, any committee or individual member of the Board of Directors, the Lead Independent Director or the non-management members of the Board of Directors, by writing to: Board of Directors, JMP Group Inc., 600 Montgomery Street, Suite 1100, San Francisco, CA 94111, Attn: Chief Legal Officer and Secretary. All such communications are reviewed by our Chief Legal Officer and then presented to our Board of Directors, a committee or an individual member of the Board of Directors, the Lead Independent Director or the non-management members of the Board of Directors, as applicable, at the subsequent regularly scheduled meeting of the Board of Directors.

III. Board Committees

A. Committees and Charters

The Board will have an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Each committee will have a Charter that establishes the purposes, goals and responsibilities of the committees as well as the qualifications for committee membership. Charters will be posted on the Corporation's website and may be revised from time to time as the Committees and/or Board deems necessary or appropriate. The Board may establish or maintain additional committees from time to time as necessary or appropriate.

The Audit Committee will review and approve all related party transactions.

B. Independence of Committee Members

The members of the Audit Committee, Compensation Committee and the Corporate Governance and Nominating Committee will be independent in accordance with the provisions of the NYSE listing requirements and the standards established by the Board from time to time.

C. Composition of Committees

Each committee will have a chairperson designated by the Board, or, if the Board does not do so, the members of each committee shall elect a chairperson by a vote of the majority of the full committee.

The committee chairperson will preside at each committee meeting and, in consultation with the other members of the committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the committee will ensure that the agenda for each meeting is circulated to each committee member in advance of the meeting.

IV. Access to Management and Independent Advisors

Directors will have full access to the Corporation's executive officers. Each director is expected to use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and will, to the extent not inappropriate, coordinate any such contact with the Chief Executive Officer.

As necessary and appropriate, Board members may retain and consult with independent legal, financial, accounting and other advisors to assist in their duties.

V. Evaluation of the Chief Executive Officer

The Compensation Committee will annually review the Chief Executive Officer's performance and discuss such evaluation with the Board to ensure that the Chief Executive Officer is providing the best leadership for the Corporation in the long- and short-term periods.

VI. Management Succession

At least once a year, the Chief Executive Officer of the Corporation shall meet with the non-management directors to discuss potential successors as Chief Executive Officer. The Chief Executive Officer shall review periodically with the non-management directors the performance of other key members of the senior management of the Corporation, as well as potential succession arrangements for such management members.

VII. Annual Performance Evaluation

A. Board Self-Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporation's Corporate Governance and Nominating Committee will provide the opportunity for comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment may focus on the Board's contribution to the Corporation and areas in which the Board or management believes the Board could improve.

VIII. Policy on Equity Compensation

All equity compensation plans shall be submitted to stockholders for approval to the extent required by the listing standards of the NYSE.

IX. Policy on Loans to Directors and Executive Officers

The Company shall not make any personal loans to Directors, executive officers or their immediate family members.