UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-36802

JMP Group LLC
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**47-1632931** **(I.R.S. Employer Identification No.)**

600 Montgomery Street, Suite 1100, San Francisco, California 94111
(Address of principal executive offices and Zip code)

(415) 835-8900
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
Shares representing limited liability company interests in JMP Group LLC	JMP	New York Stock Exchange
JMP Group LLC 6.875% Senior Notes due 2029	JMPNZ	The NASDAQ Global Market
JMP Group Inc. 7.25% Senior Notes due 2027	JMPNL	The NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

JMP Group LLC shares representing limited liability company interests outstanding as of November 10, 2020: 19,665,947.

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AVAILABLE INFORMATION

JMP Group LLC is required to file current, annual and quarterly 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”). The SEC maintains an internet website at http://www.sec.gov, from which interested persons can electronically access JMP Group LLC’s SEC filings.

JMP Group LLC provides its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, Forms 3, 4 and 5 filed by or on behalf of directors, executive officers and certain large shareholders, and any amendments to those documents filed or furnished pursuant to the Exchange Act free of charge on the Investor Relations section of its website located at http://www.jmpg.com. These filings will become available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. From time to time JMP Group LLC may use its website as a channel of distribution of material company information.

JMP Group LLC also makes available, in the Investor Relations section of its website and will provide print copies to shareholders upon request, (i) its corporate governance guidelines, (ii) its code of business conduct and ethics, and (iii) the charters of the audit, compensation, and corporate governance and nominating committees of its board of directors. These documents, as well as the information on the website, are not intended to be part of this quarterly report on Form 10-Q (the “Quarterly Report”) and inclusions of the internet address in this Quarterly Report. JMP Group LLC also uses the Investor Relations section of its website as a means of complying with its disclosure obligations under Regulation FD. Accordingly, you should monitor the Investor Relations section of JMP Group LLC's website in addition to following JMP Group LLC’s SEC filings, press releases and investor presentation materials.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

JMP Group LLC
Consolidated Statements of Financial Condition
(Unaudited)
(Dollars in thousands, except share and per share data)

	September 30, 2020	December 31, 2019 (1)
Assets		
Cash and cash equivalents	$ 56,678	$ 49,630
Restricted cash	1,287	1,287
Investment banking fees receivable	13,146	9,066
Marketable securities owned at fair value (includes $5,975 and $0 pledged as collateral at September 30, 2020 and December 31, 2019, respectively)	55,497	73,101
Other investments (includes $14,374 and $14,206 at fair value at September 30, 2020 and December 31, 2019, respectively)	24,022	35,309
Loans held for investment, net of allowance for loan losses	1,109	1,210
Interest receivable	348	502
Fixed assets, net	3,381	4,267
Operating lease right-of-use asset	17,112	19,632
Other assets	40,077	36,253
Total assets	$ 212,657	$ 230,257
Liabilities and Equity		
Liabilities:		
Marketable securities sold, but not yet purchased, at fair value	$ -	$ 3,855
Accrued compensation	25,550	30,253
Interest payable	707	520
Note payable	10,610	6,812
Bond payable, net of debt issuance costs of $3,049 and $3,416 at September 30, 2020 and December 31, 2019, respectively	80,816	82,584
Operating lease liability	22,239	25,394
Other liabilities	19,485	19,478
Total liabilities	159,407	168,896
Commitments and Contingencies (Note 14)		
JMP Group LLC Shareholders' Equity		
Common shares, $0.001 par value, 100,000,000 shares authorized at September 30, 2020 and December 31, 2019; 22,797,092 shares issued at September 30, 2020 and December 31, 2019; 19,635,544 and 19,509,349 shares outstanding at September 30, 2020 and December 31, 2019, respectively	23	23
Additional paid-in capital	134,736	133,894
Treasury shares at cost, 3,161,548 and 3,287,743 shares at September 30, 2020 and December 31, 2019, respectively	(14,269)	(14,872)
Accumulated other comprehensive loss	(328)	(4,769)
Accumulated deficit	(66,294)	(52,588)
Total JMP Group LLC shareholders' equity	53,868	61,688
Non-controlling interest	(618)	(327)
Total equity	53,250	61,361
Total liabilities and equity	$ 212,657	$ 230,257

(1) The statement of financial condition as of December 31, 2019 is derived from the audited financial statements as of that date.

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Investment banking	$ 20,874	$ 15,228	$ 57,094	$ 44,843
Brokerage	4,176	3,968	14,008	13,160
Asset management fees	2,911	1,628	6,339	5,685
Principal transactions	(2,737)	(340)	(20,337)	6,371
Loss on sale, payoff and mark-to-market of loans	-	-	-	(38)
Net dividend income	4	279	241	868
Other income	841	759	2,688	1,517
Non-interest revenues	26,069	21,522	60,033	72,406
Interest income	2,287	2,328	6,391	19,391
Interest expense	(1,732)	(1,930)	(5,237)	(14,642)
Net interest income	555	398	1,154	4,749
Gain (loss) on repurchase, reissuance or early retirement of debt	-	(458)	697	(458)
Provision for loan losses	-	(438)	-	(438)
Total net revenues	26,624	21,024	61,884	76,259
Non-interest expenses				
Compensation and benefits	23,502	17,506	62,101	54,673
Administration	1,408	2,301	4,697	6,978
Brokerage, clearing and exchange fees	620	617	1,901	2,051
Travel and business development	65	1,263	1,041	3,631
Managed deal expenses	990	685	2,528	2,552
Communications and technology	1,072	1,061	3,286	3,241
Occupancy	1,194	1,196	3,587	4,028
Professional fees	776	1,236	2,397	3,513
Depreciation	278	307	1,223	915
Other	(8)	200	201	700
Total non-interest expenses	29,897	26,372	82,962	82,282
Net income (loss) before income taxes	(3,273)	(5,348)	(21,078)	(6,023)
Income tax benefit	(128)	(1,220)	(7,191)	(5,839)
Net income (loss)	(3,145)	(4,128)	(13,887)	(184)
Less: Net income (loss) attributable to non-controlling interest	(63)	(67)	(181)	(80)
Net income (loss) attributable to JMP Group LLC	$ (3,082)	$ (4,061)	$ (13,706)	$ (104)
Net income (loss) attributable to JMP Group LLC per common share:				
Basic	$ (0.16)	$ (0.21)	$ (0.70)	$ (0.01)
Diluted	$ (0.16)	$ (0.21)	$ (0.70)	$ (0.01)
Weighted average common shares outstanding:				
Basic	19,628	19,324	19,581	20,454
Diluted	19,628	19,324	19,581	20,454

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net income (loss)	$ (3,145)	$ (4,128)	$ (13,887)	$ (184)
Other comprehensive income (loss):				
Net unrealized gains (losses) on available-for-sale securities during the period, net of income tax provision (benefit) of ($675), $209, ($3,010) and ($695)	(1,844)	$ 709	(8,197)	$ (1,860)
Less: reclassification adjustments for net (gains) losses on available-for-sale securities, net of income tax provision (benefit) of $738, $0, $4,643 and $0	2,009	-	12,638	-
Net other comprehensive income (loss), net of income tax provision (benefit) of $63, $209, $1,633 and ($695)	165	709	4,441	(1,860)
Comprehensive income (loss)	(2,980)	(3,419)	(9,446)	(2,044)
Less: comprehensive income (loss) attributable to non-controlling interest	(63)	(67)	(181)	(80)
Comprehensive income (loss) attributable to JMP Group LLC	$ (2,917)	$ (3,352)	$ (9,265)	$ (1,964)

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(In thousands)

	JMP Group LLC's Equity							
	Common Shares		Treasury Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance, December 31, 2019	22,797	$ 23	$ (14,872)	$ 133,894	$ (52,588)	$ (4,769)	$ (327)	$ 61,361
Net income (loss)	-	-	-	-	(11,748)	-	(91)	(11,839)
Additional paid-in capital - share-based compensation	-	-	-	266	-	-	-	266
Purchases of shares of common shares for treasury	-	-	(26)	-	-	-	-	(26)
Reissuance of shares of common shares from treasury	-	-	200	(32)	-	-	-	168
Other comprehensive income	-	-	-	-	-	1,281	-	1,281
Balance, March 31, 2020	22,797	23	(14,698)	134,128	(64,336)	(3,488)	(417)	51,212
Net income (loss)	-	-	-	-	1,124	-	(26)	1,098
Additional paid-in capital - share-based compensation	-	-	-	209	-	-	-	209
Purchases of shares of common shares for treasury	-	-	231	-	-	-	-	231
Distribution to non-controlling interest holders	-	-	-	-	-	-	(112)	(112)
Other comprehensive income	-	-	-	-	-	2,995	-	2,995
Balance, June 30, 2020	22,797	23	(14,467)	134,337	(63,212)	(493)	(555)	55,633
Net income (loss)	-	-	-	-	(3,082)	-	(63)	(3,145)
Additional paid-in capital - share-based compensation	-	-	-	399	-	-	-	399
Purchases of shares of common shares for treasury	-	-	198	-	-	-	-	198
Common Shares Issued	-	-	-	-	-	-	-	-
Distribution to non-controlling interest holders	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	165	-	165
Balance, September 30, 2020	22,797	$ 23	$ (14,269)	$ 134,736	$ (66,294)	$ (328)	$ (618)	$ 53,250

	JMP Group LLC's Equity							
	Common Shares		Treasury Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance, December 31, 2018	22,780	$ 23	$ (7,932)	$ 134,129	$ (42,513)	$ -	$ 13,499	$ 97,206
Net income (loss)	-	-	-	-	5,069	-	70	5,139
Additional paid-in capital - share-based compensation	-	-	-	144	-	-	-	144
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(1,070)	-	-	(1,070)
Purchases of shares of common shares for treasury	-	-	(753)	-	-	-	-	(753)
Reissuance of shares of common shares from treasury	-	-	357	(39)	-	-	-	318
Distributions to non-controlling interest holders	-	-	-	-	-	-	(913)	(913)
Derecognition of non-controlling interest due to deconsolidation	-	-	-	-	-	-	(12,842)	(12,842)
Other comprehensive loss	-	-	-	-	-	(782)	-	(782)
Balance, March 31, 2019	22,780	23	(8,328)	134,234	(38,514)	(782)	(186)	86,447
Net income (loss)	-	-	-	-	(1,112)	-	(83)	(1,195)
Additional paid-in capital - share-based compensation	-	-	-	177	-	-	-	177
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(843)	-	-	(843)
Purchases of shares of common shares for treasury	-	-	(8,044)	-	-	-	-	(8,044)
Reissuance of shares of common shares from treasury	-	-	496	(79)	-	-	-	417
Other comprehensive loss	-	-	-	-	-	(1,787)	-	(1,787)
Balance, June 30, 2019	22,780	23	(15,876)	134,332	(40,469)	(2,569)	(269)	75,172
Net income (loss)	-	-	-	-	(4,061)	-	(67)	(4,128)

Additional paid-in capital - share-based compensation	-	-	-	444	-	-	-	444
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(773)	-	-	(773)
Purchases of shares of common shares for treasury	-	-	34	-	-	-	-	34
Reissuance of shares of common shares from treasury	-	-	(27)	(11)	-	-	-	(38)
Common shares issued	17	-	-	93	-	-	-	93
Other comprehensive loss	-	-	-	-	-	709	-	709
Balance, September 30, 2019	22,797	$ 23	$ (15,869)	$ 134,858	$ (45,303)	$ (1,860)	$ (336)	$ 71,513

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2020	**2019**
Cash flows from operating activities:		
Net (loss) income	$ (13,887)	$ (184)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
(Gain) loss on repurchase, reissuance or early retirement of debt	(697)	458
Provision for loan losses	-	438
Loss on sale and payoff of loans and mark-to-market of loans	-	38
Change in other investments:		
(Income) loss from investments in equity method investees	(888)	(1,305)
Gain on other investments	(1,226)	(1,254)
Depreciation and amortization	858	1,316
Share-based compensation expense	1,401	1,590
Gain on deconsolidation	-	(3,520)
Distributions of investment income from equity method investments	1,044	492
Other, net	(194)	293
Net change in operating assets and liabilities:		
Decrease (increase) in interest receivable	154	(4,899)
Decrease (increase) in receivables	(3,879)	(950)
Decrease (increase) in marketable securities	23,684	9,643
Decrease (increase) in other assets	(5,870)	(10,181)
Increase (Decrease) in marketable securities sold, but not yet purchased	(3,855)	(1,789)
Increase (decrease) in interest payable	187	(4,034)
Increase (decrease) in accrued compensation	(4,703)	(23,475)
Increase (decrease) in other liabilities	520	6,895
Net cash provided by (used in) operating activities	(7,351)	(30,428)
Cash flows from investing activities:		
Purchases of fixed assets	(340)	(1,341)
Purchases of other investments	(1,814)	(12,538)
Sales or distributions from other investments	14,170	10,655
Funding of loans collateralizing asset-backed securities issued	-	(35,153)
Funding of loans held for investment	-	(25,679)
Sale, payoff and principal receipts of loans collateralizing asset-backed securities issued	-	23,806
Sale, payoff and principal receipts on loans held for investment	121	7,211
Net decrease in cash and restricted cash due to deconsolidation of subsidiaries	-	(27,771)
Net cash provided by (used in) investing activities	12,137	(60,810)

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Cash Flows - (Continued)
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from financing activities:		
Proceeds from drawdowns on line of credit and other borrowings	3,798	16,583
Proceeds from drawdowns on CLO warehouse facilities	-	7,750
Proceeds from bond issuance	-	36,000
Payment of debt issuance costs	-	(1,887)
Repayment of line of credit	-	(1,600)
Repayment of asset-backed securities issued	-	(801)
Repayment on bonds payable	(1,361)	(35,977)
Repurchase of bonds payable		-
Distributions and distribution equivalents paid on common shares and RSUs	-	(2,686)
Purchase of common shares for treasury	-	(8,614)
Distributions to non-controlling interest shareholders	(112)	(913)
Employee taxes paid on shares withheld for tax-withholding purposes	(63)	(184)
Net cash provided by provided by (used in) financing activities	2,262	7,671
Cash, Cash Equivalents and Restricted Cash		
Net (decrease) increase in cash, cash equivalents, and restricted cash	7,048	(83,567)
Cash, cash equivalents and restricted cash, beginning of period	50,917	132,808
Cash, cash equivalents and restricted cash at end of period	$ 57,965	$ 49,241
Less: Restricted cash , end of period	1,287	1,221
Cash and cash equivalents, end of period	$ 56,678	$ 48,020
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for interest	$ 5,238	$ 18,676
Cash paid (received) during the period for taxes, net of refunds	$ (263)	$ 2,060
Non-cash investing and financing activities:		
Reissuance of common shares from treasury related to vesting of restricted share units	$ 666	$ 954
Acquisition of equity securities in restructuring of loans	-	259
Initial recognition of operating lease right-of-use assets	-	23,604
Initial recognition of operating lease right-of-use liabilities	-	29,278
Carrying value of non-cash assets derecognized on deconsolidation of subsidiaries	-	1,226,848
Carrying value of non-cash liabilities derecognized on deconsolidation of subsidiaries	-	1,161,933
Carrying value of non-controlling interest derecognized on deconsolidation of subsidiaries	-	12,842
Fair value of marketable securities recognized on deconsolidation of subsidiaries	-	76,879
Fair value of other investments recognized on deconsolidation of subsidiaries	-	7,516

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

JMP Group LLC, together with its subsidiaries (collectively, the “Company”), is a diversified financial services firm headquartered in San Francisco, California. The Company conducts its investment banking and institutional brokerage business through JMP Securities LLC (“JMP Securities”) and its asset management business through Harvest Capital Strategies LLC (“HCS”), HCAP Advisors LLC (“HCAP Advisors”), JMP Asset Management LLC (“JMPAM”) and JMP Credit Advisors LLC (“JMPCA”) (through March 19, 2019). The Company conducts certain principal investment transactions through JMP Investment Holdings LLC (“JMP Investment Holdings”) and other subsidiaries. The above entities, other than HCAP Advisors, are wholly-owned subsidiaries. JMP Securities is a U.S. registered broker-dealer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is a member of the Financial Industry Regulatory Authority (“FINRA”). JMP Securities operates as an introducing broker and does not hold funds or securities for, or owe any money or securities to, customers and does not carry accounts for customers. All customer transactions are cleared through another broker-dealer on a fully disclosed basis. HCS is a registered investment advisor under the Investment Advisers Act of 1940, as amended, and provides investment management services for sophisticated investors in investment partnerships and other entities managed by HCS. HCAP Advisors provides investment advisory services to Harvest Capital Credit Corporation (“HCC”), a publicly-traded business development company. JMPAM currently manages two fund strategies: one that invests in real estate and real estate-related enterprises and another that provides credit to small and midsized private companies. JMPCA, which was a wholly-owned subsidiary until March 19, 2019, is an asset management platform that underwrites and manages investments in senior secured debt. The Company completed a Reorganization Transaction in January 2015 pursuant to which JMP Group Inc. became a wholly-owned subsidiary of JMP Group LLC (the “Reorganization Transaction”). The Company entered into a Contribution Agreement in November 2017 pursuant to which JMP Group Inc. became a wholly-owned subsidiary of JMP Investment Holdings, which is a wholly-owned subsidiary of JMP Group LLC.

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements and related notes are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 30, 2020 (the "Annual Report"). Certain disclosures required by GAAP and normally included in an annual report on Form 10-K have been condensed or omitted from this report; however, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Annual Report. The results of operations for any interim period are not necessarily indicative of the results to be expected for a full year. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

The consolidated accounts of the Company include the wholly-owned subsidiaries and the partially-owned subsidiaries of which the Company is the majority owner or the primary beneficiary. All material intercompany accounts and transactions have been eliminated in consolidation. Non-controlling interests on the Consolidated Statements of Financial Condition at September 30, 2020 and December 31, 2019 relate to the interest of third parties in the partially-owned subsidiaries. Certain prior year amounts have been reclassified to conform to current year presentation.

See Note 2 - Summary of Significant Accounting Policies in the Company's Annual Report for the Company's significant accounting policies.

For the nine months ended September 30, 2020, there were no significant changes made to the Company's significant accounting policies. See Note 3, *Recent Accounting Pronouncements*, for a summary of recently adopted or yet to be adopted accounting pronouncements, and their impact on the Company.

Deconsolidation

During the first three months of 2019, multiple events and transactions took place which resulted in the Company deconsolidating the following variable interest entities ("VIEs"): JMPCA, JMP Credit Advisors CLO III(R) Ltd. ("CLO III"), JMP Credit Advisors CLO IV Ltd ("CLO IV"), JMP Credit Advisors CLO V Ltd ("CLO V"), and JMP Credit Advisors Long-Term Warehouse Ltd ("CLO VI") (CLO III, CLO IV, CLO V and CLO VI are collectively the "CLOs"). These events and transactions are hereafter referred to as the "Deconsolidation". The Company continues to hold approximately 47% of the subordinated notes of CLO III and 100% of the junior subordinated notes of CLO IV and CLO V and accounts for its ownership of these subordinated notes as an investment in a debt security and classifies them as available-for-sale securities. Refer to the Annual Report for more information on the Deconsolidation.

3. Recent Accounting Pronouncements

Accounting Standards to be adopted in Future Periods

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)*, with subsequent amendments to clarify the guidance, provide transitional relief provisions and minor updates to the original ASU. ASU 206-13 replaces the existing incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is required to be adopted using a modified retrospective approach with a cumulative-effect adjustment to beginning retained earnings, as of the beginning of the first reporting period the guidance is effective for. As a result of one of the amendments to ASU 2016-13, the new guidance will be effective for public business entities that meet the definition of a smaller reporting company for fiscal years and all interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company does not plan to early adopt this standard, but continues to work through implementation. While the Company cannot reasonably estimate the impact of adopting this standard, it expects the impact will be influenced by the composition, characteristics and quality of the Company's securities portfolios, as well as the general economic conditions and forecasts as of the adoption date.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, to simplify the accounting for income taxes. This guidance eliminates certain exceptions to the general approach to the income tax accounting model, and adds new guidance to reduce the complexity in accounting for income taxes. This guidance is effective for annual periods beginning after December 15, 2020, including interim periods within those annual periods. The Company is currently evaluating the impact of the adoption of this standard and its impact on the Company's disclosures.

Recently Adopted Accounting Guidance

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic* 820*): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of the FASB's disclosure framework project. The Company adopted ASU 2018-13 effective January 1, 2020. The adoption did not materially impact the Company's consolidated financial statements or its disclosures.

