

JMP Group Inc.
Form DEF 14A
April 27, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to Section 240.14a-12

JMP Group Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(4) Date Filed:

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600 Montgomery Street, Suite 1100

San Francisco, CA 94111

May 2, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders (the Annual Meeting) of JMP Group Inc. (the Company), which will be held on Monday, June 6, 2011, at 11:00 a.m. Pacific time. The Annual Meeting will take place at our corporate headquarters at 600 Montgomery Street, Suite 1100, San Francisco, CA 94111. At the Annual Meeting, we will:

1. Elect nine (9) directors to serve until our subsequent annual meeting.
2. Hold an advisory, nonbinding vote on executive compensation.
3. Hold an advisory, nonbinding vote on the frequency of holding an advisory vote on executive compensation.
4. Approve the JMP Group Inc. 2007 Equity Incentive Plan, as amended and restated (the Equity Incentive Plan).
5. Approve the JMP Group Inc. Senior Executive Bonus Plan (the Senior Executive Bonus Plan).
6. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2011.
7. Conduct any other business that properly comes before the meeting and any postponements or adjournments of the meeting.

All holders of record of common stock of JMP Group Inc. at the close of business on Tuesday, April 19, 2011 will be entitled to vote at our Annual Meeting.

Your vote is very important to us and your shares should be represented and voted, whether or not you plan to personally attend the Annual Meeting. To ensure that your vote is counted at the meeting, please mark, sign, date and return the enclosed proxy card in the envelope provided or vote via the Internet as promptly as possible. Stockholders attending the Annual Meeting may vote in person even if they have previously returned proxy cards or voted via the Internet. Please note that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a legal proxy from such broker, bank or other nominee.

Sincerely,

Joseph A. Jolson

Chairman and Chief Executive Officer

YOUR VOTE IS IMPORTANT.

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PLEASE PROMPTLY SUBMIT YOUR PROXY BY INTERNET OR MAIL.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on Monday, June 6, 2011: The Proxy Statement, the Form of Proxy Card, and the 2010 Annual Report to Stockholders are available at <http://investor.jmpg.com/annual-proxy.cfm>.

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JMP Group Inc.

600 Montgomery Street, Suite 1100

San Francisco, CA 94111

NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS

Time & Date:	11:00 a.m. Pacific time on Monday, June 6, 2011
Location:	600 Montgomery Street, Suite 1100, San Francisco, CA 94111
Items of Business:	<ol style="list-style-type: none">1. Elect nine (9) directors to serve until our subsequent annual meeting.2. Hold an advisory, nonbinding vote on executive compensation.3. Hold an advisory, nonbinding vote on the frequency of holding an advisory vote on executive compensation.4. Approve the Equity Incentive Plan.5. Approve the Senior Executive Bonus Plan.6. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2011.7. Conduct any other business that properly comes before the meeting and any postponements or adjournments of the meeting.
Who Can Vote:	Stockholders at the close of business on Tuesday, April 19, 2011, the date which has been fixed by the Board of Directors of the Company as the record date.
How You Can Vote:	You may vote in one of three ways: (1) by ballot in person at the Annual Meeting; (2) your proxy by marking, signing and dating the enclosed proxy card and returning it as soon as possible using the enclosed envelope; or (3) via the Internet by visiting www.proxyvote.com and following the instructions for voting.
Who May Attend:	Only persons with evidence of stock ownership or who are guests of the Company may attend the Annual Meeting. Photo identification will be required (a driver's license or

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passport is preferred). If your shares are registered in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or a letter from that broker, trust, bank or other nominee or your most recent brokerage account statement confirming that you were the beneficial owner of those shares at the close of business on April 19, 2011. If you do not have proof that you own shares, you will not be admitted to the Annual Meeting.

Inspection of List of Stockholders of Record:

A list of the stockholders of record as of April 19, 2011 will be available for inspection during ordinary business hours at the office of our Chief Legal Officer and Secretary, 600 Montgomery Street, Suite 1100, San Francisco, California 94111, from May 26, 2011 to June 5, 2011, as well as at the Annual Meeting.

Additional Information:

Additional information regarding the matters to be acted on at the Annual Meeting is included in the accompanying Proxy Statement.

