

JMP Group Inc.
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November 03, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

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JMP Group Inc.

(Name of Registrant as Specified In Its Charter)

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Proxy Statement/Prospectus

Restructuring Proposal—Your Vote Is Important

Dear JMP Group Inc. Stockholder:

The directors and officers of JMP Group Inc. join me in extending to you a cordial invitation to attend a special meeting of our stockholders on December 1, 2014, at 11:00 a.m., local time, at our corporate headquarters at 600 Montgomery Street, Suite 1100, San Francisco, CA. Enclosed you will find the notice of meeting, proxy statement/prospectus and proxy card.

I am pleased to report that the JMP Group Inc. board of directors has approved a restructuring plan to cause JMP Group Inc., currently a publicly-traded Delaware corporation, to become a subsidiary of a recently formed Delaware limited liability company that will become publicly-traded as a result of the transactions described herein. We refer to this restructuring plan and certain related transactions as the Reorganization Transaction. The recently formed Delaware limited liability company that will become publicly traded is intended to be a pass-through entity for U.S. federal income tax purposes and will maintain the existence of JMP Group Inc. as a subsidiary.

The Reorganization Transaction will be implemented through a series of steps including, among other things, the merger of JMP Merger Corp., a recently formed Delaware corporation and indirect wholly-owned subsidiary of ours, with and into JMP Group Inc., pursuant to an agreement and plan of merger, or the “merger agreement.” In the merger, each share of JMP Group Inc. common stock you own will be converted and exchanged into one share representing a limited liability company interest in JMP Group LLC. The number of JMP Group LLC shares you will own following the merger will be the same as the number of JMP Group Inc. shares you own immediately prior to the merger, and your relative economic ownership in the company will remain unchanged.

Following the merger, JMP Group LLC will hold, through its subsidiaries, including JMP Group Inc., the assets currently held by JMP Group Inc. We expect that JMP Group LLC will issue approximately 20,551,582 shares in the merger, based on the number of outstanding shares of JMP Group Inc. common stock as of October 28, 2014. We will apply to have the shares of JMP Group LLC listed on the New York Stock Exchange under the symbol “JMP.”

At the special meeting, JMP Group Inc. will ask you to approve the merger under the agreement and plan of merger among JMP Group Inc., JMP Merger Corp. and JMP Group LLC.

The JMP Group Inc. board of directors has determined that becoming a subsidiary of a limited liability company, and completing the other transactions described in this proxy statement/prospectus, is advisable and in the best interests of JMP Group Inc. and its stockholders. The JMP Group Inc. board of directors believes that the Reorganization Transaction is beneficial because, among other things, conversion to a limited liability company structure will enable it to be classified as a partnership for federal tax purposes. JMP Group Inc. stockholder approval is not required for the Reorganization Transaction other than the merger, and you are only being asked to vote on the adoption of the agreement and plan of merger.

We cannot complete the merger and the Reorganization Transaction unless the holders of at least a majority of the issued and outstanding shares of JMP Group Inc. common stock entitled to cast votes on the merger vote in favor of the merger. **Your board of directors has approved the merger agreement, the merger and the Reorganization Transaction and determined that the merger agreement, the merger and the Reorganization Transaction are advisable and in the best interests of JMP Group Inc. and its stockholders and recommends that you vote “FOR” the approval of the merger.**

It is very important that your shares be represented at the special meeting, whether or not you plan to attend personally. Therefore, you should complete and sign the enclosed proxy card and return it as soon as possible in the enclosed postage-paid envelope. This will ensure that your shares are represented at the special meeting.

This proxy statement/prospectus provides you with detailed information about the merger, the Reorganization Transaction and the special meeting. **We encourage you to read carefully this entire proxy statement/prospectus, including all its annexes, and we especially encourage you to read the sections entitled “Risk Factors” and “Material U.S. Federal Income Tax Considerations” of this proxy statement/prospectus.**

Sincerely,

Joseph A. Jolson
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities or passed upon the accuracy or adequacy of the disclosures contained in this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated October 31, 2014, and is being first mailed to stockholders on or about October 31, 2014.

JMP Group Inc.
600 Montgomery Street, Suite 1100
San Francisco, CA 94111

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 1, 2014

NOTICE IS HEREBY GIVEN that a special meeting of JMP Group Inc. will be held at our corporate headquarters at 600 Montgomery Street, Suite 1100, San Francisco, CA 94111 on December 1, 2014 at 11:00 a.m., local time, unless postponed or adjourned to a later date. This special meeting will be held to consider and vote on the following matters:

(1) a proposal to approve the merger under the agreement and plan of merger dated August 20, 2014 among JMP Group Inc., JMP Merger Corp., a recently formed Delaware corporation, and JMP Group LLC, a recently formed Delaware limited liability company; and

(2) to transact any other business that is properly brought before the special meeting or at any adjournments or postponements thereof.