4. Fair Value Measurements

The following tables provide fair value information related to the Company's financial instruments at September 30, 2020 and December 31, 2019:

	September 30, 2020				
(In thousands)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 56,678	$ 56,678	$ -	$ -	$ 56,678
Restricted cash	1,287	1,287	-	-	1,287
Marketable securities owned	55,497	4,845	-	50,652	55,497
Equity Investments	3,777	-	-	3,777	3,777
Investments in private equity, real estate and credit funds, measured at net asset value (1)	10,597	-	-	-	-
Loans held for sale	2,412	-	-	2,412	2,412
Loans held for investment, net of allowance for loan losses	1,109	-	-	1,109	1,109
Total assets:	$ 131,357	$ 62,810	$ -	$ 57,950	$ 120,760
Liabilities:					
Notes payable	$ 10,610	-	$ 5,983	$ 4,627	$ 10,610
Bond payable	80,816	-	75,070	-	75,070
Total liabilities:	$ 91,426	$ -	$ 81,053	$ 4,627	$ 85,680

	December 31, 2019				
(In thousands)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 49,630	$ 49,630	$ -	$ -	$ 49,630
Restricted cash	1,287	1,287	-	-	1,287
Marketable securities owned	73,101	15,245	-	57,856	73,101
Equity Investments	3,956	-	-	3,956	3,956.00
Investments in private equity, real estate and credit funds, measured at net asset value (1)	10,250	-	-	-	-
Loans held for sale	2,412	-	-	2,476	2,476
Loans held for investment, net of allowance for loan losses	1,210	-	-	1,087	1,087
Total assets:	$ 141,846	$ 66,162	$ -	$ 65,375	$ 131,537
Liabilities:					
Marketable securities sold, but not yet purchased	$ 3,855	$ 3,855	$ -	$ -	$ 3,855
Notes payable	6,812	-	5,983	829	6,812
Bond payable	82,584	-	84,821	-	84,821
Total liabilities:	$ 93,251	$ 3,855	$ 90,804	$ 829	$ 95,488

(1) In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The carrying value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position. The carrying values of these lines reconciles to the parenthetical disclosure of other investments on the Statements of Financial Condition.

The Company determined the fair value of the notes payable identified as a Level 2 liability to approximate its carrying value. This was determined as the debt has a variable interest rate tied to LIBOR and therefore reflects market conditions. The fair value of the notes payable identified as Level 3 liabilities was determined using the discounted cash flow model.

The fair value of loans held for investment identified as Level 3 assets are determined using the discounted cash flow model using the treasury rate, loan interest rate, and an internally generated risk rate.

Recurring Fair Value Measurement

The following tables provide information related to the Company's assets and liabilities carried at fair value on a recurring basis at September 30, 2020 and December 31, 2019:

(In thousands)	September 30, 2020				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities owned	$ 55,497	$ 4,845	$ -	$ 50,652	$ 55,497
Other investments:					
Equity investments	3,777	-	-	3,777	3,777
Investments in private equity, real estate and credit funds (1)	10,597	-	-	-	-
Total other investments	14,374	-	-	3,777	3,777
Total assets:	$ 69,871	$ 4,845	$ -	$ 54,429	$ 59,274

(In thousands)	December 31, 2019				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities owned	$ 73,101	$ 15,245	$ -	$ 57,856	$ 73,101
Other investments:					
Equity investments	3,956	-	-	3,956	3,956
Investments in private equity, real estate and credit funds (1)	10,250	-	-	-	-
Total other investments	14,206	-	-	3,956	3,956
Total assets:	$ 87,307	$ 15,245	$ -	$ 61,812	$ 77,057
Marketable securities sold, but not yet purchased	3,855	3,855	-	-	3,855
Total liabilities:	$ 3,855	$ 3,855	$ -	$ -	$ 3,855

(1) In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The carrying values of these lines reconciles to the parenthetical disclosure of other investments on the Consolidated Statements of Financial Condition.

As of September 30, 2020 and December 31, 2019, marketable securities sold but not yet purchased were primarily comprised of U.S. listed securities. As of September 30, 2020 and December 31, 2019, marketable securities was comprised of U.S. listed equity securities and CLO debt securities.

The fair value of the investments in private equity, real estate and credit funds was measured using the net asset value as a practical expedient. These investments are nonredeemable and had unfunded commitments of $3.5 million and $3.8 million as of September 30, 2020 and December 31, 2019 respectively.

Transfers between levels of the fair value hierarchy result from changes in the observability of fair value inputs used in determining fair values for different types of financial assets and are recognized at the beginning of the reporting period in which the event or change in circumstances that caused the transfer occurs. The Company's policy is to recognize the fair value of transfers among Levels 1, 2 and 3 as of the end of the reporting period. For recurring fair value measurements, there were no transfers between Levels 1, 2 and 3 for the nine months ended September 30, 2020 and the year ended December 31, 2019.

The investments in private equity funds managed by HCS and JMPAM are recognized using the fair value option. The Company uses the reported net asset value per share as a practical expedient to estimate the fair value of the funds. The risks associated with these investments are limited to the amounts of invested capital, remaining capital commitment and any management and incentive fees receivable.

The Company’s Level 3 asset in other investments is primarily comprised of an equity investment in a private company. The Company determines the fair value of this investment using the net present value of discounted cash flows. The significant unobservable inputs used in the fair value measurement of this investment are presented in the Significant Unobservable Inputs table below. For this investment, the Company elected the fair value option. While the Company has made other investments in private equity securities, it has not elected the fair value option for those investments as it is impractical to determine the fair value of those investments.

For the nine months ended September 30, 2020, the changes in Level 3 assets measured at fair value on a recurring basis were as follows:

(In thousands)	CLO Junior Subordinated Notes	Equity Investment	Total
Balance as of December 31, 2019	$ 57,856	$ 3,956	$ 61,812
Accrued interest	2,176	-	2,176
Investment distributions	(2,040)	-	(2,040)
Unrealized gains on investments, recognized in OCI	1,751	-	1,751
Unrealized losses on investments, recognized in earnings	(13,523)	(689)	(14,212)
Balance as of March 31, 2020	$ 46,220	$ 3,267	$ 49,487
Accrued interest	1,720	N/A	1,720
Unrealized gains on investments, recognized in OCI	4,094	N/A	4,094
Unrealized losses on investments, recognized in earnings	(1,013)	444	(569)
Balance as of June 30, 2020	$ 51,021	$ 3,711	$ 54,732
Accrued interest	2,143	N/A	2,143
Unrealized gains on investments, recognized in OCI	235	N/A	235
Unrealized losses on investments, recognized in earnings	(2,746)	65	(2,681)
Balance as of September 30, 2020	$ 50,653	$ 3,776	$ 54,429

The Company’s Level 3 assets held in marketable securities consist of investments in CLO debt securities. The fair value of the CLO debt securities is determined using the net present value of discounted cash flows. The significant unobservable inputs used in the fair value measurement of these investments are presented in the Significant Unobservable Inputs table below. The Company also uses covenant compliance information provided by the CLO manager when valuing this investment. During the nine months ended September 30, 2020, the fair value of the Company’s investment in CLO debt securities declined due to a decrease in the expected future cash flows from CLO debt securities, primarily due to an increase in estimated credit losses in the CLO portfolios.

For assets classified in the Level 3 hierarchy, any changes to any of the inputs to the fair value measurement could result in a significant increase or decrease in the fair value measurement. For CLO debt securities, a significant increase (decrease) in the discount rate, default rate, and severity rate would result in a significant decrease (increase) in the fair value of the instruments. For the equity investment, a significant increase (decrease) in the credit factor or the discount rate would result in a significantly lower (higher) fair value measurement. For Level 3 assets measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019, the significant unobservable inputs used in the fair value measurements were as follows:

(In thousands)		Significant Unobservable Inputs Range (Weighted-average (1))			Fair value	
	Valuation Technique	Description	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
CLO debt securities	Discounted cash flows	Discount rate	17.5% (N/A)	17.5% (N/A)	$ 50,652	$ 57,856
		Default rate	2.0%-3.0% (2.4%)	2.0% (N/A)		
		Severity rate	25.0% (N/A)	25.0% (N/A)		
		Prepayment rate	10.0%-25.0% (15.2%)	25.0% (N/A)		
		Collateral liquidation price	98.0%-99.0% (98.7%)	98.0%-99.0% (98.7%)		
Equity investment	Discounted cash flows	Credit factor	20% (N/A)	20% (N/A)	$ 3,167	$ 3,550
		Discount rate	15.7% (N/A)	17.7% (N/A)		

(1) The weighted average was calculated based on the relative collateral balance of each CLO.

Non-recurring Fair Value Measurements

The Company's assets that are measured at fair value on a non-recurring basis result from the application of lower of cost or market accounting or write-downs of individual assets. The Company held a loan measured at fair value on a non-recurring basis of $2.4 million as of September 30, 2020 and December 31, 2019.

5. Available-for-Sale Securities

The following table summarizes available-for-sale securities, which have been included in marketable securities on the Consolidated Statements of Financial Condition, in an unrealized position as of September 30, 2020 and December 31, 2019:

	September 30, 2020					December 31, 2019				
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Number of positions	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Number of positions
CLO debt securities	$ 51,094	$ -	$ (442)	$ 50,652	3	$ 64,377	$ -	$ (6,521)	$ 57,856	3

The following table summarizes the fair value and amortized cost of the available-for-sale securities by contractual maturity as of September 30, 2020 and December 31, 2019:

(In thousands)	September 30, 2020		December 31, 2019	
	Available-for-sale		Available-for-sale	
	Amortized cost	Fair value	Amortized cost	Fair value
5-10 years	$ 30,089	$ 28,580	$ 38,451	33,877
10+ years	21,005	22,072	25,926	23,979
Total	$ 51,094	$ 50,652	$ 64,377	$ 57,856

In July 2020, the Company entered into a Seventh Amendment to its Credit Facility with CNB, that, among other things, requires the Company maintain a minimum of $6.0 million of CLO debt securities, based on their fair value as of June 30, 2020, pledged as collateral supporting the obligations under the Credit Agreement. See Note 7, Debt, for more information on the Seventh Amendment.

6. Loans

Loans collateralizing Asset-Backed Securities issued (through March 2019)

During the period ending March 31, 2019, the Company deconsolidated its investments in the CLOs and as a result, no longer has loans collateralizing ABS on its Consolidated Statements of Financial Condition. See Note 2 for additional information on deconsolidation. A summary of the activity in the allowance for loan losses for the three and nine months ended September 30, 2019 is as follows:

(In thousands)	Nine Months Ended September 30, 2019	
	Impaired	Non-Impaired
Balance, at beginning of period	$ (836)	$ (9,751)
Provision for loan losses:		
Specific reserve	-	-
General reserve	-	-
Charge off	181	-
Derecognition due to deconsolidation	655	9,751
Balance, at end of period	$ -	$ -

Loans Held for Investment

As of September 30, 2020 and December 31, 2019, the number of loans held for investment was four. The Company reviews the credit quality of these loans on a loan by loan basis mainly focusing on the borrower's financial position and results of operations as well as the current and expected future cash flows on the loans.

A loan is considered to be impaired when, based on current information, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the original loan agreement, including scheduled principal and interest payments.

There were no loans impaired, past due or on non-accrual status as of September 30, 2020 and December 31, 2019. There were no loan losses during the three and nine months ended September 30, 2020. A summary of the activity in loan losses for the three and nine months ended September 30, 2019 is as follows:

(in thousands)	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Impaired	Non-impaired	Impaired	Non-impaired
Balance, at beginning of the period	$ -	$ -	$ (218)	$ (181)
Provision for loan losses				
Specific	(438)	-	(438)	-
General	-	-	-	-
Charge off	-	-	218	-
Derecognition due to deconsolidation	-	-	-	181
Balance, at end of the period	$ (438)	$ -	$ (438)	$ -

7. Debt

Bond Payable

(In thousands)	September 30, 2020	December 31, 2019
7.25% Senior Notes due 2027	$ 50,000	$ 50,000
6.875% Senior Notes due 2029	36,000	36,000
Total outstanding principal	$ 86,000	$ 86,000
Less: Debt issuance costs	(3,049)	(3,416)
Less: Consolidation elimination	(2,135)	-
Total bond payable, net	$ 80,816	$ 82,584

The 7.25% senior notes due 2027 (the “2027 Senior Notes”) and the 6.875% senior notes due 2029 (the "2029 Senior Notes") (the 2027 and 2029 Senior Notes are collectively referred to as the “Senior Notes”) were issued by JMP Group Inc. and JMP Group LLC, respectively, pursuant to indentures with U.S. Bank National Association, as trustee. The Senior Notes indentures contain customary event of default and cure provisions. If an uncured default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the Senior Notes may declare the Senior Notes immediately due and payable. The Senior Notes are JMP Group Inc.’s and JMP Group LLC's general unsecured senior obligations, and rank equally with all existing and future senior unsecured indebtedness and are senior to any other indebtedness expressly made subordinate to the notes. At both September 30, 2020 and December 31, 2019, the Company was in compliance with the debt covenants in the indentures.

In March 2020, the Company repurchased $1.4 million and $0.7 million par value of its issued and outstanding 2029 Senior Notes and 2027 Senior Notes, respectively. Since they were repurchased at less than carrying value, a gain of $0.7 million was recognized upon the repurchase of the bonds, which is included in “Gain on repurchase, reissuance or early retirement of debt” on the Consolidated Statements of Operations.

Note Payable, Lines of Credit and Credit Facilities

(In thousands)	Outstanding Balance	
	September 30, 2020	December 31, 2019
Revolver / Credit Facility	$ 5,983	$ 5,983
Paycheck Protection Program (the "PPP") loan	3,798	-
Note payable to an affiliate (Note 18)	829	829
Total note payable, lines of credit, and credit facilities	$ 10,610	$ 6,812

In April 2014, JMP Holding LLC (“JMP Holding”) and City National Bank (“CNB”) entered into a revolving $25.0 million credit facility that matures on December 31, 2020 (the “Revolver”). The credit agreement governing the Revolver (the “Credit Agreement") has been amended throughout its life to make various updates, clarifications and conforming changes to reflect the corporate structure and business changes of the Company since the Credit Agreement's execution. The Revolver bears interest at a rate of LIBOR plus 225 bps and the Company’s outstanding balance on the Revolver was $6.0 million as of September 30, 2020 and December 31, 2019, respectively. As of September 30, 2020, the Company had letters of credit outstanding under the Revolver supporting office lease obligations of approximately $1.1 million in the aggregate. Upon maturity, if the revolving period has not been extended, any outstanding amounts under the Revolver would convert to a term loan (the “Converted Term Loan”). The Converted Term Loan must be repaid in 12 quarterly installments commencing on January 1, 2021, with each of the first six installments being equal to 3.75% of the principal amount of the Converted Term Loan and each of the next six installments being equal to 5.0% of the principal amount of the Converted Term Loan. A final payment of all remaining principal and interest due under the Converted Term Loan must be made at the earlier of (a) December 31, 2023; or (b) the last day of the fiscal quarter, prior to the earliest maturity date of any senior unsecured notes issued by JMP Group Inc. or JMP Group LLC then outstanding (but no less than 60 days), unless certain liquidity requirements are met by the Company.

On July 16, 2020, JMP Holding entered into a Seventh Amendment to the Credit Agreement, in order to, among other provisions, (i) allow JMP Holding to incur liens of certain clearing agents in the ordinary course of business, (ii) reduce the margin applicable to LIBOR loans from 2.25% to 2.00% and (iii) require that JMP Holding maintain a minimum of $6.0 million of CLO debt securities, based on their fair value as of June 30, 2020, pledged as collateral supporting the obligations under the Credit Agreement and refrain from exercising any right to call the related CLO entities or cause the liquidation of such CLO entities.

The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on debt, liens and investments, as well as the maintenance of certain financial covenants. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate the Company’s note and require the immediate repayment of any outstanding principal and interest.

JMP Holding's obligations under the Credit Agreement are guaranteed by all of its wholly owned subsidiaries (other than JMP Securities and certain dormant subsidiaries) and are secured by substantially all of its and the guarantors' assets. In addition, the Company has entered into a limited recourse pledge agreement whereby the Company has granted a lien on all of our equity interests in JMP Investment Holdings and JMPAM to secure JMP Holding's obligations under the Credit Agreement.

Separately, under a Revolving Note and Cash Subordination Agreement, JMP Securities holds a $20.0 million revolving line of credit (the "Line of Credit") with CNB to be used for regulatory capital purposes during its securities underwriting activities. The unused portion of the Line of Credit accrues an unused fee at the rate of 0.25% per annum, payable monthly. On June 30, 2021, any outstanding amount under the Line of Credit will convert to a term loan maturing on June 30, 2022. There was no borrowing on this Line of Credit as of September 30, 2020 and December 31, 2019. Borrowings under the Line of Credit will bear interest at a rate to be agreed upon at the time of advance between the Company and CNB.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the “CARES Act”) was enacted in response to market conditions related to the coronavirus ("COVID-19") pandemic. The CARES Act includes many measures to help companies, including providing loans to qualifying companies, under the Paycheck Protection Program (the "PPP") offered by the U.S. Small Business Administration (the “SBA”). On April 17, 2020, JMP Securities entered into a promissory note (the “PPP Loan”) with CNB as the lender (the “Lender”), pursuant to which the Lender agreed to loan the Company $3.8 million. The proceeds of the PPP Loan were available to be used to pay for payroll costs, rent and other eligible costs. As of September 30, 2020, the Company has used all of the PPP Loan proceeds for eligible costs and expects the PPP Loan to be forgiven in full.

The PPP Loan bears interest at the rate of 1% per annum. To the extent that amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Company will be required to make principal and interest payments. No payments are required until the date the SBA makes a determination on the amount of loan forgiveness. The PPP Loan matures in June 2022. The PPP Loan includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Company, including the right to require immediate payment of all amounts due under the PPP Loan.

8. Other Assets and Other Liabilities

At September 30, 2020 and December 31, 2019, other assets and other liabilities consisted of the following:

(In thousands)

	September 30, 2020	December 31, 2019
Accounts receivable	$ 5,141	$ 7,053
Prepaid expenses	11,337	5,152
Deferred tax asset	20,935	21,406
Loans held for sale (1)	2,412	2,412
Other assets	252	230
Total other assets	$ 40,077	$ 36,253

(1) Loans held for sale are carried at the lower of cost or fair value less cost to sell.

(In thousands)

	September 30, 2020	December 31, 2019
Accounts payable & accrued liabilities	$ 6,408	$ 5,015
Deferred compensation liabilities	4,581	2,517
Deferred tax liability	8,132	8,645
Other liabilities	364	3,301
Total other liabilities	$ 19,485	$ 19,478

9. Shareholders’ Equity

Self-Tender Offers

On February 24, 2020, the Company launched a tender offer (the “2020 Tender Offer”) to repurchase for cash up to 3,000,000 shares representing limited liability company interests in the Company. The 2020 Tender Offer was terminated on March 19, 2020 as a result of multiple conditions to the 2020 Tender Offer, including share price and market index conditions, not having been satisfied.

Quarterly Cash Distributions

On February 19, 2020, the Company suspended its quarterly cash distributions program on outstanding shares.

10. Share-Based Compensation

On January 27, 2015, the board of directors adopted the JMP Group LLC Amended and Restated Equity Incentive Plan (“JMP Group Plan”). The plan maintains authorization of the issuance of 4,000,000 shares, as originally approved by shareholders on April 12, 2007 and subsequently approved by shareholders on June 6, 2011. This amount is increased by any shares the Company purchases on the open market, or through any share repurchase or share exchange program, initiated by the Company unless the board of directors or its appointee determines otherwise. Upon an exercise or vesting, the Company will issue new shares from authorized but unissued shares or provide shares from treasury shares.

The following table summarizes the share-based compensation expense for the three and nine months ended September 30, 2020 and 2019.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2020	2019	2020	2019
Restricted stock unit awards	$ 353	$ 534	$ 1,008	$ 1,590
Stock option awards	151	-	392	-
Share-based compensation expense	$ 504	$ 534	$ 1,401	$ 1,590

Share Options

The following table summarizes the share option activity for the nine months ended September 30, 2020:

	Nine Months Ended September 30, 2020	
	Shares Subject to Option	Weighted Average Exercise Price
Balance, beginning of year	-	$ -
Granted	2,400,000	3.04
Forfeited	(400,000)	3.04
Balance, end of period	2,000,000	$ 3.04
Options exercisable at end of period	-	$ -

The following table summarizes the share options outstanding as well as share options vested and exercisable as of September 30, 2020:

	September 30, 2020							
	Options Outstanding				Options Vested and Exercisable			
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value
$3.04	2,000,000	4.35	$ 3.04	$ -	-	-	$ -	$ -

The Company recognizes share-based compensation expense, net of estimated forfeitures, for share options over the vesting period using the accelerated attribution method when they are subject to graded vesting and on a straight-line basis when they are subject to cliff vesting.

As of September 30, 2020, there was $0.9 million in unrecognized compensation expense related to share options.

The Company uses the Black-Scholes option-pricing model or other quantitative models to calculate the fair value of option awards.