By Order of the Board of Directors,

Janet L. Tarkoff

Chief Legal Officer and Secretary

May 2, 2011

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JMP Group Inc.

600 Montgomery Street, Suite 1100

San Francisco, CA 94111

PROXY STATEMENT

2011 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MONDAY, JUNE 6, 2011

INTRODUCTION

This proxy statement (this Proxy Statement) is furnished in connection with a solicitation of proxies by the Board of Directors of JMP Group Inc., a Delaware corporation (which we refer to as JMP, the Company, we, our or us and which includes, as applicable, our predecessor limited liability company), to be used at our 2011 annual meeting of stockholders (the Annual Meeting) to be held on Monday, June 6, 2011, at 11:00 a.m. Pacific time at our principal executive offices, the address of which is featured above, and at any adjournments or postponements thereof.

The approximate date on which a copy of our 2010 Annual Report, this Proxy Statement and the accompanying proxy card are first being mailed to stockholders is May 2, 2011.

QUESTIONS AND ANSWERS

What is the purpose of the Annual Meeting?

You are invited to attend the Annual Meeting to consider and vote on the following proposals:

1. Elect nine (9) directors to serve until our subsequent annual meeting.
2. Hold an advisory, nonbinding vote on executive compensation.
3. Hold an advisory, nonbinding vote on the frequency of holding an advisory vote on executive compensation.
4. Approve the Equity Incentive Plan.
5. Approve the Senior Executive Bonus Plan.
6. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2011.
7. Conduct any other business that properly comes before the meeting and any postponements or adjournments of the meeting.

Who is entitled to vote at the Annual Meeting?

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The close of business on Tuesday, April 19, 2011 has been fixed by the Board of Directors of the Company (the Board of Directors or the Board) as the record date for determining the holders of shares of our common stock, par value \$0.001 per share, entitled to notice of and to vote at the Annual Meeting. Only stockholders of record at the close of business on that date are entitled to attend and vote at the Annual Meeting. The only class of stock that is currently outstanding and that can be voted at the Annual Meeting is our common stock. Each outstanding share of common stock is entitled to one vote on each matter that comes before the Annual Meeting, and the presence, in person or by proxy, of a majority of the outstanding shares entitled to vote will constitute a quorum at the Annual Meeting. We do not have cumulative voting, and there are no appraisal or dissenters' rights associated with any of the matters we have scheduled for a

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vote at the Annual Meeting. Withheld votes, abstentions and broker non-votes are treated as present for quorum purposes.

At the close of business on the record date, there were 22,083,967 shares of our common stock outstanding held by 192 stockholders of record. Those shares represented by the proxies received, properly marked, dated, executed and not revoked will be considered present at the Annual Meeting.

How do I vote?

You may vote by ballot in person at the Annual Meeting. If you are a street name stockholder, in order to vote at the meeting, you will need to obtain a signed proxy from the broker or nominee that holds your shares of record, because the broker or nominee is the legal, registered owner of the shares. If you have the broker's proxy, you may vote by ballot or you may complete and deliver another proxy card in person at the meeting. Alternatively, you may vote by using any of the following methods:

By the Internet You may vote by proxy via the Internet by visiting www.proxyvote.com and following the instructions on the webpage. You may use the Internet to vote at any time until 11:59 P.M. Eastern Time, on June 5, 2011.

By Mail You may vote by completing, signing and dating the proxy card and returning it in the provided postage-paid envelope. If you are a stockholder of record, and the postage-paid envelope is missing, please mail your completed proxy card to JMP Group Inc. c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

How does the Board of Directors recommend I vote on the proposals?

The Board of Directors recommends that you vote:

Proposal 1 **FOR** the election of each of the nine (9) director nominees.

Proposal 2 **FOR** the approval, on an advisory basis, of the compensation for our named executive officers.

Proposal 3 **FOR** the selection, on an advisory basis, of an annual vote on executive compensation.

Proposal 4 **FOR** the Equity Incentive Plan.

Proposal 5 **FOR** the Senior Executive Bonus Plan.

Proposal 6 **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2011.

What if I do not specify how my shares are to be voted?

For shares directly registered in the name of the stockholder, if a properly executed proxy is provided, but no instruction is given with respect to any or all proposals to be acted upon at the Annual Meeting, your proxy will be voted **FOR ALL** the nominees named in this Proxy Statement and **FOR** Proposals 2, 4, 5 and 6, as applicable, and for an annual vote on executive compensation, as set forth in Proposal 3.