The proposed merger is being undertaken in connection with our restructuring plan to cause JMP Group Inc. to become a subsidiary of a Delaware limited liability company. JMP Group Inc. reserves the right to cancel or defer the merger at any time and for any reason, even if stockholders of JMP Group Inc. vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived.

The JMP Group Inc. board of directors has approved the merger agreement, the merger and the Reorganization Transaction and determined that the merger agreement, the merger and the Reorganization Transaction are advisable and in the best interests of JMP Group Inc. and its stockholders and recommends

that JMP Group Inc. stockholders vote “FOR” the proposal to approve the merger.

To ensure that your shares are represented at the special meeting, please complete, sign and date the enclosed proxy card and mail it promptly in the enclosed, postage-paid envelope. Any executed but unmarked proxy cards will be voted “FOR” the proposal to approve the merger. Stockholders may revoke their proxy in the manner described in the accompanying proxy statement/prospectus before it has been voted at the special meeting. If your broker holds your shares of JMP Group Inc. common stock in street name, you must either direct your broker on how to vote your shares or obtain a proxy from your broker to vote in person at the special meeting. Please check the voting form used by your broker for information on how to submit your instructions.

WE CANNOT COMPLETE THE MERGER AND THE REORGANIZATION TRANSACTION UNLESS THE MERGER IS APPROVED BY THE AFFIRMATIVE VOTE OF A MAJORITY OF THE OUTSTANDING SHARES OF JMP GROUP INC. COMMON STOCK ENTITLED TO VOTE ON THE MERGER.

Details concerning those matters to come before the special meeting are set forth in the accompanying proxy statement/prospectus for your inspection.

Our board of directors has fixed the close of business on October 28, 2014 as the record date for the determination of stockholders entitled to vote at the special meeting or any meetings held upon adjournment or postponement of the special meeting. Only the holders of record of JMP Group Inc. common stock as of the close of business on October 28, 2014 are entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof.

Stockholders are cordially invited to attend the special meeting in person. The presence at the special meeting, in person or by proxy, of the stockholders entitled to cast a majority of all the votes entitled to be cast at the special meeting shall constitute a quorum. Abstentions and broker non-votes (*i.e.*, votes not cast by a broker or other record holder in “street-name” or nominee name who has returned a properly executed proxy solely because such record holder does not have discretionary authority to vote on the matter), if any, will be counted toward the presence of a quorum.

Your vote is important, no matter how many or how few shares you own. With respect to the proposal to approve the merger, failure to vote will have the same effect as voting against the merger.

By Order of the Board of Directors,

Scott Solomon
Secretary

October 31, 2014
San Francisco, California

ADDITIONAL INFORMATION

This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of JMP Group Inc. with respect to the solicitation of proxies by JMP Group Inc. for the special meeting described within and a prospectus of JMP Group LLC for the shares representing limited liability company interests in JMP Group LLC to be issued in the merger. As permitted under the rules of the Securities and Exchange Commission, or the SEC, this proxy statement/prospectus incorporates important business and financial information about us that is contained in documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. You may obtain copies of these documents, without charge, from the web site maintained by the SEC at <http://www.sec.gov>, as well as other sources. See “Where You Can Find Additional Information” beginning on page 70, for additional information on documents incorporated by reference in this document. You may also obtain copies of these documents, without charge, from JMP Group Inc. by writing or calling:

JMP Group Inc.
600 Montgomery Street, Suite 1100
San Francisco, California 94111
Attention: Investor Relations
(415) 835-8900

To receive timely delivery of requested documents in advance of the special meeting, you should make your request no later than November 19, 2014.

VOTING

JMP Group Inc. stockholders of record as of the close of business on the record date for the special meeting may submit their proxies by completing the enclosed proxy card, signing and dating the proxy card and returning the proxy card in the enclosed, postage-paid envelope.

If your shares are held in the name of a broker, bank or other nominee, then you are not the stockholder of record and you must obtain a proxy, executed in your favor, from the record holder. Please note that stockholders who hold their shares in “street-name” (*i.e.*, through a bank, broker or other nominee) may also be able to provide voting instructions to their street name holders by telephone or via the Internet by following the instructions provided by such nominee. The votes entitled to be cast by the holders of shares of JMP Group Inc. common stock represented by properly authorized proxies will be cast at the special meeting as indicated or, if no instruction is given, in favor of the merger. Additionally, the votes entitled to be cast by the holders of such shares will be cast in the discretion of the proxy holder on any other matter that may come before the special meeting. Also, please note that if the holder of record of

your shares is a broker, bank or other nominee, and you wish to vote in person at the special meeting, you must provide a legal proxy from the broker, bank or other nominee authorizing you to vote the shares.