Restricted Share Units

The following table summarizes restricted share unit ("RSU") activity for the nine months ended September 30, 2020:

	Nine Months Ended September 30, 2020	
	Restricted Share Units	Weighted Average Grant Date Fair Value
Balance, beginning of year	387,006	$ 3.97
Granted	198,682	2.99
Vested	(147,374)	3.64
Forfeited	(3,894)	4.43
Balance, end of period	434,420	$ 3.63

The Company recognizes compensation expense, net of estimated forfeitures, for RSUs over the vesting period using the accelerated attribution method when they are subject to graded vesting and on a straight-line basis when they are subject to cliff vesting.

As of September 30, 2020, there was $0.7 million of unrecognized compensation expense related to RSUs expected to be recognized over a weighted average period of 1.42 years.

The Company pays cash distribution equivalents on certain RSUs upon vesting. Distribution equivalents paid on RSUs are generally charged to retained earnings. The Company accounts for the tax benefit related to distribution equivalents paid on RSUs as an increase in additional paid-in capital.

11. Net Income per Common Share

Basic net income (loss) per share for the Company is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted net income (loss) per share is calculated by adjusting the weighted average number of outstanding shares to reflect the potential dilutive impact as if all potentially dilutive share options or RSUs were exercised or converted under the treasury share method. However, for periods that the Company has a net loss, the effect of outstanding share options or RSUs is anti-dilutive and, accordingly, is excluded from the calculation of diluted loss per share.

The computations of basic and diluted net income per share for the nine months ended September 30, 2020 and 2019 are shown in the tables below:

(In thousands, except per share data)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2020	**2019**	**2020**	**2019**
Numerator:				
Net income (loss) attributable to JMP Group LLC	$ (3,082)	$ (4,061)	$ (13,706)	$ (104)
Denominator:				
Basic weighted average shares outstanding	19,628	19,324	19,581	20,454
Effect of potential dilutive securities:				
Restricted share units	-	-	-	-
Diluted weighted average shares outstanding	19,628	19,324	19,581	20,454
Net income (loss) per share				
Basic	$ (0.16)	$ (0.21)	$ (0.70)	$ (0.01)
Diluted	$ (0.16)	$ (0.21)	$ (0.70)	$ (0.01)

Due to the net loss for all periods presented, all of the share options and restricted share units outstanding during those periods were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding. Additionally, the share options were considered out-of-the-money during all periods presented, and therefore, were not included in the computation of diluted weighted-average common shares outstanding.

12. Revenue from contracts with customers

The following tables represent the Company's total revenues from contracts with customers, disaggregated by major business activity, for the three and nine months ended September 30, 2020 and September 30, 2019, respectively.

(in thousands)	Three Months Ended September 30, 2020			
	Broker - Dealer	Asset Management	Eliminations	Total
Total revenues from contracts with customers				
Equity and debt origination	$ 16,152	$ -	$ -	$ 16,152
Strategic advisory and private placements	4,722	-	-	4,722
Total investment banking revenues	20,874	-	-	20,874
Commissions	2,865	-	-	2,865
Research payments	1,258	-	-	1,258
Net trading losses	52	-	-	52
Total brokerage revenues	4,176	-	-	4,176
Base management fees	-	1,608	(25)	1,583
Incentive management fees	-	1,328	-	1,328
Total asset management fees	-	2,936	(25)	2,911
Total revenues from contracts with customers	$ 25,050	$ 2,936	$ (25)	$ 27,961

(in thousands)	Three Months Ended September 30, 2019			
	Broker - Dealer	Asset Management	Eliminations	Total
Total revenues from contracts with customers				
Equity and debt origination	$ 8,561	$ -	$ -	$ 8,561
Strategic advisory and private placements	6,667	-	-	6,667
Total investment banking revenues	15,228	-	-	15,228
Commissions	2,900	-	-	2,900
Research payments	1,152	-	-	1,152
Net trading losses	(84)	-	-	(84)
Total brokerage revenues	3,968	-	-	3,968
Base management fees	-	1,597	(25)	1,572
Incentive management fees	-	59	(3)	56
Total asset management fees	-	1,656	(28)	1,628
Total revenues from contracts with customers	$ 19,196	$ 1,656	$ (28)	$ 20,824

(in thousands)	Nine Months Ended September 30, 2020			
	Broker - Dealer	Asset Management	Eliminations	Total
Total revenues from contracts with customers				
Equity and debt origination	$ 39,277	$ -	$ -	$ 39,277
Strategic advisory and private placements	17,817	-	-	17,817
Total investment banking revenues	57,094	-	-	57,094
Commissions	10,580	-	-	10,580
Research payments	3,887	-	-	3,887
Net trading losses	(459)	-	-	(459)
Total brokerage revenues	14,007	-	-	14,007
Base management fees	-	5,018	(75)	4,943
Incentive management fees	-	1,397	-	1,397
Total asset management fees	-	6,415	(75)	6,340
Total revenues from contracts with customers	$ 71,101	$ 6,415	$ (75)	$ 77,441

(in thousands)	Nine Months Ended September 30, 2019			
	Broker - Dealer	Asset Management	Eliminations	Total
Total revenues from contracts with customers				
Equity and debt origination	$ 27,678	$ -	$ -	$ 27,678
Strategic advisory and private placements	17,165	-	-	17,165
Total investment banking revenues	44,843	-	-	44,843
Commissions	9,262	-	-	9,262
Research payments	4,016	-	-	4,016
Net trading losses	(118)	-	-	(118)
Total brokerage revenues	13,160	-	-	13,160
Base management fees	-	5,835	(1,058)	4,777
Incentive management fees	-	908	-	908
Total asset management fees	-	6,743	(1,058)	5,685
Total revenues from contracts with customers	$ 58,003	$ 6,743	$ (1,058)	$ 63,688

13. Income Taxes

JMP Group LLC's election to be taxed as a corporation for United States federal income tax purposes was approved by the Internal Revenue Service with an effective date of January 1, 2019. Taxable income derived from the investment activities of its previously untaxed pass-through entities will now be taxed at a U.S. federal and state corporate rate, along with the Company's corporate subsidiaries.

As discussed previously, the CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act. One provision of the CARES Act increases the tax deduction for net operating losses from 80% to 100% for 2018 through 2020 and allows net operating losses generated in 2018 through 2020 to be carried back up to five years. The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

For the three months ended September 30, 2020 and 2019, the Company recorded income tax benefit of $0.1 million and $1.2 million, respectively. The effective tax rates were 4.4% and 22.8% for the three months ended September 30, 2020 and 2019, respectively. For the nine months ended September 30, 2020 and 2019, the Company recorded income tax benefit of $7.2 million and $5.8 million, respectively. The effective tax rate is 34.9% and 97.0% for the nine months ended September 30, 2020 and 2019, respectively.

For financial reporting purposes, the Company's effective tax rate used for the interim periods is based on the estimated full-year income tax rate. For the three, six and nine months ended September 30, 2019, the Company's effective tax rate differs from the statutory rate primarily due to the net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate, as permitted by the CARES Act.

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740, *Income Taxes*, and are determined based upon the temporary differences between the financial reporting and tax basis of the Company's assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse.

14. Commitments and Contingencies

In connection with its underwriting activities, JMP Securities may, from time to time, enter into firm commitments for the purchase of securities in return for a fee. These commitments require JMP Securities to purchase securities at a specified price. Securities underwriting exposes JMP Securities to market and credit risk, primarily in the event that, for any reason, securities purchased by JMP Securities cannot be distributed at anticipated price levels. JMP Securities had no open underwriting commitments at both September 30, 2020 and December 31, 2019.

The marketable securities owned and the restricted cash, as well as the cash held by clearing brokers may be used to maintain margin requirements. The Company had $0.5 million of cash on deposit with JMP Securities' clearing brokers at both September 30, 2020 and December 31, 2019. Furthermore, the marketable securities owned may be hypothecated or borrowed by clearing brokers.

Unfunded commitments are agreements to lend to a borrower, provided that all conditions have been met. The Company had no material unfunded commitments to lend at both September 30, 2020 and December 31, 2019.

15. Regulatory Requirements

JMP Securities is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. JMP Securities had net capital of $17.5 million and $16.9 million, which were $16.2 million and $15.5 million in excess of the required net capital of $1.3 million and $1.4 million at September 30, 2020 and December 31, 2019 respectively. JMP Securities' ratio of aggregate indebtedness to net capital was 1.14 to 1 and 1.25 to 1 at September 30, 2020 and December 31, 2019, respectively.

Since all customer transactions are cleared through another broker-dealer on a fully disclosed basis, JMP Securities is not required to maintain a separate bank account for the exclusive benefit of customers in accordance with Rule 15c3-3 under the Exchange Act.

16. Related Party Transactions

The Company earns base management fees and incentive fees from serving as investment advisor for various entities, including corporations, partnerships limited liability companies, and offshore investment companies. The Company also owns an investment in some of such affiliated entities. As of September 30, 2020 and December 31, 2019, the aggregate fair value of the Company's investments in the affiliated entities for which the Company serves as the investment advisor was $12.5 million and $17.3 million, respectively, which consisted of investments in hedge and other private funds of $9.0 million and $8.6 million, for the periods, respectively and an investment in HCC common stock of $3.4 million and $8.7 million for the periods, respectively. Base management fees earned from these affiliated entities were $1.6 million and $1.5 million for the three months ended September 30, 2020 and 2019, respectively and were $5.0 million and $3.3 million for the six months ended September 30, 2020 and 2019.

On September 19, 2017, the Company made a loan to a registered investment adviser of $3.4 million at an interest rate of 15% per year. In October 2017, the Company sold 30% of the loan, or $1.0 million, to an affiliate. As of both September 30, 2020 and December 31, 2019, the Company's portion of the outstanding loan balance to this entity was $2.4 million.

On January 9, 2018, an affiliate purchased a $0.8 million note from the Company. As of September 30, 2020, the carrying value of note payable was $0.8 million. The note bears interest at a rate of 12.5% per annum and matures November 20, 2022.

17. Litigation

The Company may be involved from to time in a number of judicial, regulatory, litigation and arbitration matters arising in connection with the business. The outcome of such matters the Company has been and/or currently is involved in cannot be determined at this time, and the results cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on the results of operations in any future period and a significant outcome could have a material adverse impact on the Company's financial condition, results of operations and cash flows.

The Company reviews the need for any loss contingency reserves and establishes reserves when, in the opinion of management, it is probable that a matter would result in liability and the amount of loss, if any, can be reasonably estimated. Generally, given the inherent difficulty of predicting the outcome of matters the Company is involved in, particularly cases in which claimants seek substantial or indeterminate damages, it is not possible to determine whether a liability has been incurred or to reasonably estimate the ultimate or minimum amount of that liability until the case is close to resolution. For these matters, no reserve is established until such time, other than for reasonably estimable legal fees and expenses. Management, after consultation with legal counsel, believes that the currently known actions or threats will not result in any material adverse effect on the Company's financial condition, results of operations or cash flows.

18. Financial Instruments with Off-Balance Sheet Risk, Credit Risk or Market Risk

The majority of the Company's transactions, and consequently the concentration of its credit exposure, is with its clearing brokers. The Company may enter into margin transactions in its principal trading accounts held at a clearing broker. Such margin transactions are collateralized by the Company's cash and securities held in those accounts. Clearing brokers have the right to pledge or hypothecate such collateralized assets under the margin transaction agreement. The receivable from the clearing brokers include commissions receivable related to security transactions of customers and amounts receivable in connection with the trading of proprietary positions. The Company is also exposed to credit risk from other brokers, dealers and other financial institutions with which it transacts business. In the event that these other parties do not fulfill their obligations in the course of business dealings, the Company may be exposed to credit risk.

The Company's trading activities include providing securities brokerage services to institutional clients. To facilitate these customer transactions, the Company purchases proprietary securities positions ("long positions") in equity securities. The Company also enters into transactions to sell securities not yet purchased ("short positions"), which are recorded as liabilities on the Consolidated Statements of Financial Condition. The Company is exposed to market risk on these long and short securities positions as a result of decreases in market value of long positions and increases in market value of short positions. Short positions create a liability to purchase the security in the market at prevailing prices. Such transactions result in off-balance sheet market risk as the Company's ultimate obligation to satisfy the sale of securities sold, but not yet purchased, may exceed the amount recorded in the Consolidated Statements of Financial Condition. To mitigate the risk of losses, these securities positions are marked to market daily and are monitored by management to assure compliance with limits established by the Company.

JMP Securities has agreed to indemnify its clearing brokers for losses that the clearing brokers may sustain from the accounts of customers introduced by JMP Securities. Should a customer not fulfill its obligation on a transaction, JMP Securities may be required to buy or sell securities at prevailing market prices in the future on behalf of its customer. JMP Securities' indemnification obligations to its clearing brokers have no maximum amount. All unsettled trades at September 30, 2020 and December 31, 2019 have subsequently settled with no resulting material liability to the Company. For the nine months ended September 30, 2020 and 2019, the Company had no material loss due to counterparty failure, and had no obligations outstanding under the indemnification arrangement as of September 30, 2020 and December 31, 2019.

The Company is engaged in various investment banking and brokerage activities whose counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a borrower to a third party. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to borrowers. In addition, the Company had unfunded commitments to lend to a borrower. See Note 14 for description of the Company's unfunded commitments to lend as of September 30, 2020 and December 31, 2019.

19. Business Segments

The Company’s business results are categorized into the following four business segments: Broker-Dealer, Asset Management Fee Income, Investment Income, and Corporate Costs. The Broker-Dealer segment includes a broad range of services, such as underwriting and acting as a placement agent for public and private capital markets raising transactions and financial advisory services in M&A, restructuring and other strategic transactions. The Broker-Dealer segment also includes institutional brokerage services and equity research services to our institutional investor clients. The Asset Management Fee Income segment includes the management of a broad range of pooled investment vehicles, including the Company’s hedge funds, private equity funds, hedge funds of funds, and collateralized loan obligations (through September 30, 2019). The Investment Income segment includes income from the Company’s principal investments in public and private securities and investment funds managed by HCS, as well as any other net interest and income from investing activities, and interest expense related to the Company's bond issuance. The Corporate Costs segment also includes expenses related to JMP Group LLC, JMP Holding LLC and JMP Group Inc., and is mainly comprised of corporate overhead expenses.

Management uses operating net income, a Non-GAAP financial measure, as a key metric when evaluating the performance of the Company's core business strategy and ongoing operations. This measure adjusts the Company’s net income as follows: (i) reverses share-based compensation expense recognized during the period, (ii) recognizes 100% of the share-based compensation expense in the period the award was granted, instead of recognizing it over the vesting period as required under GAAP, (iii) reverses amortization expense related to an intangible asset resulting from the repurchase of a portion of the equity of CLO III prior to March 31, 2019; (iv) unrealized gains or losses on commercial real estate investments, adjusted for non-cash expenditures, including depreciation and amortization; (v) reverses net unrealized gains and losses on strategic equity investments and warrants; (vi) reverses any impairment of CLO debt securities recognized in principal transactions, (vii) reverses one-time transaction costs related to the refinancing or repurchase of debt; (viii) reverses a charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020; (ix) a combined federal, state and local income tax rate of 26% at the consolidated taxable parent company, JMP Group LLC; and (x) presents revenues and expenses on a basis that deconsolidates the CLOs (through March 31, 2019) and removes any non-controlling interest in consolidated but less than wholly owned subsidiaries. In management's view of the Company's performance, these charges may obscure the Company’s operating income and complicate an assessment of the Company’s core business activities. The operating pre-tax net income facilitates a meaningful comparison of the Company’s results from period to period.

Segment Operating Results

Management believes that the following information provides a reasonable representation of each segment's contribution to revenues, income and assets:

(In thousands)	Three Months Ended September 30, 2020									
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments		Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management						
Revenues										
Investment banking	$ 20,874	$ -	$ -	$ -	$ -	$ -	$ 20,874	$ -		$ 20,874
Brokerage	4,176	-	-	-	-	-	4,176	-		4,176
Asset management related fees	8	3,101	380	3,481	-	(37)	3,452	(541)	(a)	2,911
Principal transactions	188	-	954	954	-	-	1,142	(3,879)	(b)	(2,737)
Net dividend income	-	-	42	42	-	-	42	(38)	(c)	4
Other income	-	-	-	-	-	-	-	841	(a)	841
Net interest income	-	-	581	581	-	-	581	(26)	(c)	555
Gain on repurchase, reissuance or early retirement of debt	-	-	-	-	-	-	-	-	(d)	-
Total net revenues	25,246	3,101	1,957	5,058	-	(37)	30,267	(3,643)		26,624
Non-interest expenses	21,916	2,891	350	3,241	2,342	(37)	27,462	2,436	(e)	29,898
Operating income (loss) before taxes	3,330	210	1,607	1,817	(2,342)	-	2,805	(6,079)		(3,274)
Income tax expense (benefit)	866	54	418	472	(609)	-	729	(857)	(f)	(128)
Net loss attributable to non-controlling interest	-	-	-	-	-	-	-	(64)	(a), (c), (e)	(64)
Operating net income (loss)	$ 2,464	$ 156	$ 1,189	$ 1,345	$ (1,733)	$ -	$ 2,076	$ (5,158)	(g)	$ (3,082)

(In thousands)	As of September 30, 2020								
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management					
Segment assets	$ 56,266	$ 12,034	$ 74,648	$ 86,682	$ 227,129	$ (157,421)	$ 212,657	$ -	$ 212,657

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.
(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.
(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.
(d) Total segment gain/(loss) repurchase/early retirement of debt excludes losses on write offs of debt issuance costs related to early retirement or repurchase of debt.
(e) Total segments non-interest expenses exclude compensation expense recognized under GAAP related to equity awards, a charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020, and expenses attributable to non-controlling interests.
(f) Total segment income tax (benefit) assumes a combined federal, state and local income tax rate of 26%.
(g) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

	Three Months Ended September 30, 2019								
(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management					
Revenues									
Investment banking	$ 15,228	$ -	$ -	$ -	$ -	$ -	$ 15,228	$ -	$ 15,228
Brokerage	3,968	-	-	-	-	-	3,968	-	3,968
Asset management related fees	6	1,795	234	2,029	76	(47)	2,064	(436) (a)	1,628
Principal transactions	-	-	883	883	-	-	883	(1,223) (b)	(340)
Loss on sale, payoff, and mark-to-market of loans	-	-	-	-	-	-	-	-	-
Net dividend income	-	-	317	317	-	-	317	(38) (c)	279
Other income	-	-	-	-	-	-	-	759 (a)	759
Net interest income	-	-	563	563	-	-	563	(165) (c)	398
Gain (loss) on repurchase. reissuance or early retirement of debt	-	-	-	-	-	-	-	(458) (d)	(458)
Provision for loan losses	-	-	(438)	(438)	-	-	(438)	-	(438)
Total net revenues	19,202	1,795	1,559	3,354	76	(47)	22,585	(1,561)	21,024
Non-interest expenses	20,677	2,101	334	2,435	2,172	(47)	25,237	1,135 (d)	26,372
Operating income (loss) before taxes	(1,475)	(306)	1,225	919	(2,096)	-	(2,652)	(2,696)	(5,348)
Income tax expense (benefit)	(383)	(79)	318	239	(545)	-	(689)	(531) (e)	(1,220)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	(67) (a), (c), (d)	(67)
Operating net income (loss)	$ (1,092)	$ (227)	$ 907	$ 680	$ (1,551)	$ -	$ (1,963)	$ (2,165) (f)	$ (4,061)

	As of September 30, 2019								
(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management					
Segment assets	$ 49,554	$ 11,889	$ 78,910	$ 90,799	$ 240,718	$ (147,780)	$ 233,291	$ -	$ 233,291

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.
(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.
(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.
(d) Total segments non-interest expenses exclude compensation expense recognized under GAAP related to equity awards and expenses attributable to non-controlling interests.
(e) Total segment income tax (benefit) assumes a combined federal, state and local income tax rate of 26%.
(f) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

(In thousands)	Nine Months Ended September 30, 2020									
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments		Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management						
Revenues										
Investment banking	$ 57,094	$ -	$ -	$ -	$ -	$ -	$ 57,094	$ -		$ 57,094
Brokerage	14,008	-	-	-	-	-	14,008	-		14,008
Asset management related fees	167	6,945	1,092	8,037	-	(124)	8,080	(1,741)	(a)	6,339
Principal transactions	675	-	2,815	2,815	-	-	3,490	(23,827)	(b)	(20,337)
Net dividend income	-	-	347	347	-	-	347	(106)	(c)	241
Other income	-	-	-	-	-	-	-	2,688	(a)	2,688
Net interest income	-	-	1,231	1,231	-	-	1,231	(77)	(c)	1,154
Gain on repurchase, reissuance or early retirement of debt	-	-	786	786	-	-	786	(89)	(d)	697
Total net revenues	71,944	6,945	6,271	13,216	-	(124)	85,036	(23,152)		61,884
Non-interest expenses	65,162	7,397	804	8,201	6,216	(124)	79,455	3,507	(e)	82,962
Operating income (loss) before taxes	6,782	(452)	5,467	5,015	(6,216)	-	5,581	(26,659)		(21,078)
Income tax expense (benefit)	1,755	(119)	1,430	1,311	(1,615)	-	1,452	(8,642)	(f)	(7,191)
Net loss attributable to non-controlling interest	-	-	-	-	-	-	-	(181)	(a), (c), (e)	(181)
Operating net income (loss)	$ 5,027	$ (333)	$ 4,037	$ 3,704	$ (4,602)	$ -	$ 4,130	$ (17,836)	(g)	$ (13,706)

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.
(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.
(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.
(d) Total segment gain/(loss) repurchase/early retirement of debt excludes losses on write offs of debt issuance costs related to early retirement or repurchase of debt.
(e) Total segments non-interest expenses exclude compensation expense recognized under GAAP related to equity awards, a charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020, and expenses attributable to non-controlling interests.
(f) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.
(g) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

(In thousands)	Nine Months Ended September 30, 2019								
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management					
Revenues									
Investment banking	$ 44,843	$ -	$ -	$ -	$ -	$ -	$ 44,843	$ -	$ 44,843
Brokerage	13,160	-	-	-	-	-	13,160	-	13,160
Asset management related fees	18	6,692	603	7,295	76	(1,095)	6,294	(609) (a)	5,685
Principal transactions	-	-	7,762	7,762	-	-	7,762	(1,391) (b)	6,371
Loss on sale, payoff, and mark-to-market of loans	-	-	(39)	(39)	-	-	(39)	1 (c)	(38)
Net dividend income	-	-	983	983	-	-	983	(115) (a)	868
Other income	-	-	-	-	-	-	-	1,517 (c)	1,517
Gain (loss) on repurchase. reissuance or early retirement of debt	-	-	-	-	-	-	-	(458) (d)	(458)
Provision for loan losses	-	-	(438)	(438)	-	-	(438)	-	(438)
Net interest income	-	-	4,702	4,702	-	-	4,702	47 (d)	4,749
Total net revenues	58,021	6,692	13,573	20,265	76	(1,095)	77,267	(1,008)	76,259
Non-interest expenses	62,035	8,074	3,378	11,452	6,214	(1,095)	78,606	3,676 (e)	82,282
Operating income (loss) before taxes	(4,014)	(1,382)	10,195	8,813	(6,138)	-	(1,339)	(4,684)	(6,023)
Income tax expense (benefit)	(1,043)	(360)	2,650	2,290	(1,595)	-	(348)	(5,491) (f)	(5,839)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	(80.00) (a), (c), (e)	(80)
Operating net income (loss)	$ (2,971)	$ (1,022)	$ 7,545	$ 6,523	$ (4,543)	$ -	$ (991)	$ 887 (g)	$ (104)

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.