At present we do not expect any other matter to be considered at the Annual Meeting other than the proposals set forth in the accompanying Notice of Annual Meeting, but if any other matters are properly brought before the Annual Meeting for action, it is intended that the shares of

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our common stock represented by proxies will be voted by the persons named as proxies on the proxy card in accordance with their discretion on such matters.

For shares registered in the name of a broker, bank, or other nominee, with respect to shares for which voting instructions are not provided that are registered in the name of organizations that are not governed by

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New York Stock Exchange (NYSE) Rule 452, those shares will not be voted at the meeting because such organizations do not have discretionary voting power. With respect to shares registered in the name of brokerage firms that are governed by NYSE Rule 452, if you do not furnish voting instructions to such brokerage firms, one of two things can happen depending upon whether or not a proposal is routine. Under NYSE Rule 452, brokerage firms have discretion to cast votes on routine matters, such as the ratification of the appointment of independent registered public accounting firms, without receiving voting instructions from their clients. Brokerage firms are not permitted, however, to cast votes on non-routine matters, such as the election of directors, the advisory vote on executive compensation, the advisory vote on the frequency of holding an advisory vote on executive compensation, the approval of the amended and restated JMP Group 2007 Equity Incentive Plan and Senior Executive Bonus Plan, without such voting instructions.

How can I attend the Annual Meeting in person?

All stockholders must bring an acceptable form of identification, such as a driver's license or a passport, in order to attend our Annual Meeting in person.

If your shares are held beneficially in street name and you plan to attend the Annual Meeting, you will need to obtain and present a copy of your brokerage account statement (which you can obtain from your broker) reflecting your ownership of our common stock at the close of business on April 19, 2011 to be admitted to the Annual Meeting.

Please note: No cameras, recording equipment or other electronic devices will be permitted at the Annual Meeting.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, the American Stock Transfer & Trust Co., you are considered, with respect to those shares, the stockholder of record. The Notice of Annual Meeting, this Proxy Statement and our 2010 Annual Report have been sent directly to you.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The Notice of Annual Meeting, this Proxy Statement and our 2010 Annual Report have been forwarded (or otherwise made available) to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting.

Can I change my vote after I submit my proxy card?

Yes. You may revoke your proxy at any time before it is voted at the Annual Meeting by:

signing and returning another proxy card with a later date; or

giving written notice of revocation to our Secretary prior to or at the Annual Meeting; or

attending and voting at the Annual Meeting.

Your attendance at the Annual Meeting will not have the effect of revoking your properly executed proxy unless you follow one of the revocation procedures referenced above. Any written notice revoking a proxy should be sent to our Secretary at 600 Montgomery Street, Suite 1100, San Francisco, CA 94111 and must be received before voting is closed at the Annual Meeting.

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What are broker non-votes ?

Broker non-votes occur when a broker or nominee holding shares for a beneficial owner in street name does not vote on a particular matter because it does not have discretionary authority to vote and it has not received voting instructions from the beneficial owner. Under the rules of the NYSE, brokers that have not received voting instructions from their customers may vote their customers' shares in the brokers' discretion on the proposal regarding the ratification of the appointment of our independent registered public accounting firm because this is a routine matter under NYSE Rule 452. Brokers that have not received voting instructions from their customers may not vote their customers' shares in the brokers' discretion on the proposals regarding: (i) the election of directors; (ii) the approval, on an advisory, non-binding basis, of the compensation of our named executive officers; (iii) the advisory, non-binding recommendation as to the frequency with which stockholders will vote on executive compensation; (iv) the amendment to our 2007 Equity Incentive Plan; and (v) the amendment to our Senior Executive Bonus Plan, because these proposals are non-routine matters under NYSE Rule 452. Organizations that are not governed by NYSE Rule 452 do not have discretionary voting power and may not vote their clients' shares on any proposals set forth in the accompanying notice of Annual Meeting or any other matters that may be brought before the Annual Meeting without voting instructions from their clients.

How many votes are required to approve the proposals?