ABOUT THIS DOCUMENT

This proxy statement/prospectus forms a part of a registration statement on Form S-4 (Registration No. 333-198264) filed by JMP Group LLC with the SEC. It constitutes a prospectus of JMP Group LLC under the Securities Act of 1933, as amended, and the rules thereunder (referred to as the “Securities Act”), with respect to the JMP Group LLC shares representing limited liability company interests in JMP Group LLC to be issued to holders of JMP Group Inc. common stock in the merger. It also constitutes a proxy statement under Section 14(a) of the Exchange Act and a notice of special meeting and action to be taken with respect to the JMP Group Inc. special meeting of stockholders at which JMP Group Inc. stockholders will consider and vote on the proposal to adopt the merger agreement and to approve the transactions contemplated by the merger agreement, including the merger.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this document. This document is dated October 31 2014. You should not assume that the information contained in this document is accurate as of any date other than the date hereof. You should not assume that the information contained in any document incorporated by reference herein is accurate as of any date other than the date of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference into this document will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference into this document modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this document. Neither the mailing of this document to the stockholders of JMP Group Inc., nor the taking of any actions contemplated hereby by JMP Group Inc. or JMP Group LLC at any time will create any implication to the contrary.

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Annex A—Merger Agreement

Annex B—Form of LLC Agreement

Annex C – Section 262 of the Delaware General Corporation Law

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE REORGANIZATION TRANSACTION

The questions and answers below highlight only selected information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. JMP Group Inc.'s board of directors is soliciting proxies from its stockholders to vote at the special meeting of JMP Group Inc.'s stockholders, to be held on December 1, 2014 at 11:00 a.m., local time, at our corporate headquarters at 600 Montgomery Street, Suite 1100, San Francisco, CA 94111. You should read carefully the entire proxy statement/prospectus, including the Annexes, and the additional documents incorporated by reference into this proxy statement/prospectus, to fully understand the matters to be acted upon and the voting procedures for JMP Group Inc.'s special meeting. For a list of documents incorporated by reference into this document and information on how to obtain them, see the sections titled "Where You Can Find More Information"

Q: Why am I receiving this proxy statement/prospectus?

The JMP Group Inc. board of directors has approved a restructuring plan to convert from a publicly-traded Delaware corporation to a publicly-traded Delaware limited liability company. We refer to this restructuring plan and certain related transactions as the Reorganization Transaction. The Reorganization Transaction will be implemented through a series of steps including, among other things, the merger of JMP Merger Corp., a recently formed Delaware corporation and indirect wholly-owned subsidiary of ours, with and into JMP Group Inc. In the A: merger, each share of JMP Group Inc. common stock you own will be converted and exchanged into one share representing a limited liability company interest in JMP Group LLC. JMP Group Inc. is seeking stockholder approval necessary to approve the merger at the special meeting. This document is a proxy statement because it is being used by the board of directors of JMP Group Inc. to solicit proxies to approve the merger. It is a prospectus because JMP Group LLC is offering shares in exchange for shares of JMP Group Inc. common stock if the merger is completed.

Q: What is the purpose of the merger and the Reorganization Transaction?

A: The merger is intended to change JMP Group Inc.'s form of organization from a corporation to a limited liability company that would be taxed as a partnership, and not as a corporation, for U.S. federal income tax purposes. The Reorganization Transaction would allow JMP to operate in a more tax efficient manner compared to its current structure. If the Reorganization Transaction is completed, it is expected that JMP will be able to execute its current business strategy in a manner that will minimize entity-level taxation on its net investment income. In order to be treated as a partnership, JMP Group LLC must satisfy the qualifying income exception, which will require that at least 90% of its gross income each taxable year consist of interest, dividends, capital gains and other types of "qualifying income." We believe that the Reorganization Transaction will enable JMP Group LLC to satisfy the qualifying income exception. Under the limited liability company structure, provided that the qualifying income exception is met, you generally will have the advantages of single-layer taxation with respect to qualifying income, and you generally will benefit from the flow-through tax treatment of long-term capital gains. Further, our dividend payout ratio could increase materially, depending on the mix of earnings between our operating platforms that would remain subject to corporate income taxes and our net investment earnings that would not be subject to entity-level taxation. Based on our current business mix adjusted for the Reorganization Transaction, we believe that the dividend payout ratio could increase to a range of 50% to 70% of operating earnings from the most recent

30% to 35% targeted level.