(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.

(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.

(d) Total segment gain/(loss) on repurchase, reissuance or early retirement of debt excludes losses on write offs of debt issuance costs related to early retirement or repurchase of debt.

(e) Total segment non-interest expenses exclude compensation expense recognized under GAAP related to equity awards, expenses attributable to non-controlling interests and amortization of an intangible asset related to CLO III prior to September 30, 2019.

(f) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.

(g) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

20. Nonconsolidated Variable Interest Entities

VIEs for which the Company is not the primary beneficiary consists of private equity funds, CLO investments, and other investments in which the Company has an equity ownership interest. The Company's maximum exposure to loss from its non-consolidated VIEs consists of equity investments and receivables as follows:

(In thousands)	As of							
	September 30, 2020				December 31, 2019			
	Financial Statement Carrying Amount		Maximum Exposure to Loss	VIE Assets	Financial Statement Carrying Amount		Maximum Exposure to Loss	VIE Assets
	Assets	Liabilities			Assets	Liabilities		
CLOs and CLO warehouse	$ 55,439	$ -	$ 55,439	$ 1,205,427	$ 73,266	$ -	$ 73,266	$ 1,439,442
Fund investments	11,024	285	14,539	471,919	10,396	207	14,196	346,206
Other investments	4,156	33	4,156	1,180,823	4,424	95	4,424	1,140,128
Total	$ 70,619	$ 318	$ 74,134	$ 2,858,169	$ 88,086	$ 302	$ 91,886	$ 2,925,776

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the unaudited consolidated financial statements and the related notes included elsewhere in this report. For additional context with which to understand our financial condition and results of operations, see the MD&A for the fiscal year ended December 31, 2019 contained in our Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 30, 2020 (the "Annual Report"), as well as the consolidated financial statements and notes contained therein.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A and other sections of this Form 10-Q (the "Quarterly Report") contain forward looking statements. The Company makes forward-looking statements, as defined by the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and in some cases you can identify these statements by forward-looking words such as "if," "shall," "may," "might," "will likely result," "should," "expect," "plan," "anticipate," "believe," "estimate," "project," "intend," "goal," "objective," "predict," "potential" or "continue," the negative of these terms, and other comparable terminology. These forward-looking statements, which are based on various underlying assumptions and expectations and are subject to risks, uncertainties and other unknown factors, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events that the Company believes to be reasonable. There are or may be important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the historical or future results, level of activity, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, those discussed under the caption "Risk Factors" in our Annual Report. In preparing this MD&A, the Company presumes that readers have access to and have read the MD&A in our Annual Report, pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K. The Company undertakes no duty to update any of these forward-looking statements after the date of filing of this Quarterly Report to conform such forward-looking statements to actual results or revised expectations, except as otherwise required by law.

Overview

JMP Group LLC, together with its subsidiaries (collectively, the "Company", "we", or "us"), is a diversified capital markets firm headquartered in San Francisco, California. We have a diversified business model with a focus on small and middle-market companies and provide:

- investment banking services, including corporate finance, mergers and acquisitions and other strategic advisory services, to corporate clients;
- sales and trading and related securities brokerage services to institutional investors;
- equity research coverage of three target industries;
- asset management products and services to institutional investors, high net-worth individuals and for our own account; and
- management of collateralized loan obligations (through March 19, 2019) and a specialty finance company.

Operating Results

A summary of the Company's operating results for the quarter and nine months ended September 30, 2020, and for comparable prior periods, is set forth below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2020	2019	2020	2019
Total net revenues	$ 26,624	$ 21,024	$ 61,884	$ 76,259
Net income/(loss) attributable to JMP Group	(3,082)	(4,061)	(13,706)	(104)
Net income/(loss) attributable to JMP Group per share	(0.16)	(0.21)	(0.70)	(0.01)
Operating Net Income/(Loss)*	2,076	(1,963)	4,130	(991)
Operating Net Income/(Loss) per share*	0.10	(0.10)	0.21	(0.05)

* Operating Net Income (Loss) is a non-GAAP measure. See the section titled Operating Net Income (Non-GAAP Financial Measure) for more information about this non-GAAP measure, including a reconciliation to net income (loss).

Recent Developments

On January 30, 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organization ("WHO"). Subsequently, on March 11, 2020, WHO characterized the COVID-19 outbreak as a pandemic. In March 2020, the U.S. equities market saw sharp declines and extreme volatility in reaction to the COVID-19 pandemic.

In the second quarter of 2020, unprecedented fiscal and monetary stimuli by the U.S. government spurred a sharp recovery in U.S. equity prices directly. The U.S. equities market continued to recover from the impact of the COVID-19 pandemic during the third quarter of 2020. The Company's equity capital markets and brokerage revenues directly benefited from the improved capital market condition.

We continue to closely monitor the status of the COVID-19 pandemic and its impact on our business, the economy and capital markets globally. An economic recession could have a material adverse effect on our business, financial condition, results of operations, or cash flows. While we are optimistic that the equity market could remain active through year-end, we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our business in the 4th quarter and beyond.

Deconsolidation

During the first three months of 2019, multiple events and transactions took place which resulted in the Company deconsolidating variable interest entities ("VIEs"): JMPCA, JMP Credit Advisors CLO III(R) Ltd. (“CLO III”), JMP Credit Advisors CLO IV Ltd (“CLO IV”), JMP Credit Advisors CLO V Ltd (“CLO V”), and JMP Credit Advisors Long-Term Warehouse Ltd (“CLO VI”) (CLO III, CLO IV, CLO V and CLO VI are collectively the “CLOs”). These events and transactions are hereafter referred to as the "Deconsolidation". The Company continues to hold approximately 47% of the subordinated notes of CLO III and 100% of the junior subordinated notes of CLO IV and CLO V and accounts for its ownership of these subordinated notes as an investment in a debt security and classifies them as available-for-sale securities. Refer to the Annual Report for more information on the Deconsolidation.

Results of Operations

The following table sets forth our results of operations for the three and nine months ended September 30, 2020 and 2019, and is not necessarily indicative of the results to be expected for any future period.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Month Change From 2019 to 2020		Nine Month Change From 2019 to 2020	
	2020	2019	2020	2019	$	%	$	%
Revenues								
Investment banking	$ 20,874	$ 15,228	$ 57,094	$ 44,843	$ 5,646	37.1%	$ 12,251	27.3%
Brokerage	4,176	3,968	14,008	13,160	208	5.2%	848	6.4%
Asset management fees	2,911	1,628	6,339	5,685	1,283	78.8%	654	11.5%
Principal transactions	(2,737)	(340)	(20,337)	6,371	(2,397)	705.0%	(26,708)	-419.2%
Loss on sale, payoff and mark-to-market of loans	-	-	-	(38)	-	0.0%	38	-100.0%
Net dividend income	4	279	241	868	(275)	-98.6%	(627)	-72.2%
Other income	841	759	2,688	1,517	82	10.8%	1,171	77.2%
Non-interest revenues	26,069	21,522	60,033	72,406	4,547	21.1%	(12,373)	-17.1%
Interest income	2,287	2,328	6,391	19,391	(41)	-1.8%	(13,000)	-67.0%
Interest expense	(1,732)	(1,930)	(5,237)	(14,642)	198	-10.3%	9,405	-64.2%
Net interest income	555	398	1,154	4,749	157	39.4%	(3,595)	-75.7%
Loss on repurchase, reissuance, or early retirement of debt	-	(458)	697	(458)	458	-100.0%	1,155	-252.2%
Provision for Loans	-	(438)	-	(438)	438	-100.0%	438	-100.0%
Total net revenues after provision for loan losses	26,624	21,024	61,884	76,259	5,600	26.6%	(14,375)	-18.9%
Non-interest expenses								
Compensation and benefits	23,502	17,506	62,101	54,673	5,996	34.3%	7,428	13.6%
Administration	1,408	2,301	4,697	6,978	(893)	-38.8%	(2,281)	-32.7%
Brokerage, clearing and exchange fees	620	617	1,901	2,051	3	0.5%	(150)	-7.3%
Travel and business development	65	1,263	1,041	3,631	(1,198)	-94.9%	(2,590)	-71.3%
Managed deal expenses	990	685	2,528	2,552	305	44.5%	(24)	-0.9%
Communications and technology	1,072	1,061	3,286	3,241	11	1.0%	45	1.4%
Occupancy	1,194	1,196	3,587	4,028	(2)	-0.2%	(441)	-10.9%
Professional fees	776	1,236	2,397	3,513	(460)	-37.2%	(1,116)	-31.8%
Depreciation	278	307	1,223	915	(29)	-9.4%	308	33.7%
Other	(8)	200	201	700	(208)	-104.0%	(499)	-71.3%
Total non-interest expenses	29,897	26,372	82,962	82,282	3,525	13.4%	680	0.8%
Income (loss) before income tax expense	(3,273)	(5,348)	(21,078)	(6,023)	2,075	-38.8%	(15,055)	250.0%
Income tax expense (benefit)	(128)	(1,220)	(7,191)	(5,839)	1,092	-89.5%	(1,352)	23.2%
Net income (loss)	(3,145)	(4,128)	(13,887)	(184)	983	-23.8%	(13,703)	7447.3%
Less: Net income (loss) attributable to non-controlling interest	(63)	(67)	(181)	(80)	4	-6.0%	(101)	126.3%
Net income (loss) attributable to JMP Group LLC	$ (3,082)	$ (4,061)	$ (13,706)	$ (104)	$ 979	-24.1%	$ (13,602)	13078.8%

Operating Net Income (Non-GAAP Financial Measure)

Management uses Operating Net Income as a key, non-GAAP metric when evaluating the performance of JMP Group LLC's core business strategy and ongoing operations, as management believes that this metric appropriately illustrates the operating results of JMP Group LLC's core operations and business activities. Operating Net Income is derived from our segment reported results and is the measure of segment profitability on an after-tax basis used by management to evaluate our performance. This non-GAAP measure is presented to enhance investors' overall understanding of the Company's current financial performance. Additionally, management believes that Operating Net Income is a useful measure because it allows for a better evaluation of the performance of JMP Group LLC's ongoing business and facilitates a meaningful comparison of the Company's results in a given period to those in prior and future periods.

However, Operating Net Income should not be considered a substitute for results that are presented in a manner consistent with GAAP. A limitation of the non-GAAP financial measures presented is that, unless otherwise indicated, the adjustments concern gains, losses or expenses that JMP Group LLC generally expects to continue to recognize, and the adjustment of these items should not always be construed as an inference that these gains or expenses are unusual, infrequent or non-recurring. Therefore, management believes that both JMP Group LLC's GAAP measures of its financial performance and the respective non-GAAP measures should be considered together. Operating Net Income may not be comparable to a similarly titled measure presented by other companies.

Operating Net Income is a non-GAAP financial measure that adjusts the Company's GAAP net income as follows:

(i) reverses compensation expense recognized under GAAP related to equity awards;

(ii) recognizes 100% of the cost of deferred compensation in the period for which such compensation was awarded, instead of recognizing such cost over the vesting period as required under GAAP, in order to match compensation expense with the actual period upon which the compensation was based;

(iii) reverses amortization expense related to an intangible asset resulting from the repurchase of a portion of the equity of CLO III prior to March 31, 2019;

(iv) unrealized gains or losses on commercial real estate investments, adjusted for non-cash expenditures, including depreciation and amortization;

(v) reverses net unrealized gains and losses on strategic equity investments and warrant positions;

(vi) reverses impairment of CLO debt securities recognized in principal transaction revenues, as the Company believes that the forecasted reduction in future cash flows will be mitigated by a change in the interest rate environment and that distributions will be larger than currently projected;

(vii) reverses the one-time transaction costs related to the refinancing or repurchase of the debt;

(viii) includes a combined federal, state and local income tax rate of 26% at the consolidated taxable parent company, JMP Group LLC;

(ix) presents revenues and expenses on a basis that deconsolidates the CLOs (through March 19, 2019) and removes any non-controlling interest in consolidated but less than wholly owned subsidiaries; and

(x) excludes a charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020.

Discussed below is our Operating Net Income by segment. This information is reflected in a manner utilized by management to assess the financial operations of the Company's various business lines.

(In thousands)	Three Months Ended September 30, 2020						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 20,874	$ -	$ -	$ -	$ -	$ -	$ 20,874
Brokerage	4,176	-	-	-	-	-	4,176
Asset management related fees	8	3,101	380	3,481	-	(37)	3,452
Principal transactions	188	-	954	954	-	-	1,142
Net dividend income	-	-	42	42	-	-	42
Net interest income	-	-	581	581	-	-	581
Adjusted net revenues	25,246	3,101	1,957	5,058	-	(37)	30,267
Non-interest expenses	21,916	2,891	350	3,241	2,342	(37)	27,462
Operating pre-tax net income (loss)	3,330	210	1,607	1,817	(2,342)	-	2,805
Income tax expense (benefit)	866	54	418	472	(609)	-	729
Operating net income (loss)	$ 2,464	$ 156	$ 1,189	$ 1,345	$ (1,733)	$ -	$ 2,076

(In thousands)	Three Months Ended September 30, 2019						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 15,228	$ -	$ -	$ -	$ -	$ -	$ 15,228
Brokerage	3,968	-	-	-	-	-	3,968
Asset management related fees	6	1,795	234	2,029	76	(47)	2,064
Principal transactions	-	-	883	883	-	-	883
Net dividend income	-	-	317	317	-	-	317
Net interest income	-	-	563	563	-	-	563
Provision for loan losses	-	-	(438)	(438)	-	-	(438)
Adjusted net revenues	19,202	1,795	1,559	3,354	76	(47)	22,585
Non-interest expenses	20,677	2,101	334	2,435	2,172	(47)	25,237
Operating pre-tax net income (loss)	(1,475)	(306)	1,225	919	(2,096)	-	(2,652)
Income tax expense (benefit)	(383)	(79)	318	239	(545)	-	(689)
Operating net income (loss)	$ (1,092)	$ (227)	$ 907	$ 680	$ (1,551)	$ -	$ (1,963)

(In thousands)	Nine Months Ended September 30, 2020						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 57,094	$ -	$ -	$ -	$ -	$ -	$ 57,094
Brokerage	14,008	-	-	-	-	-	14,008
Asset management related fees	167	6,945	1,092	8,037	-	(124)	8,080
Principal transactions	675	-	2,815	2,815	-	-	3,490
Net dividend income	-	-	347	347	-	-	347
Net interest income	-	-	1,231	1,231	-	-	1,231
Gain on repurchase, reissuance or early retirement of debt	-	-	786	786	-	-	786
Adjusted net revenues	71,944	6,945	6,271	13,216	-	(124)	85,036
Non-interest expenses	65,162	7,397	804	8,201	6,216	(124)	79,455
Operating pre-tax net income (loss)	6,782	(452)	5,467	5,015	(6,216)	-	5,581
Income tax expense (benefit)	1,755	(119)	1,430	1,311	(1,615)	-	1,452
Operating net income (loss)	$ 5,027	$ (333)	$ 4,037	$ 3,704	$ (4,602)	$ -	$ 4,130

(In thousands)	Nine Months Ended September 30, 2019						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 44,843	$ -	$ -	$ -	$ -	$ -	$ 44,843
Brokerage	13,160	-	-	-	-	-	13,160
Asset management related fees	18	6,692	603	7,295	76	(1,095)	6,294
Principal transactions	-	-	7,762	7,762	-	-	7,762
Loss on sale, payoff, and mark-to-market of loans	-	-	(39)	(39)	-	-	(39)
Net dividend income	-	-	983	983	-	-	983
Net interest income	-	-	4,702	4,702	-	-	4,702
Provision for loan losses	-	-	(438)	(438)	-	-	(438)
Adjusted net revenues	58,021	6,692	13,573	20,265	76	(1,095)	77,267
Non-interest expenses	62,035	8,074	3,378	11,452	6,214	(1,095)	78,606
Operating pre-tax net income (loss)	(4,014)	(1,382)	10,195	8,813	(6,138)	-	(1,339)
Income tax expense (benefit)	(1,043)	(360)	2,650	2,290	(1,595)	-	(348)
Operating net income (loss)	$ (2,971)	$ (1,022)	$ 7,545	$ 6,523	$ (4,543)	$ -	$ (991)

The following table reconciles operating net income (loss) to Total Segments operating pre-tax net income, and also to consolidated pre-tax net income (loss) attributable to JMP Group LLC and to consolidated net income (loss) attributable to JMP Group LLC for the three and nine months ended September 30, 2020 and 2019.

(In thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Consolidated net income (loss) attributable to JMP Group LLC	$ (3,082)	$ (4,061)
Income tax expense (benefit)	(128)	(1,220)
Consolidated pre-tax net income (loss) attributable to JMP Group LLC	$ (3,210)	$ (5,281)
Addback (subtract):		
Share-based awards and deferred compensation	(71)	(753)
Early retirement/repurchase of debt	-	(625)
Impairment of CLO debt securities	(2,746)	-
Strategic restructing charge	(2,056)	-
Unrealized loss in real estate fund investment – depreciation and amortization	(438)	(647)
Unrealized mark-to-market gain (loss) on strategic equity investments	(704)	(604)
Total consolidation adjustments and reconciling items	(6,015)	(2,629)
Total segments adjusted operating pre-tax net income (loss)	$ 2,805	$ (2,652)
Subtract (addback) of segment income tax expense (benefit)	729	(689)
Operating net income (loss)	$ 2,076	$ (1,963)

(In thousands)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Consolidated net income (loss) attributable to JMP Group LLC	$ (13,706)	$ (104)
Income tax benefit	(7,191)	(5,839)
Consolidated pre-tax net loss attributable to JMP Group LLC	$ (20,897)	$ (5,943)
Subtract:		
Share-based awards and deferred compensation	(487)	(2,184)
Early retirement/repurchase of debt	(89)	(625)
Impairment of CLO debt securities	(17,282)	-
Strategic restructing charge	(2,056)	-
Amortization of intangible asset – CLO III	-	(277)
Unrealized loss in real estate fund investment – depreciation and amortization	(1,292)	(1,425)
Unrealized mark-to-market loss on strategic equity investments	(5,272)	(93)
Total consolidation adjustments and reconciling items	(26,478)	(4,604)
Total segments adjusted operating pre-tax net income (loss)	$ 5,581	$ (1,339)
Subtract (addback) of segment income tax expense (benefit)	1,452	(348)
Operating net income (loss)	$ 4,130	$ (991)

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $5.6 million, or 37.1%, from $15.2 million for the quarter ended September 30, 2019 to $20.9 million for the same period in 2020. As a percentage of total net revenues, investment banking revenues increased from 72.4% for the quarter ended September 30, 2019 to 78.4% for the quarter ended September 30, 2020. On an operating basis, investment banking revenues were 69.0% and 67.4% for the quarters ended September 30, 2020 and 2019, respectively, as a percentage of adjusted net revenues.