The required votes to approve each proposal are as follows:

Proposal 1 a plurality of the votes cast is required for the election of directors. This means that the nine director nominees receiving the greatest number of FOR votes will be elected to the Board of Directors. You may vote FOR ALL , WITHHOLD ALL , or FOR ALL EXCEPT with respect to the election of directors. Only votes FOR are counted in determining whether a plurality has been cast in favor of a director. Broker non-votes and withheld votes are not counted for purposes of the election of directors and therefore will have no effect on this proposal.

Proposal 2 the affirmative vote of the majority of the shares present or represented by proxy at the Annual Meeting is required for the advisory vote on the compensation of our named executive officers. You may vote FOR , AGAINST , or ABSTAIN with respect to approval of the compensation of our named executive officers. Abstentions, while included for purposes of attaining a quorum, will not be voted on Proposal 2 and therefore will have the same effect as a vote against Proposal 2. Broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Proposal 3 a plurality of the votes cast is required for our stockholders to recommend, on an advisory basis, a preferred frequency of advisory votes on executive compensation. You may vote for a 1 YEAR , 2 YEAR , or 3 YEAR frequency for such advisory votes on executive compensation, or ABSTAIN with respect to such advisory vote on the frequency of advisory votes on executive compensation. Abstentions, while included for purposes of obtaining a quorum, will not be counted as votes cast and will have no effect on the outcome of the vote on this proposal. Broker non-votes, if any will be disregarded and will have no effect on outcome of such vote.

Proposal 4 the affirmative vote of the majority of the shares present or represented by proxy at the Annual Meeting is required for approval of the Equity Incentive Plan. You may vote FOR , AGAINST , or ABSTAIN with respect to approval of the Equity Incentive Plan. Abstentions, while included for purposes of attaining a quorum, will not be voted on Proposal 4 and therefore will have the same effect as a vote against Proposal 4. Broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Proposal 5 the affirmative vote of the majority of the shares present or represented by proxy at the Annual Meeting is required for approval of the Senior Executive Bonus Plan. You may vote

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FOR , AGAINST , or ABSTAIN with respect to approval of the Senior Executive Bonus Plan. Abstentions, while included for purposes of attaining a quorum, will not be voted on Proposal 5 and therefore will have the same effect as a vote against Proposal 5. Broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Proposal 6 the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting is required for the ratification of the appointment of our independent registered public accounting firm for fiscal year 2011. You may vote FOR , AGAINST , or ABSTAIN with respect to the ratification of the appointment of our independent registered public accounting firm. Abstentions, while included for purposes of attaining a quorum, will not be voted on Proposal 6 and therefore will have the same effect as a vote against Proposal 6. Broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Who will count the votes?

We have retained Broadridge Financial Solutions to receive and tabulate the votes in connection with our Annual Meeting. Our Chief Legal Officer will utilize such tabulations and serve as our election inspector who will certify the election results and perform any other acts required by the Delaware General Corporation Law.

What is a quorum, and how is it determined?

For business to be properly conducted and the vote of stockholders to be valid at the Annual Meeting, a quorum must be present. The presence, in person or by proxy, of the holders of a majority of shares of our common stock issued and outstanding as of the record date is necessary to constitute a quorum at the Annual Meeting. Shares represented at the Annual Meeting in person or by proxy but not voted will nevertheless be counted for purposes of determining the presence of a quorum. Accordingly, abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Who pays for the cost of this proxy solicitation?

This proxy solicitation by our Board of Directors will be conducted by mail, and we will bear all attendant costs. These costs will include the expense of preparing and mailing proxy solicitation materials for the Annual Meeting and reimbursements paid to brokerage firms and others for their expenses incurred in forwarding such materials to beneficial owners of our common stock. We may conduct further solicitation personally, telephonically, by facsimile or by electronic or other means of communication through our officers, directors and employees, none of whom will receive additional compensation for assisting with the solicitation.

Where can I find more information?

A copy of our 2010 Annual Report is enclosed with this Proxy Statement and is available on the Internet at <http://investor.jmpg.com/annual-proxy.cfm>. In addition, we are required to file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the Exchange Act), with the Securities and Exchange Commission (the SEC). You may read and copy any document we file with the SEC at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC s website at <http://www.sec.gov>.