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Q: What will be the tax treatment for JMP Group LLC in the limited liability company structure and how will I be affected as a holder of JMP Group LLC common shares?

JMP Group LLC will be subject to different requirements with respect to its tax status in a limited liability company structure than JMP Group Inc. currently is subject to with respect to its corporate tax status, and, provided that the qualifying income exception is met, you will be treated as owning an interest in a pass-through entity, rather than stock in a corporation, for U.S. federal income tax purposes. As a result, you generally will be required to take into account your proportionate share of JMP Group LLC's items of income, gain, loss, deduction and credit on a current basis, without regard to whether you receive a corresponding cash distribution.

A: We currently anticipate that JMP Group LLC aggregate annual distributions paid to shareholders will be no less than historical dividends paid by JMP Group Inc., which were approximately 30% to 35% of operating earnings, and after the Reorganization Transaction we expect our distribution payment rate to be between 50% and 70% of JMP Group LLC's operating earnings. All future distributions will depend on a number of factors, including our financial performance, and must be approved by, and remain subject to the sole discretion of, our board of directors. You are urged to read the section titled "Material U.S. Federal Income Tax Considerations" beginning on page 52 and "Distribution Policy" beginning on page 39 and to consult your tax advisor regarding the U.S. federal, state and local and foreign tax consequences of the Reorganization Transaction and a continuing investment in our shares.

Q: What will I receive in connection with the merger and the Reorganization Transaction?

A: If the merger is completed, each of your currently owned shares of JMP Group Inc. common stock will be converted and exchanged into one share representing a limited liability company interest in JMP Group LLC.

Q: When do you expect to complete the Reorganization Transaction?

We expect to the Reorganization Transaction to be effective on January 1, 2015. Although JMP Group Inc.'s board of directors has approved the merger, the completion of the merger is subject to a number of conditions, and there is no assurance that all of the conditions to closing will be met and that the merger will be completed. However, A: JMP Group Inc. reserves the right to cancel or defer the merger at any time and for any reason, even if its stockholders vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived. In addition, we may elect to consummate the merger prior to January 1, 2015.

Q: How will being a JMP Group LLC shareholder be different from being a JMP Group Inc. stockholder?

After the merger, you will own the same number and series of shares of JMP Group LLC common shares that you owned of JMP Group Inc. common stock immediately prior to the merger. You will own shares representing limited liability company interests in JMP Group LLC, and your rights will be governed by the Delaware Limited Liability Company Act, or LLC Act, and the Amended and Restated Limited Liability Company Agreement of JMP Group LLC, or the LLC Agreement.

Upon the merger, the governing documents of JMP Group LLC, and all of the rights and obligations of the directors and officers of JMP Group LLC, will be substantially similar to those of JMP Group Inc. prior to the merger and your rights as a shareholder of JMP Group LLC will be substantially similar to your rights as a stockholder of JMP Group Inc., including rights as to voting and distributions, except as described in “Description of JMP Group LLC Common Shares” and “Comparison of Rights of Holders of JMP Group Inc. Common Stock and Holders of JMP Group LLC Common Shares.”

Further, as a result of JMP Group LLC’s limited liability company structure after the merger, provided that the qualifying income exception is met, you will be treated as owning an interest in a pass-through entity, rather than stock in a corporation, for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Considerations” beginning on page 52 and “Distribution Policy” beginning on page 39.

Q: Will the operations, businesses, management or capital of JMP Group Inc. change as a result of the merger?

No. After the merger, JMP Group LLC will be managed by a board of directors with the same directors, and have the same officers and management personnel, as that of JMP Group Inc. prior to the merger. The merger will result in no substantive changes in the operations, business, management, or total assets of the company. JMP Group LLC will have the same authorized capital and the same amount of outstanding equity interests as JMP Group Inc. and there will be no change in the proportionate ownership interests in JMP Group LLC after the merger as in JMP Group Inc. prior to the merger (in each case, other than as a result of any JMP Group Inc. common stock subject to validly perfected appraisal rights (see “The Merger—Appraisal Rights in connection with the Merger”)).

Q: What other material transactions are being contemplated as part of the Reorganization Transaction?