(Dollars in thousands)	Three Months Ended September 30,				Change from 2020 to 2019		
	2020		2019				
	Count	Revenues	Count	Revenues	Count	$	%
Equity and debt origination	29	$ 16,152	17	$ 8,561	12	$ 7,591	88.7%
Strategic advisory and private placements	4	4,722	6	6,667	(2)	$ (1,945)	-29.2%
Total	33	$ 20,874	23	$ 15,228	10	$ 5,646	37.1%

The increase in revenues was driven by an 88.7% increase in equity and debt origination revenues as JMP executed 29 deals in the three months ended September 30, 2020 compared to 17 for the same period in 2019, partly offset by a 29.2% decrease in strategic advisory and private placements revenues. The number of transactions in which we acted as a bookrunning manager was one and six for the quarters ended September 30, 2020 and 2019, respectively.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment increased $0.2 million from $4.0 million for the quarter ended September 30, 2019 to $4.2 million for the quarter ended September 30, 2020. Brokerage revenues decreased as a percentage of total net revenues, from 18.9% for the quarter ended September 30, 2019 to 15.7% for the quarter ended September 30, 2020. On an operating basis, brokerage revenues were 16.0% and 18.4% for the quarters ended September 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Asset Management Fees

(In thousands)	Three Months Ended September 30,	
	2020	**2019**
Asset management related fees:		
Fees reported as asset management fees	$ 2,911	$ 1,628
Fees reported as other income	841	759
Less: non-controlling interests	(300)	(323)
Total segment asset management related fee revenues	$ 3,452	$ 2,064

Fees reported as asset management fees were $2.9 million and $1.6 million for the quarters ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, asset management revenues increased from 7.7% for the quarter ended September 30, 2019 to 10.9% for the quarter ended September 30, 2020.

Total segment asset management-related fees include base management fees and incentive fees from our assets under management, as well as other income from fee-sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds. Total segment asset management-related fee revenues are reconciled to the GAAP measure, total asset management fee revenues, in the table above. We believe that presenting operating asset management-related fees is useful to investors as a means of assessing the performance of our combined asset management activities, including fundraising and other services for third parties. We also believe that asset management-related fee revenue is a more meaningful measure than standalone asset management fees as reported, because asset management-related fee revenues represent the combined impact of the various asset management activities on the Company's total net revenues.

Total segment asset management related fee revenue increased $1.4 million from $2.1 million for the quarter ended September 30, 2019 to $3.5 million for the quarter ended September 30, 2020. On an operating basis, asset management related fee revenues were 11.4% and 9.1% for the quarters ended September 30, 2020 and 2019, respectively, as a percentage of total net revenues.

The following table presents a summary of the Company's client assets under management with respect to the assets managed by HCS, JMP Asset Management LLC ("JMPAM"), HCAP Advisors LLC ("HCAP Advisors") and assets managed by sponsored funds:

(In thousands)	Client Assets Under Management at	
	September 30, 2020	**December 31, 2019**
Client Assets Managed by HCS, JMPAM, and HCAP Advisors (1)	$ 599,795	$ 594,678
Client Assets Under Management by Sponsored Funds (2)	5,005,196	5,381,432
JMP Group LLC total client assets under management	$ 5,604,992	$ 5,976,110

(1) For HCS, JMPAM, and HCAP Advisors, client assets under management represent the net assets of such funds or the commitment amount

(2) Sponsored funds are third-party asset managers in which the Company owns an economic interest.

Principal Transactions

Principal transaction revenues decreased $2.4 million from a loss of $0.3 million for the quarter ended September 30, 2019 to a loss of $2.7 million for the same period in 2020. This decrease was primarily driven by a $2.7 million impairment loss on CLO debt securities included in principal transaction revenues for the quarter ended September 30, 2020.

Total segment principal transaction revenues increased from $0.9 million for the quarter ended September 30, 2019 to $1.1 million for the same period in 2020, primarily driven by a $0.8 million gain on equity and other securities. Total segment principal transaction revenues are a non-GAAP financial measure that aggregates our segment reported principal transaction revenues across each segment. The principal transaction revenues for both 2020 and 2019 were included in our Investment Income segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below. See the Operating Net Income section above for additional information on the adjustments made to arrive at the non-GAAP measure and why management believes that this non-GAAP number is useful and important to the users of these financial statements.

(In thousands)	Three Months Ended September 30,	
	2020	**2019**
Equity and other securities	$ 849	$ (15)
Warrants and other investments	301	$ 894
Investment partnerships	(8)	4
Total segment principal transaction revenues	1,142	883
Operating adjustment addbacks	(3,879)	(1,223)
Total principal transaction revenues	$ (2,737)	$ (340)

On an operating basis, as a percentage of adjusted net revenues, principal transaction revenues decreased from 3.9% for the quarter ended September 30, 2019 to 3.8% for the quarter ended September 30, 2020.

Net Interest Income/Expense

Net interest income increased $0.2 from $0.4 million for the quarter ended September 30, 2019 to $0.6 million for the quarter ended September 30, 2020 As a percentage of total net revenues, net interest income was 2.5% for the quarter ended September 30, 2019 and 1.9% for the quarter ended September 30, 2020.

Total segment net interest income did not change as it was $0.6 million for the quarter ended September 30, 2019 and $0.6 million for the quarter ended September 30, 2020. Net interest income is earned in our Investment Income segment. Total segment net interest income after deconsolidation reflects the effective yield of the Company's ownership of subordinated notes in CLO III, CLO IV, and CLO V, net of bond interest expense. As a percentage of total segment net revenues, net interest income was 2.4% for the quarter ended September 30, 2019 and 1.9% for the quarter ended September 30, 2020.

Expenses

Non-Interest Expenses

Compensation and Benefits

Compensation and benefits, which includes employee payroll, taxes and benefits, performance-based cash bonus and commissions, as well as equity-based compensation to our employees and managing directors, increased $6.0 million, or 34.3%, from $17.5 million for the quarter ended September 30, 2019 to $23.5 million for the quarter ended September 30, 2020. The increase in compensation and benefits is partly attributable to a $2.1 million charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020.

Employee payroll, taxes and benefits, and consultant fees decreased $0.3 million from $10.5 million for the quarter ended September 30, 2019 to $10.2 million for the quarter ended September 30, 2020. Performance-based bonus and commission increased $6.3 million from $6.5 million for the quarter ended September 30, 2019 to $12.8 million for the quarter ended September 30, 2020.

Equity-based compensation did not change from $0.5 million for the quarter ended September 30, 2019 to $0.5 million for the quarter ended September 30, 2020.

Compensation and benefits as a percentage of revenues increased from 83.3% of total net revenues for the quarter ended September 30, 2019 to 88.3% for the quarter ended September 30, 2020. Compensation and benefits increased 34.3% from the quarter ended September 30, 2019 when compared to the quarter ended September 30, 2020. Net revenue increased 26.6% from the quarter ended September 30, 2019 when compared to the quarter ended September 30, 2020.

Administration

Administration expense decreased $0.9 million from $2.3 million for the quarter ended September 30, 2019 to $1.4 million for the quarter ended September 30, 2020. As a percentage of total net revenues, administration expense was 5.3% and 10.7% for the quarters ended September 30, 2020 and 2019, respectively.

Travel and Business Development

Travel and business development expense was $0.1 million and $1.3 million for the quarters ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, travel and business development expense was 0.2% and 6.0% for the quarters ended September 30, 2020 and 2019, respectively.

Communications and Technology

Communications and technology expense was $1.1 million for both of the quarters ended September 30, 2020 and 2019. As a percentage of total net revenues, communications and technology expense was 4.0% and 5.0% for the quarters ended September 30, 2020 and 2019, respectively.

Occupancy

Occupancy expenses were $1.2 million and $1.2 million for the quarters ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, occupancy expenses were 4.0% and 5.0% for the quarters ended September 30, 2020 and 2019, respectively.

Provision for Income Taxes

Income tax benefit was $0.1 million and $1.2 million for the quarters ended September 30, 2020 and 2019, respectively. The Company's tax benefit decreased for the quarter ended September 30, 2020 from September 30, 2019 due to an decrease in pre-tax net loss from 2019 to 2020.

Beginning January 1, 2019, the Company elected to be treated as a C corporation for tax purposes, rather than a partnership, going forward.

For GAAP reporting purposes, the Company’s effective tax rate used for the interim periods is based on the estimated full-year income tax rate. The effective tax rate differs from the statutory rate primarily due to the net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate.

Segment income tax was a $0.7 million expense and $0.7 million benefit for the quarters ended September 30, 2020 and 2019, respectively.

For segment reporting purposes, an effective tax rate of 26% was assumed for the three months ended September 30, 2020 and 2019 based on our best estimation of the subsidiary’s average rate of taxation over the long term.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted in response to market conditions related to the COVID-19 pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act (TCJA). The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740, Income Taxes, and are determined based upon the temporary differences between the financial reporting and tax basis of the Company’s assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $12.3 million, or 27.3%, from $44.8 million for the nine months ended September 30, 2019 to $57.1 million for the same period in 2020. As a percentage of total net revenues, investment banking revenues increased from 58.8% for the nine months ended September 30, 2019 to 92.3% for the nine months ended September 30, 2020. On an operating basis, investment banking revenues were 67.1% and 58.0% for the nine months ended September 30, 2020 and 2019, respectively, as a percentage of adjusted net revenues.

(Dollars in thousands)	Nine Months Ended September 30,				Change from 2020 to 2019		
	2020		2019				
	Count	Revenues	Count	Revenues	Count	$	%
Equity and debt origination	68	39,277	59	$ 27,678	9	$ 11,599	41.9%
Strategic advisory and private placements	13	17,817	15	17,165	(2)	$ 652	3.8%
Total	81	$ 57,094	74	$ 44,843	7	$ 12,251	27.3%

The increase in revenues was primarily driven by a 41.9% increase in equity and debt origination revenues as JMP executed 68 deals in the first nine months of 2020 compared to 59 for the same period in 2019. The number of transactions in which we acted as a bookrunning manager was three and sixteen for the nine months ended September 30, 2020 and 2019, respectively.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment increased from $13.2 million for the nine months ended September 30, 2019 to $14.0 million for the nine months ended September 30, 2020. Brokerage revenues increased as a percentage of total net revenues, from 17.3% for the nine months ended September 30, 2019 to 22.6% for the nine months ended September 30, 2020. On an operating basis, brokerage revenues were 23.3% and 18.2% for the nine months ended September 30, 2020 and 2019, respectively, as a percentage of total adjusted net revenues.

Asset Management Fees

(In thousands)	Nine Months Ended September 30,	
	2020	**2019**
Asset management related fees:		
Fees reported as asset management fees	$ 6,339	$ 5,685
Fees reported as other income	2,688	1,517
Less: Non-controlling interest in HCAP Advisors	(947)	(908)
Total segment asset management related fee revenues	$ 8,080	$ 6,294

Fees reported as asset management fees was $5.7 million and $6.3 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, asset management revenues increased from 7.5% for the nine months ended September 30, 2019 to 10.2% for the nine months ended September 30, 2020.

Total segment asset management-related fees include base management fees and incentive fees from our assets under management, as well as other income from fee-sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds. Total segment asset management-related fee revenues are reconciled to the GAAP measure, total asset management fee revenues, in the table above. We believe that presenting operating asset management-related fees is useful to investors as a means of assessing the performance of our combined asset management activities, including fundraising and other services for third parties. We also believe that asset management-related fee revenue is a more meaningful measure than standalone asset management fees as reported, because asset management-related fee revenues represent the combined impact of the various asset management activities on the Company's total net revenues.

Total segment asset management related fee revenue increased $1.8 million from $6.3 million for the nine months ended September 30, 2019 to $8.1 million for the nine months ended September 30, 2020. On an operating basis, asset management related fee revenues were 9.5% and 8.1% for the nine months ended September 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Principal Transactions

Principal transaction revenues decreased $26.7 million from a gain of $6.4 million for the nine months ended September 30, 2019 to a loss of $20.3 million for the same period in 2020. This decrease was primarily driven by a $17.3 million impairment loss on CLO debt securities and a $5.3 million unrealized loss on the Company's investment in Harvest Capital Credit Corporation included in principal transaction revenues for the nine months ended September 30, 2020 and a $3.4 million gain on deconsolidation of JMPCA included in the same period in 2019.

Total segment principal transaction revenues decreased from $7.8 million for the nine months ended September 30, 2019 to $3.5 million for the same period in 2020. Total segment principal transaction revenues are a non-GAAP financial measure that aggregates our segment reported principal transaction revenues across each segment. The principal transaction revenues for both 2020 and 2019 were included in our Investment Income segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below. See the Operating Net Income section above for additional information on the adjustments made to arrive at the non-GAAP measure and why management believes that this non-GAAP number is useful and important to the users of these financial statements.

(In thousands)	Nine Months Ended September 30,	
	2020	**2019**
Equity and other securities	$ 358	$ 1,354
Warrants and other investments	2,622	6,253
Investment partnerships	510	155
Total segment principal transaction revenues	3,490	7,762
Operating adjustment addbacks	(23,827)	(1,391)
Total principal transaction revenues	$ (20,337)	$ 6,371

On an operating basis, as a percentage of total net revenues, principal transaction revenues decreased from 10.0% for the nine months ended September 30, 2019 to 4.1% for the nine months ended September 30, 2020.

Net Interest Income/Expense

Net interest income decreased $3.5 million from $4.7 million for the nine months ended September 30, 2019 to $1.2 million for the nine months ended September 30, 2020. The decrease in net interest income was driven primarily by a $13.0 million decrease in net interest earned, partially offset by a $9.4 million increase in net interest expense. As a percentage of total net revenues, net interest income was 6.1% for the nine months ended September 30, 2019 and 1.4% for the nine months ended September 30, 2020.

Total segment net interest income decreased from $4.7 million for the nine months ended September 30, 2019 to $1.2 million for the nine months ended September 30, 2020, driven by deconsolidation of the CLOs in the first quarter of 2019. Net interest income is earned in our Investment Income segment. Total segment net interest income after deconsolidation reflects the effective yield of the Company's ownership of subordinated notes in CLO III, CLO IV, and CLO V, net of bond interest expense. As a percentage of total segment net revenues, net interest income was 6.1% for the nine months ended September 30, 2019 and 1.4% for the nine months ended September 30, 2020.

Expenses

Non-Interest Expenses

Compensation and Benefits

Compensation and benefits, which includes employee payroll, taxes and benefits, performance-based cash bonus and commissions, as well as equity-based compensation to our employees and managing directors, increased $7.4 million, or 13.5%, from $54.7 million for the nine months ended September 30, 2019 to $62.1 million for the nine months ended September 30, 2020. The increase in compensation and benefits is partly attributable to a $2.1 million charge recorded in connection with severance costs deriving from a strategic restructuring and reduction in headcount in September 2020.

Employee payroll, taxes and benefits, and consultant fees decreased $0.5 million from $32.0 million for the nine months ended September 30, 2019 to $31.5 million for the nine months ended September 30, 2020. Performance-based bonus and commission increased $8.1 million from $21.1 million for the nine months ended September 30, 2019 to $29.2 million for the nine months ended September 30, 2020.

Equity-based compensation decreased $0.2 million from $1.6 million for the nine months ended September 30, 2019 to $1.4 million for the nine months ended September 30, 2020.

Compensation and benefits as a percentage of revenues increased from 71.7% of total net revenues for the nine months ended September 30, 2019 to 100.4% for the nine months ended September 30, 2020. The increase in the compensation and benefits as a percentage of revenues is primarily due to the decrease in principal transaction revenues within total net revenues from the nine months ended September 30, 2019 compared to the same period in 2020.

Administration

Administration expense decreased $2.3 million from $7.0 million for the nine months ended September 30, 2019 to $4.7 million for the nine months ended September 30, 2020. As a percentage of total net revenues, administration expense was 7.6% and 9.2% for the nine months ended September 30, 2020 and 2019, respectively.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fee was $1.9 million and $2.1 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, our brokerage, clearing and exchange fee was 3.1% and 2.7% for the nine months ended September 30, 2020 and 2019, respectively.

Travel and Business Development

Travel and business development expense was $1.0 million and $3.6 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, travel and business development expense was 1.7% and 4.8% for the nine months ended September 30, 2020 and 2019, respectively.

Managed deal expenses

Managed deal expense was $2.5 million and $2.6 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, managed deal expense was 4.1% and 3.3% for the nine months ended September 30, 2020 and 2019, respectively.

Communications and Technology

Communications and technology expense was $3.3 million and $3.2 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, communications and technology expense were 5.3% and 4.2% for the nine months ended September 30, 2020 and 2019, respectively.

Occupancy

Occupancy expense was $3.6 million and $4.0 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, occupancy expense was 5.8% and 5.3% for the nine months ended September 30, 2020 and 2019, respectively.

Professional Fees

Professional fees were $2.4 million and $3.5 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, professional fees were 3.9% and 4.6% for the nine months ended September 30, 2020 and 2019, respectively.

Depreciation

Depreciation expenses were $1.2 million and $0.9 million for the nine months ended September 30, 2020 and 2019, respectively. As a percentage of total net revenues, depreciation was 2.0% and 1.2% for the nine months ended September 30, 2020 and 2019, respectively.

Provision for Income Taxes

Income tax benefit was $7.2 million and $5.8 million for the nine months ended September 30, 2020 and 2019, respectively. The Company's tax benefit increased for the nine months ended September 30, 2020 from September 30, 2019 due to a increase in pre-tax net loss from 2019 to 2020.

For GAAP reporting purposes, the Company’s effective tax rate used for the interim periods is based on the estimated full-year income tax rate. The effective tax rate differs from the statutory rate primarily due to the net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate.

Segment income tax was a $1.5 million expense and a $0.3 million benefit for the nine months ended September 30, 2020 and 2019, respectively.

For segment reporting purposes, an effective tax rate of 26% was assumed for the nine months ended September 30, 2020 and 2019 based on our best estimation of the subsidiary’s average rate of taxation over the long term.

Beginning January 1, 2019, the Company elected to be treated as a C corporation for tax purposes, rather than a partnership, which resulted in the Company recognizing initial temporary differences between the book and tax basis of assets and liabilities that were previously held under pass through entities.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted in response to market conditions related to the COVID-19 pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act (TCJA). The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740, Income Taxes, and are determined based upon the temporary differences between the financial reporting and tax basis of the Company’s assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse.

Summarized Financial Information

JMP Group Inc., a wholly-owned subsidiary of JMP Group LLC, is the primary obligor of the Company's 7.25% Senior Notes due 2027 (the "2027 Senior Notes") (Note 7). Pursuant to the indenture of the 2027 Senior Notes, JMP Group LLC and JMP Investment Holdings LLC (the "Guarantors") are the guarantors of the 2027 Senior Notes. The Guarantors jointly and severally provide a full and unconditional guarantee of the due and punctual payment of the principal and interest on the 2027 Senior Notes and the due and punctual payment or performance of all other obligations of JMP Group Inc. under the indenture governing the 2027 Senior Notes.

The following summarized financial information presents the information of JMP Group LLC, JMP Investment Holdings LLC and JMP Group Inc. on a combined basis and eliminates intercompany balances. It does not include or present investments in subsidiaries that are not an issuer or guarantor. One of the non-guarantor subsidiaries not combined, JMP Securities, is subject to certain regulations, which require the maintenance of minimum net capital. This requirement may limit the issuer's access to this subsidiary's assets.

These disclosures are in accordance with the new disclosure requirements under SEC Regulation S-X Rule 3-10 and Rule 13-02 issued in March 2020. We have early adopted these disclosure rules.

The tables below present summarized financial information as of September 30, 2020 and December 31, 2019 and for the nine months ended September 30, 2020.

(In thousands)	As of	
	September 30, 2020	**December 31, 2019**
Cash and cash equivalents	$ 5,401	$ 12,557
Marketable securities owned, at fair value	28,965	34,203
Due from non-obligated subsidiaries	1,221	200
Deferred tax asset	17,076	18,547
Operating lease right-of-use asset	17,112	19,632
Total assets	88,659	99,100
Bond payable, net of debt issuance costs	80,816	82,584
Due to non-obligated subsidiaries	17,023	20,912
Operating lease liability	22,239	25,394
Total liabilities	135,174	140,377
Total equity	(46,515)	(41,276)
Total liabilities and equity	88,659	99,101

(In thousands)	**Nine Months Ended September 30, 2020**
Total net revenues after provision for loan losses	$ (933)
Total non-interest expenses	4,375
Net loss	(4,331)

Financial Condition, Liquidity and Capital Resources

In the section that follows, we discuss the significant changes in the components of our balance sheet, cash flows and capital resources and liquidity for the nine months ended September 30, 2020 to demonstrate where our capital is invested and the financial condition of the Company.