In addition, we maintain a public website at <http://www.jmpg.com> and make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports

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on Form 8-K, Proxy Statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also posted on our website are charters for our Board of Directors Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, as well as our Corporate Governance Guidelines, our Code of Business Conduct and Ethics governing our directors, officers and employees and other related materials. The information on our website is not part of this Proxy Statement.

If you have any further questions about voting your shares or attending the Annual Meeting, please contact Andrew Palmer, Director of Investor Relations at 415-835-8978 and apalmer@jmpg.com.

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PROPOSAL 1

ELECTION OF DIRECTORS

Composition of the Board

Our Board of Directors presently consists of nine members: Joseph A. Jolson, our Chief Executive Officer and Chairman of our Board of Directors, Craig R. Johnson, Vice Chairman, Mark L. Lehmann, Carter D. Mack, Glenn H. Tongue, Kenneth M. Karmin, H. Mark Lunenburg, David M. DiPietro and Jonathan M. Orszag. All of our directors are elected annually for a term expiring at the annual meeting of stockholders in the following year. Each director will hold office until his or her successor has been elected and qualified or until the director's earlier death, resignation or removal. If any director listed in this proxy does not stand for re-election, his successor or replacement will stand for re-election at our next annual meeting of stockholders in 2012.

Leadership Structure of the Board

Mr. Jolson has served in the combined roles of Chairman and Chief Executive Officer since 2004. One of our outside directors, Mr. Karmin, has been appointed as Lead Director (and Presiding Director for purposes of NYSE rules) with responsibilities as set forth in the Company's Corporate Governance Guidelines. These duties include, as appropriate, 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 also has the authority to call meetings of the independent directors.

We believe that Mr. Jolson's dual roles as Chairman and Chief Executive Officer are in the best interest of the Company and its stockholders as such structure creates unified leadership and a cohesive strategic vision for the Company. As a founder, and with his long history in the industries in which we operate and deep involvement in the operations of the Company, we believe Mr. Jolson is uniquely positioned to identify and recommend to the Board strategic initiatives in light of company culture and opportunities. We believe the oversight provided by the Company's outside directors, the Board committees and the coordinated efforts between management and the independent directors help balance growth and risk management and the development of the Company's strategic plans and operations.

Independence of Non-Employee Directors

Each of our Board of Directors and Corporate Governance and Nominating Committee has analyzed the independence of each nominee for the Board of Directors and has determined that each of Messrs. Tongue, Karmin, Lunenburg, DiPietro and Orszag and former directors Edward J. Sebastian and Harris S. Barton is or was independent, as defined in Section 303A of the NYSE Listed Company Manual and within the meaning of our director independence standards (detailed below). In addition, each of our Board of Directors and its Corporate Governance and Nominating Committee has determined that each member of the Audit Committee is independent under the SEC's audit committee independence standards and that each member of our Compensation Committee is an outside director within the meaning of Section 162(m) of the Internal Revenue Code (the Code).

To be considered independent, a director must be determined by resolution of our Board of Directors as a whole, after due deliberation, to have no material relationship with the Company other than as a director. In each case, our Board of Directors shall broadly consider all relevant facts and circumstances and shall apply the following standards:

1. a director who is an employee, or whose immediate family member is an executive officer, of the Company or any of its subsidiaries is not independent until three years after the end of such employment relationship;

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2. a director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from the Company or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 per year in such compensation;
3. a director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company or any of its subsidiaries is not independent until three years after the end of the affiliation or the employment or auditing relationship;
4. a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's or any of its subsidiaries' present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship;
5. a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company (which does not include charitable entities) that makes payments to, or receives payments from, the Company or any of its subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1.0 million or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold; and
6. any director that has a material relationship with the Company shall not be independent. Any relationship not required to be disclosed pursuant to Item 404 of Regulation S-K, shall be presumptively not material. For relationships not covered by the preceding sentence, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the Board of Directors. We would disclose in the next proxy statement the basis for any Board determination that a relationship is immaterial despite the fact that it does not meet the categorical standards of immateriality set forth above.

In addition to the categorical standards discussed above, our Corporate Governance and Nominating Committee and the Board of Directors have considered certain applicable relationships between each independent director and us, and in particular the following types of relationships: (i) brokerage, investment banking and investment management relationships between us and any independent director, their family members and entities with which any of them are affiliated or in which any of them are significantly invested, (ii) relationships between us and any third-party vendor that is affiliated with any independent director or any of their family members or in which any of them are significantly invested and (iii) relationships with PricewaterhouseCoopers LLP, our independent registered public accounting firm.