As part of the Reorganization Transaction, we intend that JMP Group Inc. will sell certain investment income producing assets, including: (i) JMP Capital LLC, (ii) limited partnership interests in funds that are managed by Harvest Capital Strategies LLC (“HCS”), (iii) and notes issued by CLOs managed by JMP Credit Advisors LLC (“JMPCA”), to JMP Investment Holdings LLC, a wholly-owned subsidiary of JMP Group LLC. In addition, JMP Group Inc. will remain the issuer and primary obligor of its \$46 million principal amount of 8.00% Senior Notes due 2023 (the “2013 Senior Notes”) and \$48.3 million principal amount of 7.25% Senior Notes due 2021 (the “2014 Senior Notes,” together with the 2013 Senior Notes, the “Senior Notes”). We have finalized a Third Supplemental Indenture with U.S. Bank NA, as trustee, pursuant to which JMP Group LLC and JMP Investment Holdings LLC will deliver a full and unconditional guarantee on the Senior Notes and certain other provisions of the Senior Notes (such as covenants) will be amended to comport with our new corporate structure. The effectiveness of the Third Supplemental Indenture will be contingent upon the consummation of the Merger.

Q: What am I being asked to vote on at the special meeting?

A: You are being asked to vote to approve the merger.

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Q: Who can vote at the special meeting and what vote is required to approve the merger?

Holder of record of JMP Group Inc. common stock at the close of business on October 28, 2014 may vote at the special meeting. The approval of the merger by JMP Group Inc. stockholders requires the affirmative vote of the holders of a majority of the issued and outstanding shares of JMP Group Inc.'s common stock entitled to cast votes A: on the merger. As of October 28, 2014, the record date for the special meeting, there were 20,551,582 shares of common stock of JMP Group Inc. outstanding and entitled to vote. Votes may be cast for or against or may abstain. For more information about voting at the special meeting and the vote required to approve the merger, see "Voting and Proxies; Information About the Special Meeting."

Q: How does the board of directors of JMP Group Inc. recommend I vote on the proposals?

A: Your board of directors believes that the merger is advisable and in the best interests of JMP Group Inc. and its stockholders and recommends that you vote "FOR" the approval of the merger.

Q: When and where is the special meeting?

A: The special meeting will take place on December 1, 2014 at 11:00 a.m., local time, at our corporate headquarters at 600 Montgomery Street, Suite 1100, San Francisco, CA 94111.

Q: Can I attend the special meeting and vote my shares in person?

Yes. All stockholders of record on October 28, 2014 are invited to attend the special meeting. If your shares are A: held through a broker, bank or other nominee, then you are not the stockholder of record and you must obtain a proxy, executed in your favor, from the record holder.

Q: How will my proxy be voted?

If you complete, sign, date and return your proxy card(s), your proxy will be voted in accordance with your instructions.

A:

If you submit your proxy but do not indicate how you want to vote, your shares will be voted "FOR" the proposal to approve the merger and in the discretion of the proxy holder on any other matters that are properly brought before the special meeting, or any adjournment or postponement thereof.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

If your shares are held in the name of a broker, bank or other nominee, then you are not the stockholder of record and you must obtain a proxy, executed in your favor, from the record holder. Please note that stockholders who hold their shares in "street-name" (i.e., through a bank, broker or other nominee) may also be able to provide voting A: instructions to their street name holders by telephone or via the Internet by following the instructions provided by such nominee. The votes entitled to be cast by the holders of shares of JMP Group Inc. common stock represented by properly authorized proxies will be cast at the special meeting as indicated or, if no instruction is given, in favor of the merger. Additionally, the votes entitled to be cast by the holders of such shares will be cast in the discretion of the proxy holder on any other matter that may come before the special meeting.

Q: What do I need to do now?

You should carefully read and consider the information contained in this proxy statement/prospectus including its annexes. It contains important information about the special meeting and what the board of directors of JMP Group Inc. considered in evaluating the Reorganization Transaction, the merger and the merger agreement.

A:

You should then complete, sign and date your proxy card and return it in the enclosed envelope as soon as possible so that your shares will be represented at the special meeting. If your shares are held through a broker, bank or other nominee, you should receive a separate voting instruction form with this proxy statement/prospectus.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. If you are a stockholder of record, you can do this by giving written notice to our corporate secretary, by submitting another properly executed proxy with a later date, or by attending the meeting and voting in person. If you are a stockholder in “street” or “nominee” name, you should consult with the bank, broker or other nominee regarding that entity’s procedures for revoking your voting instructions. See “Voting and Proxies; Information About the Special Meeting” beginning on page 27.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, each outstanding certificate (or evidence of shares in book-entry form) representing shares of JMP Group Inc. common stock will be deemed for all purposes to represent the same number of shares of JMP Group LLC pursuant to the merger agreement. Holders of such outstanding certificates will not be asked to surrender them for cancellation in connection with the merger. New JMP Group LLC share certificates will be issued if (and only if) certificates representing JMP Group Inc. common stock are presented for exchange or transfer after the merger. PLEASE DO NOT SEND ANY SHARE CERTIFICATES. See “The Merger Agreement—Treatment of JMP Group Inc. Common Stock in the Merger.”