Overview

As a result of the ongoing COVID-19 pandemic, we expect certain costs to decline as the underlying activities are restricted by the COVID-19 pandemic, including travel and related expenses. In addition, after a careful review of our cost structure, we reduced headcount modestly during the quarter ended September 30, 2020. While the headcount reduction resulted in recognition of severance costs, the reduced ongoing cost should increase cash flows in the future periods. However, the extent to which the COVID-19 pandemic will impact our liquidity in future periods still remains uncertain.

As of September 30, 2020, we had $56.7 million in cash and cash equivalents and $17.9 million in undrawn borrowing capacity on our revolving line of credit (some of which borrowing capacity may be used for working capital – See the section entitled JMP Holding LLC Credit Agreement with CNB, below). Based on our historical results, management's experience and our current business strategy, we believe that our existing cash resources and available credit will be sufficient to meet anticipated working capital and capital expenditure requirements for at least the next twelve months.

As of September 30, 2020, we had net liquid assets of $95.0 million primarily consisting of cash and cash equivalents, receivable from clearing brokers, marketable securities owned, and investment banking receivables, net of marketable securities sold but not yet purchased and accrued compensation. We have satisfied our capital and liquidity requirements primarily through the issuance of the Senior Notes, draws on a line of credit, and internally generated cash from operations. Most of our financial instruments, other than loans held for investment and certain marketable securities, are recorded at fair value or amounts that approximate fair value.

Liquidity Considerations

As of September 30, 2020, our material indebtedness consisted of our then outstanding Senior Notes and borrowing on our revolving line of credit with City National Bank (“CNB”) under the Credit Agreement described below.

Senior Notes

In November 2017, JMP Group Inc. raised $50.0 million from the issuance of 7.25% Senior Notes (“2027 Senior Notes”). The 2027 Senior Notes will mature on November 15, 2027 and may be redeemed in whole or in part at any time or from time to time at JMP Group Inc.’s option on or after November 28, 2020 at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2027 Senior Notes bear interest at a rate of 7.25% per year, payable quarterly on February 15, May 15, August 15 and November 15 of each year. Pursuant to the indenture of the 2027 Senior Notes, JMP Group LLC and JMP Investment Holdings LLC (the “Guarantors”) are the guarantors of the 2027 Senior Notes. The Guarantors jointly and severally provide a full and unconditional guarantee of the due and punctual payment of the principal and interest on the 2027 Senior Notes and the due and punctual payment or performance of all other obligations of JMP Group Inc. under the indenture governing the 2027 Senior Notes.

In September 2019, JMP Group LLC raised $36.0 million from the issuance of 6.875% Senior Notes (“2029 Senior Notes”). The 2029 Senior Notes will mature on September 30, 2029 and may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after September 30, 2021 at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2029 Senior Notes bear interest at a rate of 6.875% per year, payable quarterly on March 30, June 30, September 30, and December 30 of each year.

In March 2020, the Company repurchased $1.4 million and $0.7 million par value of its issued and outstanding 2029 Senior Notes and 2027 Senior Notes, respectively. Since they were repurchased at less than carrying value, a gain of $0.7 million was recognized upon the repurchase of the bonds, which has been included in the Consolidated Statements of Operations, gain on repurchase, reissuance or early retirement of debt.

JMP Holding LLC Credit Agreement with CNB

JMP Holding LLC (the “Borrower”), a wholly owned subsidiary of the Company, entered into a Second Amended and Restated Credit Agreement dated April 30, 2014 among the Borrower, the lenders from time to time party thereto (the “Lenders”) and CNB, as administrative agent for the Lenders (as amended, the “Credit Agreement”).

The Credit Agreement provides a $25.0 million revolving line of credit (the “Revolver”) through December 31, 2020. On such date, if the revolving period has not been previously extended, any outstanding amounts under the Revolver would convert to a term loan (the “Converted Term Loan”). The Converted Term Loan must be repaid in 12 quarterly installments commencing on January 1, 2021, with each of the first six installments being equal to 3.75% of the principal amount of the Converted Term Loan and each of the next six installments being equal to 5.0% of the principal amount of the Converted Term Loan. A final payment of all remaining principal and interest due under the Converted Term Loan must be made at the earlier of: (a) December 31, 2023; or (b) if certain liquidity requirements are not satisfied by the Company, the date that is last day of the fiscal quarter ending most recently (but no less than 60 days) prior to the earliest maturity date of any senior unsecured notes issued by JMP Group Inc. or JMP Group LLC then outstanding.

The Credit Agreement provides that the Revolver may be used, on a revolving basis, to fund specified permitted investments in collateralized loan obligation vehicles. In addition, up to $5.0 million of the Revolver may be used, on a revolving basis, to fund other types of permitted investments and acquisitions and for working capital.

On July 16, 2020, JMP Holding LLC (“JMP Holding”), a wholly owned subsidiary of JMP Group LLC, entered into an Amendment Number Seven to its existing Second Amended and Restated Credit Agreement, dated as of April 30, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), with JMP Holding and its affiliates that are a party thereto as lenders and City National Bank (“CNB”), as administrative agent for the lenders, in order to, among other provisions, (i) allow JMP Holding to incur liens of certain clearing agents in the ordinary course of business, (ii) reduce the margin applicable to LIBOR loans from 2.25% to 2.00% and (iii) require that JMP Holding maintain a minimum of $6.0 million of CLO debt securities, based on their fair value as of June 30, 2020, pledged as collateral supporting the obligations under the Credit Agreement and refrain from exercising any right to call the related CLO entities or cause the liquidation of such CLO entities.

As of September 30, 2020, the Borrower had drawn $6.0 million against the Revolver and had letters of credit outstanding under this facility to support office lease obligations of approximately $1.1 million in the aggregate.

The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on debt, liens and investments, as well as the maintenance of certain financial covenants. The Credit Agreement also includes an event of default for a "change of control" that tests, in part, the composition of our ownership and an event of default if three or more of the members of the Company's executive committee fail to be involved actively on an ongoing basis in the management of the Company or any of its subsidiaries. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate our Revolver or Converted Term Loan and require the immediate repayment of any outstanding principal and interest. In addition, our subsidiaries are restricted under the Credit Agreement under certain circumstances from making distributions to us if an event of default has occurred under the Credit Agreement.

As of September 30, 2020 and December 31, 2019, we were in compliance with the loan covenants under the Credit Agreement.

The Borrower's obligations under the Credit Agreement are guaranteed by all of the Company's other wholly owned subsidiaries (other than JMP Securities) and are secured by substantially all of its and the guarantors' assets. In addition, we have entered into a limited recourse pledge agreement with CNB whereby JMP Group LLC granted a lien on the equity interests in JMP Investment Holdings LLC and JMPAM to secure the Borrower's obligations under the Credit Agreement.

JMP Securities LLC Revolving Note Agreement with CNB

Under a Revolving Note and Cash Subordination Agreement (as amended, the "Revolving Note Agreement") and related Revolving Note (as amended, the "Revolving Note"), each dated April 8, 2011, JMP Securities holds a $20.0 million revolving line of credit with CNB to be used for regulatory capital purposes in connection with its securities underwriting activities. Advances under the Revolving Note Agreement bear interest at CNB's announced prime interest rate. The unused portion of the line bears interest at the rate of 0.25% per annum, paid monthly.

On June 29, 2020, JMP Securities entered Amendment Number Eleven to the Revolving Note Agreement. Pursuant to this amendment, the $20.0 million Revolving Note Agreement was extended for one year until June 30, 2021. On June 20, 2021, any existing outstanding amount under the Revolving Note will convert to a term loan maturing the following year.

There was no borrowing on the Revolving Note as of September 30, 2020 and December 31, 2019.

The Revolving Note Agreement contains financial and other covenants. A violation of any one of these covenants could result in a default under the Revolving Note, which would permit CNB to terminate the Revolving Note and require the immediate repayment of any outstanding principal and interest, subject to the terms of the Revolving Note Agreement.

At both September 30, 2020 and December 31, 2019, JMP Securities was in compliance with the loan covenants under the Revolving Note Agreement.

JMP Securities' obligations under the Revolving Note Agreement are guaranteed by all of the Company's wholly owned subsidiaries (other than JMP Securities) and are secured by substantially all the guarantors' assets.

Other JMP Group LLC considerations

On February 24, 2020 the Company launched a self-tender offer (the "2020 Tender Offer") to repurchase for cash up to 3,000,000 of shares at $3.25 a share, representing limited liability company interests of the Company, which was terminated on March 19, 2020 as a result of multiple conditions to the 2020 Tender Offer, including share price and market index conditions, not having been satisfied.

During the three months ended September 30, 2020, the Company did not repurchase any of the Company's shares.

On February 19, 2020, the Company suspended its quarterly cash distributions program on outstanding shares.

Upon the securitization of Medalist Partners Corporate Finance CLO VI in February 2020, the Company received $13.7 million in cash from the CLO VI warehouse and recognized a gain of $1.0 million.

The timing of bonus compensation payments to our employees may significantly affect our cash position and liquidity from period to period. While our employees and managing directors are generally paid semi-monthly during the year, bonus compensation, which makes up a larger portion of total compensation, is generally paid once a year during the first two months of the following year. In the first two months of 2020, we paid out $26.9 million of cash bonuses for 2019, including employer payroll tax expense.

We had total restricted cash of $1.3 million comprised primarily of restricted cash at JMP Group Inc. related to the Company's letters of credit on leasing arrangements.

JMP Securities, our wholly-owned subsidiary and a registered securities broker-dealer, is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined under the Exchange Act, shall not exceed 15 to 1. JMP Securities had net capital of $17.5 million and $16.9 million, which were $16.2 million and $15.5 million in excess of the required net capital of $1.3 million and $1.4 million, at September 30, 2020 and December 31, 2019, respectively. JMP Securities' ratio of aggregate indebtedness to net capital was 1.14 to 1 and 1.25 to 1 at September 30, 2020 and December 31, 2019, respectively.

A condensed table of cash flows for the nine months ended September 30, 2020 and 2019 is presented below.

(Dollars in thousands)	Nine Months Ended September 30,		Change from 2019 to 2020	
	2020	2019	$	%
Cash flows used in operating activities	$ (7,351)	$ (30,428)	23,077	-75.8%
Cash flows provided by (used in) investing activities	12,137	$ (60,810)	72,947	-120.0%
Cash flows (used in) provided by financing activities	2,262	$ 7,671	(5,409)	-70.5%
Total cash flows	$ 7,048	$ (83,567)	$ 90,615	-108.4%

Cash Flows for the Nine Months Ended September 30, 2020

Cash increased by $7.0 million during the nine months ended September 30, 2020 as a result of cash used in operating activities, partially offset by cash provided by investing and financing activities.

Our operating activities used $7.4 million of cash from a net loss of $13.9 million, adjusted for the cash used on the gain on other investments, and cash used by operating assets and liabilities of $6.2 million.

Our investing activities provided $12.1 million of cash primarily due to a $14.2 million in sales from non-equity method investments.

Our financing activities provided $2.3 million of cash primarily due to $3.8 million proceeds from PPP loans, partially offset by $1.4 million in repurchase of bonds payable.

Cash Flows for the Nine Months Ended September 30, 2019

Cash decreased by $83.6 million during the nine months ended September 30, 2019, as a result of cash used in operating and investing activities, partially offset by cash provided by financing activities.

Our operating activities used $30.4 million of cash from a net loss of $0.2 million, adjusted for the cash used by operating assets and liabilities of $28.8 million, the cash used by non-cash revenue and expense items of $1.9 million and the cash received as investment income from equity method investments of $0.5 million. The cash used by the change in operating assets and liabilities was primarily due to a decrease in accrued compensation of $23.5 million, increases in other assets of $10.2 million, increases in interest receivable of $4.9 million, and decreases in interest payable of $4.0 million, partially offset by a $9.6 million decrease in marketable securities, and a $6.9 million increase in other liabilities.

Our investing activities used $60.8 million of cash primarily due to a $35.2 million funding of loans collateralizing ABS issued, a $27.8 million decrease in cash and restricted cash due to deconsolidation of subsidiaries, $25.7 million of funding of loans held for investment, and $12.5 million of purchases of other investments, partially offset by $23.8 million of receipts from loans collateralizing ABS issued, $10.7 million of receipts from sales and distributions from other investments, and $7.2 million of receipts from loans held for investment.

Our financing activities provided $7.7 million of cash primarily due to $36.0 million of proceeds from a bond issuance, $16.6 million of proceeds from draw downs on the line of credit, $7.8 million of proceeds from the drawdowns on the CLO warehouse facility, partially offset by $36.0 million repayments on bonds payable, $8.6 million in purchases of common shares from treasury, $2.7 million in distributions and distribution equivalents on common shares and RSUs, $1.9 million of payments on bond issuance costs, $1.6 million in repayments on the line of credit, and $0.9 million of distributions to non-controlling interest shareholders.

Contractual Obligations

As of September 30, 2020, our aggregate minimum future commitment on our leases was $25.3 million. Our remaining contractual obligations have not materially changed from those reported in our Annual Report.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of September 30, 2020. However, through indemnification provisions in our clearing agreements with our clearing brokers, customer activities may expose us to off-balance sheet credit risk, which we seek to mitigate through customer screening and collateral requirements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses during the reporting periods. We base our estimates and assumptions on historical experience and on various other factors that we believe are reasonable under the circumstances. The use of different estimates and assumptions could produce materially different results. For example, if factors such as those described under the caption "Risk Factors" in our Annual Report cause actual events to differ from the assumptions we used in applying the accounting policies, our results of operations, financial condition and liquidity could be adversely affected.

On an ongoing basis, we evaluate our estimates and assumptions, particularly as they relate to accounting policies that we believe are most important to the presentation of our financial condition and results of operations. We regard an accounting estimate or assumption to be most important to the presentation of our financial condition and results of operations where:

- the nature of the estimates or assumptions is material due to the level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and

- the impact of the estimates or assumptions on our financial condition or operating performance is material.

Using the foregoing criteria, we consider the following to be our critical accounting policies:

- *Valuation of Financial Instruments*

- *Asset Management Investment Partnerships*

- *CLO Debt Securities*

- *Legal and Other Contingent Liabilities*

- *Income Taxes*

Our significant accounting policies are described further in the "Critical Accounting Policies and Estimates" section and Note 2 - Summary of Significant Accounting Policies in these financial statements and our consolidated financial statements in our Annual Report.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

ITEM 4. Controls and Procedures

(a) Disclosure Controls and Procedures

Our management, with the participation of the Chairman and Chief Executive Officer (the principal executive officer) and the Chief Financial Officer (the principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chairman and Chief Executive Officer and Chief Financial Officer, as principal executive officer and principal financial officer, respectively, have concluded that, as of the end of such period covered by this report, our disclosure controls and procedures are effective.

(b) Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

We are involved in a number of judicial, regulatory and arbitration matters arising in connection with our business. The outcome of matters we have been and currently are involved in cannot be determined at this time, and the results cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on our results of operations in any future period and a significant judgment could have a material adverse impact on our financial condition, results of operations and cash flows. We may in the future become involved in additional litigation in the ordinary course of our business, including litigation that could be material to our business. Management, after consultation with legal counsel, believes that, except as described below, the currently known actions or threats against us will not result in any material adverse effect on our financial condition, results of operations or cash flows.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition, or future results set forth under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 30, 2020.

Except as noted below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

The effects of the outbreak of the novel coronavirus ("COVID-19") have negatively affected the global economy, the United States economy and the global financial markets, and may disrupt our operations and our clients' operations, which could have an adverse effect on our business, financial condition and results of operations.

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability, and has and may continue to may affect our operations. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The continued impact of COVID-19 may result in a period of business disruption, including delays in our trading.

In addition, in response to the COVID-19 pandemic, and in accordance with direction from state and local government authorities, we have made temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring most employees to work remotely (which in turn increases our threat to cyber security and data accessibility and communication matters) and suspending all non-essential travel worldwide for our employees. In addition, industry events and in-person work-related meetings have been cancelled, the continuation of which could negatively affect our business.

Many of the key service providers we rely on also have transitioned to working remotely. If we or they were to experience material disruptions in the ability for our or their employees to work remotely (e.g., disruption in Internet-based communications systems and networks; or the break-down in the availability of essential goods and services, such as material disruptions to the delivery of food or power), our ability to operate our business normally could be materially adversely disrupted. Similarly, to date our own employees and, we believe, the employees of our key service providers, have not experienced any material degree of illness due to the COVID-19 virus. In the event that our or their workforces, or key components thereof, were to experience significant illness levels, our ability to operate our business normally could be materially adversely disrupted. Any such material adverse disruptions to our business operations could have a material adverse impact on our results of operation or financial condition.

We are taking precautions to protect the safety and well-being of our employees and customers. However, no assurance can be given that the steps being taken will be deemed to be adequate or appropriate, nor can we predict the level of disruption which will occur to our employee's ability to provide customer support and service. The ongoing COVID-19 pandemic has resulted in meaningfully lower stock prices for many companies, as well as the trading prices for our own securities. The further spread of the COVID-19 outbreak may materially disrupt banking and other financial activity generally and in the areas in which we operate. This would likely result in a decline in demand for our products and services, which would negatively impact our liquidity position and our growth strategy. Any one or more of these developments could have a material adverse effect on our and our consolidated subsidiaries' business, operations, consolidated financial condition, and consolidated results of operations.

We are closely monitoring the global outbreak of COVID-19. At this time, we cannot predict the ultimate scope, severity or duration of the outbreak or its effects on, among other things, the global, national or local economy, the capital and credit markets, or our workforce, customers and third-party service providers. As a result, we cannot predict the full extent of the adverse financial impact that COVID-19 will have on our businesses, financial condition, liquidity and results of operations. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended September 30, 2020, no purchases of the Company's shares was made by or on behalf of JMP Group LLC. As of September 30, 2020, there were no shares available to be repurchased as part of publicly announced programs or plans.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not Applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
10.36*	Form of Director and Officer Indemnification Agreement
10.37*	Transition and Release Agreement dated August 12, 2020 between JMP Group LLC, JMP Securities LLC and Carter D. Mack
31.1*	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document

*Filed herewith
** Furnished, not filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 10, 2020

JMP Group LLC

By:	/s/ JOSEPH A. JOLSON
Name:	**Joseph A. Jolson**
Title:	**Chairman and Chief Executive Officer**
By:	/s/ RAYMOND S. JACKSON
Name:	**Raymond S. Jackson**
Title:	**Chief Financial Officer**

JMP GROUP LLC

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“**Agreement**”) is made and entered into as of ________ by and between JMP Group LLC**,** a Delaware limited liability company (the “**Company**”), and ___________________ (“**Indemnitee**”).

Recitals

Whereas, the Company and the Indemnitee recognize the significant risk of personal liability for directors and officers that arises from corporate litigation practices;

Whereas, the Amended and Restated Operating Limited Liability Company Agreement, dated January 1, 2015 (the “**LLC Agreement**”) provides for the indemnification of the directors and officers of the Company, including persons serving at the request of the Company in such capacities with other companies or enterprises, to the maximum extent authorized by the Delaware General Corporation Law, as amended (the “**Code**”) (as if the Company were a Delaware corporation);

Whereas, the LLC Agreement and the Code, by their non-exclusive nature, permit contracts between the Company and its directors and officers with respect to indemnification of such persons;

Whereas, in order to induce Indemnitee to continue to serve as a director and/or officer of the Company, the Company has determined and agreed to enter into this Agreement with Indemnitee; and

Whereas, in light of the considerations referred to in the preceding recitals, it is the Company’s intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to Indemnitee hereunder.

Now, Therefore, in consideration of Indemnitee’s past and continued service as a director and/or officer after the date hereof, and for other good and valid consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

Agreement

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) “**Change in Control**” means the occurrence after the date of this Agreement of any of the following events:

(i) a “person,” as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934, as amended, and the rules and regulations thereunder (the “Exchange Act”), other than (a) a trustee or other fiduciary holding securities under an employee benefit plan of the Company; (b) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company; or (c) any current beneficial shareholder or group, as defined by Rule 13d-5 of the Exchange Act, including the heirs, assigns and successors thereof, of beneficial ownership, within the meaning of Rule 13d-3 of the Exchange Act, of securities possessing more than 50% of the total combined voting power of the Company’s outstanding securities; hereafter becomes the “beneficial owner,” as defined in Rule 13d-3 of the Exchange Act, directly or indirectly, of securities of the Company representing 20% or more of the total combined voting power represented by the Company’s then outstanding voting securities;

(ii) the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation, or other transaction (each, a "Business Combination"), unless, in each case, immediately following such Business Combination, all or substantially all of the beneficial owners of voting securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 80% of the combined voting power of the then outstanding shares of voting securities of the entity resulting from such Business Combination;

(iii) the Company is a party to a reorganization, merger or consolidation, sales of assets, or a proxy contest, as a consequence of which Incumbent Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors of the Company (or any successor entity) thereafter;

(iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (including for this purpose any new directors who qualify under the definition of Incumbent Directors) cease for any reason to constitute at least a majority of the Board of Directors of the Company; or

(v) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the claim in respect of which indemnification is sought by Indemnitee.