In making its independence determination regarding Messrs. Karmin, Tongue, Lunenburg, DiPietro and Orszag, the Board of Directors considered certain transactions, relationships and arrangements, including, among other things, Mr. Karmin's investment in certain investment funds managed by an affiliate of the Company for which he paid such affiliate the standard fees totaling approximately \$71,000. The transactions, relationships and arrangements were considered to be within the applicable categorical independence standards discussed above. Mr. Barton, Mr. Sebastian and entities associated with Messrs. Tongue and Lunenburg maintain securities brokerage accounts with the Company's subsidiary JMP Securities LLC, for which trading commissions of \$700, \$0, \$0 and \$5,200, respectively, were paid to JMP Securities by such accounts during 2010.

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Selection of Directors

Stockholder Recommendations and Nominations for Membership on our Board of Directors

The policy of our Corporate Governance and Nominating Committee is to consider properly submitted stockholder recommendations for candidates for membership on the Board of Directors as described below under Identifying and Evaluating Nominees for Directors. In evaluating such recommendations, the Corporate Governance and Nominating Committee will address the membership criteria set forth under Director Qualifications. Any stockholder recommendations proposed for consideration by the Corporate Governance and Nominating Committee should include the nominee's name and qualifications for membership on the Board of Directors and should be addressed to:

JMP Group Inc.

600 Montgomery Street, Suite 1100

San Francisco, CA 94111

Attn: Janet L. Tarkoff, Chief Legal Officer and Secretary

In addition to stockholder recommendations of candidates for membership on the Board of Directors, a stockholder may nominate an individual for election to our Board of Directors in the manner set forth in, and in accordance with the provisions of, our Amended and Restated Bylaws (Bylaws). Under Section 2.10 of our Bylaws, as a general matter in order for a nomination to be properly brought before the annual meeting of our stockholders to be held in 2012, notice of a nomination must be delivered to our Corporate Secretary not less than 90 days nor more than 120 days prior to (i) the first anniversary of the date on which we first mail our proxy materials for the Annual Meeting, or, (ii) if the date of the annual meeting of our stockholders to be held in 2012 is changed more than 30 days from the first anniversary date of the Annual Meeting, the date on which we first mail our proxy materials for annual meeting of our stockholders to be held in 2012. Accordingly, assuming that the annual meeting of our stockholders to be held in 2012 occurs within 30 days before or after the first anniversary date of the Annual Meeting, any such notice of a nomination given by or on behalf of a stockholder pursuant to Section 2.10 of our Bylaws must be received no earlier than January 2, 2012 and no later than February 1, 2012.

In any notice of nomination, the nominating stockholder must include a statement in writing setting forth the following:

(i) as to each person the stockholder proposes to nominate for election or re-election as a director:

the name, age, business address and residence address of the person or persons to be nominated;

the principal occupation or employment of such person or persons;

the class and number of all shares of each class of our capital stock owned beneficially and of record by the nominee;

the nominee's signed consent to serve as a director if elected; and

any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14(a) of the Exchange Act; and

(ii) as to the stockholder giving the notice, the name and record address of the stockholder, the class and number of all shares of each class of our capital stock owned beneficially and of record by the stockholder, and, if the nominating stockholder's shares are held beneficially in a stock brokerage account or in the name of a bank or other holder of record, evidence establishing such stockholder's indirect ownership of stock and entitlement to vote such stock for the election of directors at the annual meeting.

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We may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of such proposed nominee to serve as a director. A copy of our Bylaws is included as an exhibit to our Quarterly Report on Form 10-Q, filed with the SEC on June 21, 2007. See [Where can I find more information?](#) above.

Director Qualifications

Our Corporate Governance Guidelines contain membership criteria that apply to nominees for election to our Board of Directors. Under these criteria, members of our Board of Directors should 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 our industry. In addition to having one or more of these core competencies, members of our Board of Directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand our business.

Further, the Corporate Governance and Nominating Committee considers other factors it deems appropriate based on the current needs and desires of the Board, including specific business and financial expertise, experience as a director of a public company, and diversity. The Board considers a number of f