Q: Do I have appraisal rights in connection with the merger?

Yes. As a holder of JMP Group Inc. common stock, if you do not vote in favor of the adoption of the merger agreement, you are entitled to exercise appraisal rights under Delaware law in connection with the merger by taking certain actions and meeting certain conditions.

A:

See “The Merger—Appraisal Rights in connection with the Merger.” In addition, a copy of Section 262 of the DGCL is attached to this document as Annex C.

Q: Whom should I call with questions?

A: If you have any questions about the special meeting or the merger, would like additional copies of the proxy statement/prospectus, or need assistance with voting your shares, please call Andrew Palmer at (415) 835-8978.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers in order to understand in greater detail the Reorganization Transaction, the merger and the other proposals to be considered at the special meeting. In particular, you should read the annexes attached to this proxy statement/prospectus, including the merger agreement, which is attached as Annex A. You also should read the form of amended and restated limited liability company agreement of JMP Group LLC, which is attached as Annex B, because this document governs your rights as a holder of shares following the merger.

The information contained in this proxy statement/prospectus, unless otherwise indicated, assumes the Reorganization Transaction and all the transactions related to the Reorganization Transaction, including the merger, will occur. When used in this proxy statement/prospectus, unless otherwise specifically stated or the context otherwise requires, the terms “Company,” “JMP,” “JMP Group,” “we,” “our” and “us” refer to JMP Group Inc. and its direct and indirect subsidiaries with respect to the period prior to the merger, and JMP Group LLC and its direct and indirect subsidiaries, including JMP Group Inc., with respect to the period after the merger.

The Parties

**JMP Group Inc.
600 Montgomery Street, Suite 1100
San Francisco, CA 94111
(415) 835-8900**

JMP Group Inc. is a Delaware corporation. JMP Group, Inc., together with its subsidiaries, is a full-service investment banking and asset management firm. We provide investment banking, sales and trading, and equity research services to corporate and institutional clients, and alternative asset management products and services to institutional investors and high-net-worth individuals. In addition, we manage and invest in corporate credit instruments through collateralized loan obligations and direct investments, and we serve as the investment advisor to a business development company under the Investment Company Act of 1940, or 1940 Act.

We focus our efforts on small and middle-market companies in the following four growth industries: financial services, healthcare, real estate, and technology. Our specialization in these areas has enabled us to develop recognized expertise and to cultivate extensive industry relationships. As a result, we have established our firm as a key advisor for our corporate clients, a trusted resource for institutional investors, and an effective investment

manager for our asset management clients. We currently operate from our headquarters in San Francisco and from additional offices in New York, Boston, Chicago, Minneapolis, and outside Philadelphia and Atlanta.

We provide our corporate clients with a wide variety of services, including strategic advice and capital raising solutions, sales and trading support, and equity research coverage. We provide institutional investors with capital markets intelligence and objective, informed investment recommendations about individual equities that are not widely followed. We believe that our concentration on small and middle-market companies, as well as our broad range of product offerings, positions us as a leader in what has traditionally been an underserved and high-growth market.

JMP Group Inc. was incorporated in Delaware in July 2004. Our headquarters are located at 600 Montgomery Street, Suite 1100, San Francisco, California 94111, and our telephone number is (415) 835-8900. We completed our initial public offering in May 2007, and our common stock is currently listed on the New York Stock Exchange, the NYSE, under the symbol "JMP".

JMP Group LLC
600 Montgomery Street, Suite 1100
San Francisco, CA 94111
(415) 835-8900

JMP Group LLC is a recently formed Delaware limited liability company. Upon completion of the merger of JMP Merger Corp. with and into JMP Group Inc., all outstanding shares of JMP Group Inc. common stock will be converted into shares representing limited liability company interests, or shares, in JMP Group LLC and JMP Group LLC will become a publicly-traded company. Prior to the merger, JMP Group LLC will conduct no business other than that incident to the merger. JMP Group LLC was organized in Delaware on August 19, 2014.

JMP Merger Corp.
600 Montgomery Street, Suite 1100
San Francisco, CA 94111
(415) 835-8900

JMP Merger Corp. is a recently formed Delaware corporation organized on August 19, 2014 to merge with and into JMP Group Inc. JMP Group LLC is the sole stockholder of JMP Merger Corp. Prior to the merger, JMP Merger Corp. will conduct no business other than that incident to the merger.

General

The board of directors of JMP Group Inc. has approved a plan to cause JMP Group Inc., currently a publicly-traded Delaware corporation, to become a subsidiary of a recently formed Delaware limited liability company, JMP Group LLC, that is intended to be a pass-through entity for U.S. federal income tax purposes and that will become publicly-traded as a result of the transactions described herein. We refer to the merger and the related restructuring transactions described in this proxy statement/prospectus as the Reorganization Transaction.