(c) "**Incumbent Directors**" means the individuals who, as of the date hereof, are directors of the Company and any individual becoming a director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination).

(d) "**Indemnifiable Claim**" means any claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act by Indemnitee in his or her capacity as a director, officer, employee or agent of the Company, as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit as to which Indemnitee is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent (including any subsidiary and affiliate of the Company), (ii) any actual, alleged or suspected act or failure to act by Indemnitee in respect to any business, transaction, communication, filing, disclosure or other activity of the Company or any other entity or enterprise referred to in clause (i) of this sentence, or (iii) Indemnitee's status as a current or former director, officer, employee or agent of the Company or as a current or former director, officer, employee, member, manager, trustee or agent of the Company or any other entity or enterprise referred to in clause (i) of this sentence or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(f) "**Subsidiary**" means any corporation or other entity of which more than 50% of the outstanding voting securities are owned directly or indirectly by (i) the Company, (ii) the Company and one or more other subsidiaries, or (iii) by one or more other subsidiaries.

2. Services to the Company. Indemnitee will serve as a director and/or officer of the Company or as a director and/or officer of a Subsidiary of the Company (including any employee benefit plan of the Company) faithfully and to the best of his or her ability so long as he or she is duly elected and qualified in accordance with the provisions of the LLC Agreement or other applicable charter documents of the Company or such Subsidiary; *provided, however,* that Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation that Indemnitee may have assumed apart from this Agreement or any obligation imposed by law) and that the Company or any affiliate shall have no obligation under this Agreement to continue Indemnitee in any such position.

3. Indemnification of Indemnitee. Subject to Sections 5 and 11, the Company hereby agrees to defend, hold harmless and indemnify Indemnitee to the fullest extent authorized or permitted by the provisions of the LLC Agreement and the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits the Company to provide broader indemnification rights than the LLC Agreement or the Code permitted prior to adoption of such amendment) against any and all Indemnifiable Claims.

4. Additional Indemnification. In addition to and not in limitation of the indemnification otherwise provided for herein, and subject to the limitations set forth in this Section 4 and Sections 5 and 11 hereof, the Company hereby further agrees to:

(a) hold harmless and indemnify Indemnitee against any and all expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Indemnitee becomes legally obligated to pay because of any claim or claims made against or by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative (including an action by or in the right of the Company) to which Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Indemnitee is, was or at any time becomes a director and/or officer of the Company, or is or was serving or at any time serves at the request of the Company as a director and/or officer of another company, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(b) hold harmless and indemnify Indemnitee for and, if requested by Indemnitee, advance to Indemnitee (i) any and all expenses actually and reasonably paid or incurred by Indemnitee in connection with any claim by Indemnitee for indemnification by the Company under any provision of this Agreement, or under any other agreement or insurance policy or provision of the Code or LLC Agreement now or hereafter in effect relating to Indemnifiable Claims, and/or (ii) any and all expenses actually and reasonably paid or incurred by Indemnitee in connection with any claim by the Company or any other person or entity to enforce their respective rights under any provision of this Agreement, or under any other agreement or insurance policy or provision of the Code or LLC Agreement now or hereafter in effect relating to Indemnifiable Claims. No indemnity shall be paid by the Company under this Section 4(b) if the Court of Chancery of the State of Delaware determines that each of the material assertions or defenses, as the case may be, made by Indemnitee in connection with such claim was frivolous or not made in good faith. For sake of clarity, to the fullest extent allowed under applicable law, the Company agrees that it will bear the expenses Indemnitee incurs in bringing or defending a claim under this Section 4(b), regardless of whether Indemnitee is ultimately successful in such claim, unless the court determines that each of the material assertions or defenses, as the case may be, made by Indemnitee in such claim was frivolous or not made in good faith, as mandated by law.

5. Limitations on Indemnification. No payments pursuant to this Agreement shall be made by the Company:

(a) on account of any claim against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act and amendments thereto or similar provisions of any federal, state or local statutory law, if Indemnitee is held liable therefor;

(b) on account of Indemnitee’s conduct that is established by a final judgment, to which all rights of appeal have either lapsed or been exhausted, as knowingly fraudulent or deliberately dishonest or that constituted willful misconduct;

(c) on account of Indemnitee’s conduct that is established by a final judgment, to which all rights of appeal have either lapsed or been exhausted, as constituting a breach of Indemnitee’s duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee was not legally entitled;

(d) for which payment is actually made to Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment under such insurance policy, indemnity clause, bylaw or agreement;

(e) if a court of competent jurisdiction determines in a final decision, to which all rights of appeal have either lapsed or been exhausted, that the indemnification is unlawful;

(f) in connection with any proceeding (or part thereof) initiated by Indemnitee, or any proceeding by Indemnitee against the Company or any Subsidiary or the directors, officers, employees or other agents of the Company or any Subsidiary, unless (i) the proceeding is brought to enforce a right to indemnification pursuant to Section 4(b) hereof, (ii) such indemnification is expressly required to be made by law, (iii) the proceeding was authorized by the Board of Directors of the Company, or (iv) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the Code;

6. Contribution. If, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably paid or incurred by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company and all directors, officers, employees, or agents other than Indemnitee, on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose, and (ii) the relative fault of the Company and all directors, officers, employees, or agents other than Indemnitee, on the one hand, and of Indemnitee, on the other hand, in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of the Company and all directors, officers, employees, or agents other than Indemnitee, on the one hand, and of Indemnitee, on the other, shall be determined by reference to, among other things, the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts, whether their liability is primary or secondary, and the degree to which their conduct is active or passive. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro-rata allocation or any other method of allocation, which does not take account of the foregoing equitable considerations. Nothing in this Section 6 shall impact the parties’ rights as they relate to determining whether Indemnitee has satisfied any applicable standard of conduct, as set forth in Section 11 herein.

7. Procedure for Notification.

(a) Not later than thirty (30) days after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof, including a brief description (based upon information then available to Indemnitee) of such action, suit or proceeding. Indemnitee's failure to so notify the Company will not relieve the Company from any liability which the Company may have to Indemnitee under this Agreement or otherwise unless, and only to the extent that, the Company did not otherwise learn of such action and such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage. If at the time of such notification by Indemnitee the Company has directors' and officers' liability insurance in effect under which coverage for such action, suit or proceeding is potentially available, the Company shall give prompt written notice of such action, suit or proceeding to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee: (i) copies of all potentially applicable directors' and officers' liability insurance policies, (ii) a copy of such notice delivered to the applicable insurers, and (iii) copies of all subsequent correspondence between the Company and such insurers regarding the action, suit or proceeding, in each case substantially concurrently with the delivery or receipt thereof by the Company.

(b) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor as soon as practicable. Indemnitee's failure to submit such a request will not relieve the Company from any liability which the Company may have to Indemnitee under this Agreement or otherwise unless, and only to the extent that, the Company did not otherwise learn of such request and such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

8. Defense of Claim. With respect to any action, suit or proceeding as to which Indemnitee must notify the Company of the commencement thereof pursuant to the procedure set forth in Section 7 of this Agreement:

(a) the Company will be entitled to participate therein at its own expense, provided that Indemnitee provides signed, written consent to such participation, which shall not be unreasonably withheld;

(b) except as otherwise provided below, the Company may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense thereof, with counsel reasonably satisfactory to Indemnitee, provided that Indemnitee provides signed, written consent to such assumption, which shall not be unreasonably withheld. Upon the Company delivering to Indemnitee written notice of its election to assume such defense, and Indemnitee providing signed, written consent thereto, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, except as provided in subsections 8(b)(i)-(iv) below. Indemnitee shall have the right to employ separate counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof, and Indemnitee's signed, written consent thereto, shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) it is reasonably determined at any time before or during the course of the action, suit or proceeding, that the use of counsel chosen by the Company to represent Indemnitee would present or presents, as the case may be, such counsel with an actual or potential conflict, (iii) it is reasonably determined at any time before or during the course of the action, suit or proceeding, that the use of counsel chosen by the Company to represent Indemnitee would be or is, as the case may be, precluded under the applicable standards of professional conduct then prevailing, or (iv) the Company shall not in fact have employed counsel to assume the defense of such action, or fails to continue to retain such counsel to assume the defense of such action, in each of which cases the fees and expenses of Indemnitee's separate counsel shall be at the expense of the Company; and

(c) the Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its prior written consent, which shall not be unreasonably withheld. The Company shall be permitted to settle any action except that it shall not settle any action or claim in any manner that would impose any expenses, losses, liabilities, judgments, fines, or penalties (whether civil or criminal) on Indemnitee without Indemnitee's prior written consent.

9. Advancement and Repayment of Expenses.

(a) Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Indemnifiable Claim by final adjudication to which there are no further rights of appeal, of any and all expenses (including legal fees and expenses) actually and reasonably paid or incurred by Indemnitee in connection with any Indemnifiable Claim within thirty (30) days after receiving from Indemnitee copies of invoices presented to Indemnitee for such expenses. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct.

(b) Indemnitee shall have the right to advancement by the Company, prior to the final disposition of Indemnitee's claim by final adjudication to which there are no further rights of appeal, of any and all expenses provided for in Section 4(b) of this Agreement within thirty (30) days after receiving from Indemnitee copies of invoices presented to Indemnitee for such expenses. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct.

(c) In the event that Indemnitee employs his or her own counsel for which the Company must indemnify Indemnitee pursuant to Section 8(b), Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Indemnifiable Claim by final adjudication to which there are no further rights of appeal, of any and all expenses actually and reasonably paid or incurred by Indemnitee in connection with Indemnitee's employment of his or her own counsel within thirty (30) days after receiving from Indemnitee copies of invoices presented to Indemnitee for such expenses.

(d) Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking by Indemnitee to reimburse the Company for all reasonable expenses paid by the Company in respect of expenses relating to, arising out of or resulting from any Indemnifiable Claim or any claim by Indemnitee for indemnification by the Company, as provided for in Section 4(b) of this Agreement, in the event and only to the extent it shall be ultimately determined by a final judicial decision from which there is no further right of appeal, that Indemnitee is not entitled, under the provisions of the Code, the LLC Agreement, this Agreement or otherwise, to be indemnified by the Company for such expenses. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement.

10. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any and all losses relating to, arising out of or resulting from any Indemnifiable Claim, but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

11. Determination of Right to Indemnification

(a) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against any and all losses relating to, arising out of or resulting from any Indemnifiable Claim in accordance with Sections 3 and 4(a) and no Standard of Conduct Determination (as defined in Section 11(b)) shall be required. To the extent that Indemnitee's only involvement in the Indemnifiable Claim is to prepare to serve and serve as a witness, the Indemnitee shall be indemnified against all expenses incurred in connection therewith and no Standard of Conduct Determination (as defined in Section 11(b)) shall be required.

(b) To the extent that the provisions of Section 11(a) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition to indemnification of Indemnitee hereunder against any and all losses relating to, arising out of or resulting from any Indemnifiable Claim (a "**Standard of Conduct Determination**") shall be made as follows: (i) unless a Change of Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, or (B) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and (ii) if a Change in Control shall have occurred, (A) if the Indemnitee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee. The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within ten (10) business days of such request, any and all costs and expenses (including attorneys' and experts' fees and expenses) incurred by Indemnitee in cooperating with the person or persons making such Standard of Conduct Determination.

(c) The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 11(b) to be made as promptly as practicable. If the person or persons determined under Section 11(b) to make the Standard of Conduct Determination shall not have made a determination within 30 days after the later of (A) receipt by the Company of written notice from Indemnitee advising the Company of the final disposition of the applicable Indemnifiable Claim (the date of such receipt being the "**Notification Date**") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto.

(d) If (i) Indemnitee shall be entitled to indemnification pursuant to Section 11(a), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law is a legally required condition to indemnification of Indemnitee hereunder for any and all losses relating to, arising out of or resulting from any Indemnifiable Claim, or (iii) Indemnitee has been determined or deemed pursuant to Section 11(b) or (c) to have satisfied any applicable standard of conduct under Delaware law which is a legally required condition to indemnification of Indemnitee, then the Company shall pay to Indemnitee, within ten (10) business days after the later of (x) the Notification Date regarding the Indemnifiable Claim giving rise to the losses relating to, arising out of or resulting from the Indemnifiable Claim, and (y) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such losses.

(e) If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 11(b)(i), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 11(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within ten (10) business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(e), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences and clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 11(e) to make the Standard of Conduct Determination shall have been selected within 30 days after the Company gives its initial notice pursuant to the first sentence of this Section 11(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 11(e), as the case may be, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the Company or Indemnitee to the others' selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or such other person as the court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 11(b).

12. Presumption of Entitlement. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct, and the Company may overcome such presumption only by adducing clear and convincing evidence to the contrary. For purposes of this Agreement, the termination of any claim, action, suit or proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Court of Chancery of the State of Delaware. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct shall be a defense to any claim by Indemnitee for indemnification or advancement of expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

13. Enforcement. Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in the Court of Chancery of the State of Delaware. Indemnitee, in such enforcement action, shall be entitled to be paid the expense of prosecuting his or her claim, as provided for under Section 4(b) herein. It shall be a defense to any action for which a claim for indemnification is made under Sections 3, 4(a), and 4(b) hereof (other than an action brought to enforce a claim for expenses pursuant to Section 9 hereof, *provided that* the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Section 5 hereof. Neither the failure of the Company (including its Board of Directors or its shareholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board of Directors or its shareholders) that such indemnification is improper shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

14. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

15. Continuation of Indemnity. All agreements and obligations of the Company contained herein shall commence upon the date that Indemnitee first became a member of the Board of Directors and/or an officer of the Company or any Subsidiary, and shall continue during the period Indemnitee is a director and/or officer of the Company or any Subsidiary (or is or was serving at the request of the Company as a director and/or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and thereafter so long as Indemnitee shall be subject to any possible Indemnifiable Claims (including any rights of appeal thereto) and any proceeding commenced by Indemnitee, the Company or any other person or entity to enforce or interpret their respective rights under this Agreement, or any other agreement or insurance policy or provision of the Code or LLC Agreement now or hereafter in effect relating to Indemnifiable Claims.

16. Non-Exclusivity of Rights, Etc. The rights conferred on Indemnitee by this Agreement shall not be exclusive of any other right which Indemnitee may have or hereafter acquire under any statute, provision of the Company's LLC Agreement, agreement, vote of shareholders or directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. In addition, nothing contained in this Agreement shall be deemed to terminate, amend or waive all or any portion of any existing indemnification agreement between any Subsidiary and the Indemnitee. To the extent that a change in Delaware law or interpretation thereof (whether by statute or judicial decision) expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

17. Governing Law and Consent to Jurisdiction. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the state or federal courts in the City of San Francisco in the State of California for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

18. Successors and Binding Agreement.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Indemnitee and his or her counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "**Company**" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 18(a) and 18(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 18(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

19. Injunctive Relief. The Company and the Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause the Indemnitee and the Company irreparable harm. Accordingly, the parties hereto agree that the parties may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, they shall not be precluded from seeking or obtaining any other relief to which they may be entitled. The Company and the Indemnitee further agree that they shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company and the Indemnitee acknowledge that in the absence of a waiver, a bond or undertaking may be required by the Chancery Court of the State of Delaware, and they hereby waive any such requirement of such a bond or undertaking.

20. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending or possible Indemnifiable Claim, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and officers of the Company that is at least substantially compatible in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance obtained by the Company, Indemnitee shall be covered as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors and officers most favorably insured by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials.

21. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing and is signed by both parties hereto.

22. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

23. Severability. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. Furthermore, if this Agreement shall be invalidated in its entirety on any ground, then the Company shall nevertheless indemnify Indemnitee to the fullest extent provided by the Bylaws, the Code or any other applicable law.

24. Certain Interpretive Matters. No provision of this Agreement shall be interpreted in favor of, or against, either of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

25. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

26. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery if delivered by hand to the party to whom such communication was directed or (ii) upon the third business day after the date on which such communication was mailed if mailed by certified or registered mail with postage prepaid:

(a) If to Indemnitee, at the address indicated on the signature page hereof, or to such other address as may have been furnished to the Company by Indemnitee.

(b) If to the Company, to:

JMP Group LLC
600 Montgomery Street, Suite 1100
San Francisco, CA 94111
Attn: Chief Legal Officer

or to such other address as may have been furnished to Indemnitee by the Company.

[*SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

JMP GROUP LLC	**INDEMNITEE**
By: ______________________________	______________________________
Name:	Name:
Title:	Address:

TRANSITION & RELEASE AGREEMENT

This is an agreement between you, Carter D. Mack (hereinafter "you" or "your") and JMP Group LLC, a Delaware limited liability company, and JMP Securities LLC, a Delaware limited liability company, on behalf of themselves, their present and former parent companies, subsidiaries and affiliated entities, and their respective predecessors, successors, assigns, shareholders, officers, directors, executive and other committee members, managers, employees, agents, attorneys, insurers and others acting on their behalf, and each of their respective predecessors, successors and assigns (hereinafter collectively referred to as "JMP," "we," "us" or the "Company"). This agreement will set forth the terms of your transition and anticipated departure from JMP (other than your continuing role as a director of JMP Group LLC) in addition to providing you certain consideration in exchange for your release of claims described below.

Accordingly, each of us and you agree to the following provisions:

1. **Continued Employment, Continued Board Membership; Deferred Compensation.** Your employment with JMP Securities LLC will automatically end on January 1, 2022 (the "Separation Date"). The period between the Effective Date of this Agreement and the Separation Date is the "Transition Period." During the Transition Period, subject to your compliance with the terms of this agreement, you shall remain an employee of JMP Securities LLC as a Transition Advisor performing such transition services as the Company may dictate or require upon prior notice to you. Notwithstanding such continued employment, on Friday, July 24, 2020 (the "Resignation Date"), you shall be deemed to have resigned your position as President of JMP Group LLC, your membership on the executive committee of JMP Group LLC, and any officer, director or committee position you hold at any subsidiary of JMP Group LLC. In addition, JMP will promptly remove you as member of the Board of Managers of Medalist Partners Corporate Finance LLC.

(a) Notwithstanding the foregoing, you will continue in your role as a director of JMP Group LLC through the end of your term and any subsequent terms to which you are elected subject to your resignation or removal under the terms of the JMP Group LLC limited liability company agreement. You will receive no additional compensation for serving as a director.

(b) Notwithstanding your anticipated separation from service, the deferred compensation to be paid to you pursuant to the Election Form and Participation Agreements dated February 26, 2019 and February 10, 2020 will continue to vest and shall be paid according to the terms of the deferred compensation subject to your compliance with the Participant Covenants in Section 4 therein.

2. **Transition Compensation; Employment.** In exchange for the release described in Paragraph 5 below, and your Supplemental Release provided in Paragraph 23 below, and in consideration for your compliance with the terms of this Transition Agreement, and provided that you: (1) deliver by August 21, 2020 to the Company's Director of Human Resources, Allison Miller, a fully signed original of this agreement, and (2) do not revoke this agreement as described in Paragraph 8(c) below, you will be eligible to receive the following Transition Compensation, according to the terms below.

(a) **Transition Compensation.** You will be eligible to receive compensation for (i) transition services with respect to your assistance in transferring to employees of the Company the scope of your duties and long standing knowledge regarding the Company, (ii) advice on business development, engagements, projects and reports, (iii) your cooperation with regard to any third party claims that may arise prior to January 1, 2022, and (iv) such other advice or services as the Company may reasonably request that were within the scope of your duties as President of JMP. The Transition Compensation will be structured as follows:

- You will receive your current base salary through December 31, 2020 in semi-monthly payments of $16,666.67, subject to customary deductions and withholdings, including to cover your health insurance benefits under JMP's Group Health Plan (including ArmadaCare or any other group health plan the Company selects) (the "Health Insurance Benefits").
- From January 1, 2021 through January 1, 2022 you will receive semi-monthly base salary payments of approximately $695, which amounts will be used to cover the Health Insurance Benefits from January 1, 2021 through January 31, 2022.
- In addition, subject to your compliance with the terms of this agreement, you will be eligible to receive three balloon payments of (i) Eight Hundred Thousand Dollars ($800,000) to be paid on February 28, 2021, (ii) Four Hundred Thousand Dollars ($400,000) to be paid on July 30, 2021, and (iii) if you sign and do not revoke the Supplemental Release referred to in paragraph 24 below, you will receive the final payment of Four Hundred Thousand Dollars ($400,000) on February 28, 2022.

The payments and health insurance coverage set forth in this paragraph 2(a) are referred to in the aggregate as "Transition Compensation" and, as such, will be subject to all payroll deductions.

(b) **Employment During Transition Period.** During the Transition Period, you shall remain available to perform your role as Transition Advisor for the Company and you, therefore, shall not perform any Services (as defined herein) during the Transition Period except for JMP or for any of its affiliates. You shall remain free to resign your employment at any time; upon such resignation, you shall immediately cease to receive any further Transition Compensation. For purposes of this section, "Services" shall mean engaging in any business venture (whether as executive, employee, consultant, holder of beneficial interest), that is a broker dealer and/or is engaged in the investment banking business (which investment banking business activities would include, without limitation, providing clients with M&A and/or strategic advice regarding corporate finance or other matters on which investment bankers customarily provide advice, acting as an underwriter in public offerings, acting as a placement agent in private placements, and/or providing equity research and/or sales and trading services). You also agree that, during the Transition Period, you shall not, directly or indirectly, (i) solicit any person who is currently an employee, or who during the Transition Period becomes an employee, of JMP Group LLC or any of its subsidiaries, including, without limitation, JMP Securities LLC, to resign from such company or to apply for or accept employment with any business performing Services or (ii) solicit any person or entity that is currently a client, or during the Transition Period becomes a client, or that has been a client, including, without limitation, a client of JMP Securities LLC, to engage as a client with any entity that performs Services. "Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

3. **Taxes.** All applicable payroll taxes will be deducted from the Transition Compensation. You acknowledge that the Company has not provided you any tax advice regarding this agreement or any payment received hereunder.

4. **Full Payment**. You acknowledge that, except as set forth in this Transition Agreement, as of the Effective Date of this Transition Agreement, you have received full payment of all employment compensation and benefits of any kind as of the Effective Date of this Transition Agreement (including any wages, salary, accrued vacation, sick leave or other legally protected leave, bonuses, commissions, benefits and incentive compensation) that you may have earned as a result of your employment by the Company up to the Effective Date of this Transition Agreement. The Company owes you, and shall owe you, no further compensation or benefits of any kind, except as described herein above. In light of payment by the Company of all wages due, the parties further acknowledge and agree that California Labor Code Section 206.5 is not applicable to the parties. That section provides in pertinent part:

> NO EMPLOYER SHALL REQUIRE THE EXECUTION OF ANY RELEASE OF ANY CLAIM OR RIGHT ON ACCOUNT OF WAGES DUE, OR TO BECOME DUE, OR MADE AS AN ADVANCE ON WAGES TO BE EARNED, UNLESS PAYMENT OF SUCH WAGES HAS BEEN MADE.

You agree that the payment and benefits set forth in herein constitute the entire amount of consideration provided to you under this Transition Agreement, and that you will not seek any other compensation, benefits, damages, costs or attorneys' fees in connection with the matters encompassed in this agreement or otherwise associated with your employment by, or any ownership interest in JMP. You further acknowledge that the consideration provided in this agreement is in addition to anything to which you are otherwise entitled or have already been paid by JMP.

As of the Resignation Date, you will no longer be eligible to participate in the Company 401k plan, however, nothing herein above shall constitute a waiver of any benefits which are already vested as of the Effective Date of this agreement, under the Company 401k plan or other ERISA-covered benefit plans provided by the Company, and you shall remain fully entitled to any and all such benefits in accordance with the terms of the applicable plan.

For avoidance of doubt, nothing in this paragraph is intended to address any non-employment related compensation or any right or claim to compensation arising under this Transition Agreement.

5. **Release of Claims.** In exchange for the consideration provided herein, you, on your own behalf, and on behalf of your heirs, family members, beneficiaries, trusts, trustees, executors, administrators and assigns, unconditionally, irrevocably and absolutely release and discharge the Company, and its present and former parents, subsidiaries and affiliated entities, and its and their respective predecessors, successors, assigns, shareholders, officers, directors, Executive and other Committee members, managers, employees, agents, attorneys, insurers and others acting on its or their behalf, in their corporate and individual capacities (collectively, the "Released Parties"), from all claims related in any way to the transactions or occurrences between you and the Company arising on or before the time you signed this agreement, to the fullest extent permitted by law, including, but not limited to, your employment with Company, and all other losses, liabilities, claims, charges, demands, and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with your employment with Company, except for claims for breach of this agreement.

This release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims arising under local, state or federal law, regulation or ordinance, relating to employment, employment discrimination or harassment including, but not limited to, alleged violations of the Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990 ("ADA"), the National Labor Relations Act ("NLRA"), the Family and Medical Leave Act ("FMLA"), the Worker Adjustment and Retraining Notification Act ("WARN"), Equal Pay Act of 1963 ("EPA"), Sarbanes-Oxley Act of 2002, Uniformed Services Employment & Reemployment Rights Act ("USERRA"), the federal Fair Credit Reporting Act, the California Fair Employment and Housing Act ("FEHA"), the California Family Rights Act ("CFRA"), the California Equal Pay Act, the California Fair Pay Act, Healthy Workplace Healthy Family Act of 2014, all claims arising under the California Labor Code, and all claims arising under local or city regulation or ordinance, including but not limited to the San Francisco Paid Sick Leave Ordinance and the Family Friendly Workplace Ordinance, and any similar laws or regulations, whether local, state or federal. This release further includes any and all claims for discharge of employment, constructive discharge, termination in violation of public policy, retaliation, discrimination, harassment, failure to accommodate, breach of contract (both express and implied), breach of a covenant of good faith and fair dealing (both express and implied), promissory estoppel, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, conversion, unfair business practices, defamation, libel, slander, negligence, personal injury and invasion of privacy. This release also includes any and all claims for attorneys' fees, costs and expenses, any and all claims arising under JMP's written policies, practices, or procedures, and any and all claims arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by you as a result of this agreement.

To the extent permitted by law, you expressly waive your right to initiate any lawsuit or arbitration, whether brought by you or on your behalf, asserting any of the released claims. To the extent permitted by law, you also expressly waive your right to a recovery of any type, including damages or reinstatement, in any administrative proceeding (including proceedings before the Equal Employment Opportunity Commission, the National Labor Relations Board, and the California Department of Fair Employment and Housing) or in any court action, whether state or federal, and whether brought by you or on your behalf, related in any way to the matters released herein, except you expressly retain the right to receive an award for information that you provide to the Securities and Exchange Commission. Moreover, this agreement does not release any claims that are not waiveable as a matter of law, nor does this agreement bar any claims that, by statute, may not be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, statutory indemnity and any challenge to the validity of your release of claims under the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended. (The terms surrounding your release of any ADEA claims are discussed more fully in Paragraph 8 and 23 of this agreement.)

As of the Effective Date, the Company is not aware of any claims it may have against you.

You and the Company agree that the release set forth in this Transition Agreement will be, and will remain, in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Transition Agreement or after the Transition Agreement is signed.

6. **California Civil Code Section 1542.** You represent you are not aware of any claim other than the claims that are released by this agreement. You also understand and agree that this release applies to claims, known and presently unknown by you; and this means that if hereafter you discover facts different from or in addition to those which you now know or believe to be true, that the releases, waivers, discharge and promise not to sue or otherwise institute legal action shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of such facts. You acknowledge you are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

You, being aware of the above code section, agree to waive any rights you may have hereunder, as well as under any other statute or common law principles of similar effect.

7. **Effective Date.** This agreement is effective if it is signed by you on or before August 21, 2020 and not revoked per Paragraph 8(c) below within seven (7) calendar days after your signing. The "Effective Date" of this agreement is 12:01 a.m. on the eighth (8th) calendar day from your signature date.

8. **Acknowledgement of Waiver of Claims under the ADEA.** You acknowledge waiving and releasing any rights under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date on which you signed this agreement. You acknowledge that the consideration given for this waiver and release agreement is in addition to anything of value to which you were already entitled. By this writing, you further acknowledge receiving notice that:

(a) You should consult with an attorney prior to executing this agreement;

(b) You have 21 days within which to consider this agreement;

(c) You have seven (7) calendar days following your execution of this agreement to revoke the agreement;

(d) this agreement shall not be effective until the seven (7) day revocation period has expired;

(e) nothing in this agreement prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law; and

(f) in order to revoke this agreement, you must deliver a written revocation (which should also be sent by email) to JMP's Legal Department at the following address before 12:00 a.m. (midnight) PST on the seventh calendar day following the date on which you signed this agreement:

General Counsel
JMP Group LLC
600 Montgomery Street, Suite 1100
San Francisco, CA 94111
Email: legal@jmpg.com

9. **No Prior Claims and Covenant Not to Sue.** You represent that you have not sustained any work-related injuries. You also acknowledge that you have been granted and taken any leaves of absence to which you are entitled. You further represent that you have not initiated any complaint, charge, lawsuit or arbitration, whether in your name or on behalf of any other person or entity, involving any of the claims you are releasing in this agreement, except that you make no promise or averments as to whether or not you have made disclosures, allegations, charges, complaints, or provided information to the Securities and Exchange Commission. You further represent and warrant that you will not initiate any lawsuit or arbitration, whether in your name or on behalf of any other person or entity, asserting any of the released claims except as permitted by law under the Age in Discrimination in Employment Act of 1976, as set forth in Paragraphs 5 and 8(e).

10. **Administrative Charges and Communications.** You further understand that nothing contained in this agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the California Department of Fair Employment and Housing, or any other federal, state or local government agency or commission, although you have released your right to recover relief in any such administrative action or proceeding, except as set forth in Paragraph 5 ("Release") (pertaining to proceedings involving the Securities and Exchange Commission and actions under the Age Discrimination in Employment Act of 1967, as amended, challenging the knowing and voluntary nature of this agreement under the Older Workers Benefit Protection Act, as set forth in Paragraphs 5 and 8(e)). You also understand that this agreement does not limit your ability to communicate with or report violations of federal law or regulation to any federal, state or local government agencies or self-regulatory organizations, or to make other disclosures that are protected under the whistleblower provisions of federal law or regulation. This agreement also does not limit your ability to participate in any investigation or proceeding that may be conducted by such agencies, including the providing of truthful testimony, documents, or other information, without notice to the Company. This agreement also does not prohibit or restrict you or your attorney from initiating communications directly with, or responding to any inquiry from, or providing truthful testimony before, the Securities and Exchange Commission, the Financial Industry Regulatory Authority ("FINRA"), any other self-regulatory organization or any other state or federal regulatory authority, regarding this agreement or its underlying facts or circumstances.

11. **Non-Disparagement.** Subject to the limitations provided in Paragraph 10 of this agreement and Section 7 of the National Labor Relations Act as it pertains to wages, and the terms and conditions of employment, as applicable, you agree not to make any statement, or encourage anyone else to make any statement, that could reasonably be construed as disparaging, defaming or slandering the Company, its subsidiaries or its or their respective businesses. The Company and its senior officers agree that they will not make any derogatory statements, either oral or written, about you or make any statements which could reasonably be construed as disparaging, defaming or slandering you or your reputation. Either you or JMP may make truthful statements when permitted or required by law or by order of any court, governmental agency, legislative body or other person or body with apparent jurisdiction to require such statements.

12. **Reference Checks.** The Company will respond to reference checks for you pursuant to its formal policy, that is, it will provide only dates of employment and position held. The Company will provide information regarding your last compensation level if you provide written consent to the release of that information. You agree to direct all potential employers who request references for you to contact the Company's Human Resources Department.

13. **No Admission of Liability.** Neither this agreement, nor the payment and other consideration provided under this agreement, are an admission of liability or wrongdoing on the part of the Company or you, and they shall not be construed as such. The Company and you specifically disclaim any liability to each other or any other person for any alleged violation of the Company's or your rights or the rights of any person or for any alleged violation of any order, law, statute, duty or contract.

14. **Non-Disclosure.** Subject to the limitations provided in Paragraph 10 of this agreement and Section 7 of the National Labor Relations Act as it pertains to wages, and terms and conditions of employment, as applicable, you acknowledge your ongoing obligation to maintain the confidentiality of all confidential and proprietary information of the Company. All confidentiality agreements and confidentiality obligations in place during your employment shall remain in full force and effect. You also understand that pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of the law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

15. **Return of Company Property**. You represent and warrant that you will return all keys, credit cards, documents, equipment and other materials that belong to the Company which have been in your custody, possession or control by January 1, 2022.

16. **Cooperation Regarding Other Claims and Non-Interference.** If any claim is asserted by or against the Company about which you have relevant knowledge, you will reasonably cooperate with the Company in the prosecution or defense of that claim, including by providing truthful information and testimony as reasonably requested by the Company. You will not interfere with the Company's contracts or relationships with its customers, employees, vendors or others.

17. **Independent Legal Counsel.** Each party represents that it has hereby been advised to, and has had the opportunity to, consult with an attorney and has carefully read and understands the scope and effect of the provisions of this agreement. Neither party has relied upon any representations or statements made by the other party hereto which are not specifically set forth in this agreement.

18. **Confidentiality of Agreement.** Except as required by law and as otherwise set forth in Paragraph 10 and this Paragraph 18, you will keep the existence, terms and amount of this agreement confidential and will not disclose them to any third party. Notwithstanding the foregoing, you may disclose the terms of this agreement to your spouse, legal counsel, accountants and tax advisors, but only after you have obtained their agreement, for the benefit of the Company, to abide by this confidentiality agreement. Nothing herein is intended to or will be construed to impede your right or duty to file taxes or report income honestly. You also may make disclosures as provided in Paragraph 10 of this agreement and as permitted by Section 7 of the National Labor Relations Act as it pertains to wages, and the terms and conditions of employment, as applicable.

19. **Severability/Amendment/Counterparts.** If any part of this agreement is held to be unenforceable as written, it shall be enforced to the maximum extent allowed by applicable law and the remaining parts of this agreement will remain in full force and effect. This agreement may not be modified or amended except upon written consent by the party against whom such modification or amendment is sought to be enforced. This agreement shall be binding upon the parties and upon their heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of the parties and each of them and to their heirs, administrators, representatives, executors, successors and assigns. The terms of this agreement shall be construed according to their plain meanings and not construed strictly against the Company. The failure of any party to insist upon the performance of any of the terms and conditions in this agreement, or the failure to prosecute any breach of any of the terms and conditions of this agreement, shall not be construed as a waiver of any such terms or conditions. This entire agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred. This agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

20. **Arbitration of Disputes.** The parties agree that any dispute, claim, action, or proceeding arising out of or relating to the subject matter of this agreement will be brought exclusively through final and binding arbitration. The arbitration shall be conducted in accordance with the rules then obtaining of, FINRA. The FINRA Code of Arbitration Procedure can be found at www.finra.org or by asking the Company's Human Resources Department at (415) 835-8900 for a copy of the rules. If FINRA declines to arbitrate the matter, the arbitration shall be conducted before the American Arbitration Association (the "AAA") under its Employment Arbitration Rules and Mediation Procedures. The AAA Employment Arbitration Rules and Mediation Procedures can be found at www.adr.org or by asking the Company's Human Resources Department at (415) 835-8900 for a copy of the rules. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the arbitration of any such claim, controversy, action or proceeding before FINRA or the AAA. The parties further agree that all claims subject to arbitration shall be resolved on an individual basis, and you hereby waive your right, to the maximum extent allowed by law, to consolidate any such claim(s) with the claim(s) of any other person in a class or collective action. This class action waiver does not apply to any claim that you bring in arbitration as a private attorney general solely on your own behalf and not on behalf of others. This Paragraph 20 is intended to apply to the resolution of disputes that otherwise would be resolved in a court of law, and therefore, this Paragraph requires all such disputes to be resolved only by an arbitrator through final and binding arbitration and not by way of court or jury trial. Such disputes include, without limitation, disputes arising out of or relating to the interpretation, arbitrability, enforceability, revocability or validity of the terms of this agreement, or any portion thereof. Notwithstanding any other provisions herein, disputes regarding the validity or enforceability of the class action waiver may be resolved only by a civil court of competent jurisdiction and not by an arbitrator. Unless otherwise required by the forum rules, the parties agree that the dispute will be decided by a single arbitrator. The arbitration shall be initiated and conducted in San Francisco, California. You and the Company will follow the FINRA Rules (if the arbitration is before the FINRA) or AAA Rules (if the arbitration is before the AAA) regarding initial filing fees, but in no event will you be responsible for any portion of those fees in excess of the filing fees or initial appearance fees applicable to court actions in the jurisdiction where the arbitration will be conducted. The Company will otherwise pay all costs and fees unique to arbitration. The arbitrator must follow applicable law and may award only those remedies that would have been available had the matter been heard in court. The parties agree that the arbitrator will issue a written award that sets forth the essential findings and conclusions on which the award is based. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This agreement is governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and evidences a transaction involving commerce. A party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief. This agreement to arbitrate survives after your employment relationship with the Company has ended. Nothing herein shall be deemed to preclude or excuse you from using the Company's existing internal procedures for resolution of complaints, including but not limited to the Company's Open Door Reporting Policy and Whistleblower Policy, or from bringing an administrative claim before any agency in order to fulfill the party's obligation to exhaust administrative remedies before making a claim in arbitration. This agreement to arbitrate does not apply to claims for worker's compensation, state disability insurance or unemployment insurance benefits. Regardless of any other terms herein, claims may be brought before and remedies awarded by an administrative agency if applicable law permits access to such an agency notwithstanding the existence of an agreement to arbitrate. Disputes that may not be subject to predispute arbitration agreements as provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) are excluded from the coverage of this Paragraph 20. If any one or more provisions of this Paragraph 20 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

21. **Governing Law/Venue.** This agreement is to be governed by and construed in accordance with the laws of the State of California as applied to contracts executed by California residents to be performed entirely within the State of California. You consent to personal jurisdiction and venue in the federal or state courts located in San Francisco, California for purposes of enforcement of any arbitration award or for any other proceedings related to the subject matter of this agreement.

22. **Entire Agreement**. This is the entire, final and complete expression of all agreements between you and the Company regarding your employment at JMP and it supersedes and replaces all prior discussions, representations, agreements (written or oral), policies and practices on the subject of your employment with the exception of the Deferred Compensation Agreement. You acknowledge that with respect to your employment at JMP, in signing this agreement, you are relying solely on what is contained in this written agreement, and are not relying on anything not set forth in writing herein.

23. **Knowing and Voluntary Execution of Agreement.** You understand that you are releasing potentially unknown claims, and that you may have limited knowledge with respect to some of the claims being released. You acknowledge that there is a risk that, after signing this agreement, you may learn information that might have affected your decision to enter into this agreement. You assume this risk and all other risks of any mistake in entering into this agreement. This agreement is executed voluntarily and without any duress or undue influence with the full intent of releasing all claims. You acknowledge that:

(a) you have read this agreement;

(b) you were and hereby are advised in writing by the Company to consult with an attorney prior to executing this agreement; and you have been represented in the preparation, negotiation and execution of this agreement by legal counsel of your own choice or you have voluntarily declined to seek such counsel;

(c) you understand the terms and consequences of this agreement and of the releases it contains;

(d) you are fully aware of the legal and binding effect of this agreement; and

(e) your waiver of rights under this agreement is knowing and voluntary.

24. **Supplemental Release**. You agree that on or about December 31, 2021, as a condition to the final Transition Compensation payment, you will execute a Supplemental Release of claims substantially reflecting the substance of Paragraphs 5, 6, 7 and 8 of this Transition Agreement. Such Supplemental Release will be presented to you on or before December 16, 2021. If the Supplemental Release is not provided to you on or before December 16, 2021, you will not be required to sign it.

[SIGNATURE PAGE FOLLOWS]

I, Carter D. Mack, having been advised to consult with an attorney, hereby agree to be bound by this agreement.

/s/ Carter D. Mack
Carter D. Mack

Dated: 8/12/2020 18:39 PM PDT

JMP Group LLC
Allison Miller
Director, Human Resources
/s/ Allison Miller

JMP Securities LLC
Allison Miller
Director, Human Resources
/s/ Allison Miller

JMP GROUP LLC

CERTIFICATION OF CHIEF EXECUTIVE OFFICER REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Joseph A. Jolson, certify that:

1. I have reviewed this quarterly report for the period ended September 30, 2020 on Form 10-Q of JMP Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

/s/ Joseph A. Jolson
Joseph A. Jolson
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

JMP GROUP LLC

CERTIFICATION OF CHIEF FINANCIAL OFFICER REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Raymond S. Jackson, certify that:

1. I have reviewed this quarterly report for the period ended September 30, 2020 on Form 10-Q of JMP Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

/s/ Raymond S. Jackson
Raymond S. Jackson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

JMP GROUP LLC

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the periodic report of JMP Group LLC (the “Company”) on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission (the “Report”), I, Joseph A. Jolson, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 10, 2020

/s/ Joseph A. Jolson
Joseph A. Jolson
Chief Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

JMP GROUP LLC

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the periodic report of JMP Group LLC (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission (the "Report"), I, Raymond S. Jackson, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 10, 2020

/s/ Raymond S. Jackson
Raymond S. Jackson
Chief Financial Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.