JMP Group Inc. reserves the right to cancel or defer the merger at any time and for any reason, even if its stockholders vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived.

We estimate that one-time transaction costs incurred or to be incurred in connection with the Reorganization Transaction, including, among others, financial and tax advisory fees and expenses, legal fees, and printing and mailing costs associated with the preparation of this proxy statement/prospectus, will be approximately \$1.5 million.

Conversion of Shares of JMP Group Inc. into Shares of JMP Group LLC (See page 34)

If the merger is completed, each of your currently outstanding shares of JMP Group Inc. common stock will be converted and exchanged into one share representing a limited liability company interest in JMP Group LLC.

Treatment of Outstanding Equity Awards

JMP Group LLC will assume all obligations under the Amended and Restated Equity Incentive Plan of JMP Group Inc., or the stock incentive plan. All rights of participants to acquire shares of common stock of JMP Group Inc. under the stock incentive plan will be converted into rights to acquire shares in JMP Group LLC in accordance with the terms of the incentive plan. Upon the merger, the JMP Group Inc. common stock that may be issuable under the stock incentive plan will automatically be converted on a one-for-one basis into JMP Group LLC common shares, and the terms and conditions that are in effect immediately prior to the merger under each outstanding equity award assumed by JMP Group LLC will continue in full force and effect after the merger, except that the shares issuable under each such award will be JMP Group LLC common shares. Your adoption of the merger agreement and approval of the merger will be deemed to be the approval of JMP Group LLC's adoption of the stock incentive plan and assumption of all rights and liabilities thereunder.

Structure of the Merger

In order to help you better understand the merger and how it will affect JMP Group Inc., JMP Group LLC and JMP Merger Corp., the charts below illustrate, in simplified form, the following:

Before the Merger: the organizational structure of JMP Group Inc., JMP Group LLC and JMP Merger Corp., excluding JMP Group Inc.'s current operating subsidiaries, immediately before the merger;

Merger: the steps involved in, and the effects of, the merger of JMP Merger Corp. with and into JMP Group Inc., and the exchange of shares of JMP Group Inc. common stock for shares in JMP Group LLC; and

After the Merger: the organizational structure of JMP Group LLC and JMP Group Inc., immediately after the completion of the merger.

Other Restructuring Related Transactions (See page 39)

As part of the Reorganization Transaction, we intend that JMP Group Inc. will sell certain investment assets to JMP Investment Holdings LLC, a wholly-owned subsidiary of JMP Group LLC in order to establish a final corporate structure that we deem to be desirable to maintain the qualifying income exception for U.S. federal taxation purposes. Accordingly, in exchange for a 30-year promissory note in the principal amount equal to the fair market value of the transferred assets, bearing interest currently anticipated to be 2.97% per annum (the “Promissory Note”), we intend to transfer certain investment income producing assets, including: (i) JMP Capital LLC, (ii) limited partnership interests in funds that are managed by HCS, and (iii) securities issued by CLOs managed by JMPCA. The sale of assets by JMP Group Inc. should trigger the recognition of gains for U.S. federal income tax purposes to the extent the amount realized by JMP Group Inc. with respect to these assets exceeds our adjusted U.S. federal income tax basis in such assets on the date of transfer. Any assets sold by of JMP Group Inc. with an adjusted U.S. federal income tax basis in excess of the amount realized by JMP Group Inc. should receive a reduction in U.S. federal income tax basis, but we will not be able to recognize any losses related thereto for U.S. federal income tax purposes.

In addition, JMP Group Inc. will remain the issuer and primary obligor of its Senior Notes. We have finalized a Third Supplemental Indenture with U.S. Bank NA, as trustee, pursuant to which JMP Group LLC and JMP Investment

Holdings LLC will deliver a full and unconditional guarantee on the Senior Notes and certain other provisions of the Senior Notes (such as covenants) will be amended to comport with our new corporate structure. The effectiveness of the Third Supplemental Indenture will be contingent upon the consummation of the Merger.

Board of Directors of JMP Group LLC

The existing board of directors of JMP Group Inc. will be the board of directors of JMP Group LLC after the merger.

Recommendation of the Board of Directors (See page 27)

The JMP Group Inc. board of directors has approved the merger agreement, the merger and the Reorganization Transaction, and determined that the merger agreement, the merger and the Reorganization Transaction are advisable and in the best interests of JMP Group Inc. and its stockholders and recommends that you vote “FOR” the approval of the merger.

Distribution Policy Following the Reorganization Transaction (See page 39)

Provided the Reorganization Transaction is completed, JMP Group LLC currently intends for its distribution payment rate to be between approximately 50% and 70% of JMP Group LLC's operating earnings. However, all future distributions will depend upon various considerations, including, but not limited to, liquidity requirements, distribution or dividend restrictions contained in our current or future financing facilities or debt indentures, JMP Group LLC's distribution yield relative to its peers, and other relevant factors identified and considered by the board of directors of JMP Group LLC. We currently anticipate that our aggregate annual distributions per share will be no less than historical dividends paid by JMP Group Inc., which were approximately 30% to 35% of its operating earnings, although all future distributions will depend on a number of factors, including our financial performance, and must be approved by, and remain subject to the sole discretion of, our board of directors.

Material U.S. Federal Income Tax Consequences of the Merger and Reorganization Transaction (See page 52)

Although the merger is, for state law purposes, a merger of JMP Merger Corp. with and into JMP Group Inc., the merger will be treated for U.S. federal income tax purposes as a contribution by you of your JMP Group Inc. common stock to JMP Group LLC in exchange for shares of JMP Group LLC. As discussed in "Material U.S. Federal Income Tax Considerations" beginning on page 52, you will not recognize any taxable gain or loss with respect to the exchange of JMP Group Inc. common stock for shares of JMP Group LLC in the merger. See "Material U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Consequences of the Merger and the Reorganization Transaction—U.S. Federal Income Tax Consequences of the Merger to JMP Group Inc. and Holders of JMP Group Inc. Common Stock." The initial aggregate U.S. federal income tax basis of the shares you receive in the merger will be the aggregate adjusted U.S. federal income tax basis of the shares of JMP Group Inc. common stock surrendered in exchange therefor. Your holding period in the shares received in the merger will include the holding period for the shares of JMP Group Inc. common stock surrendered in exchange therefor. The U.S. federal income tax treatment of holders of our shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of the Reorganization Transaction and of holding our shares to any particular holder will depend on the holder's particular tax circumstances. You are urged to consult your tax advisor regarding the specific tax consequences, including the U.S. federal, state, local, and foreign tax consequences, to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging or otherwise disposing of our shares.

Taxation of JMP Group LLC Following the Reorganization Transaction (See page 54)

JMP Group LLC believes that it has been organized and intends to operate so that it will qualify to be treated for U.S. federal income tax purposes as a partnership, and not as an association or a publicly-traded partnership taxable as a corporation. As a holder of shares, you will be required to take into account your allocable share of items of JMP Group LLC's income, gain, loss, deduction and credit for the taxable year of JMP Group LLC ending within or with

your taxable year. As discussed in “Material U.S. Federal Income Tax Considerations” beginning on page 52, JMP Group LLC’s ability to qualify to be treated as a partnership will depend on its ability to satisfy certain income and other tests on an ongoing basis.

You are urged to consult your tax advisor regarding the specific tax consequences, including the U.S. federal, state, local and foreign tax consequences, to you in light of your particular investment or tax circumstances of the Reorganization Transaction and of acquiring, holding, exchanging or otherwise disposing of our shares.

Stockholders Entitled to Vote (See page 28)

The JMP Group Inc. board of directors has fixed the close of business on October 28, 2014 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the special meeting. As of October 28, 2014, there were 20,551,582 shares of JMP Group Inc. common stock outstanding and entitled to vote and 60 holders of record. At the close of business on the record date, JMP Group Inc. directors and executive officers as a group owned and were entitled to vote 6,915,287 shares of JMP Group Inc. common stock, representing approximately 33.7% of the outstanding voting power of JMP Group Inc. common stock. All of the directors and executive officers of JMP Group Inc. that are entitled to vote at the JMP Group Inc. special meeting have indicated that they currently intend to vote their shares of JMP Group Inc. common stock in favor of approving the merger.

Vote Required (See page 28)

The affirmative vote of a majority of the outstanding shares of JMP Group Inc. common stock entitled to cast votes on the merger is required to approve the merger.

Appraisal Rights in Connection with the Merger (See page 35)

Under the Delaware General Corporation Law, or DGCL, JMP Group Inc. stockholders who do not vote in favor of the adoption of the merger agreement have the right to seek appraisal in connection with the merger. Failure to strictly comply with the procedures and requirements of Section 262 of the DGCL may result in termination or waiver of such stockholder's appraisal rights. Due to the complexity of Delaware law relating to appraisal rights, if any JMP Group Inc. stockholder is considering exercising his or her appraisal rights, such stockholder is encouraged to seek the advice of his or her own legal counsel. A summary of the procedures and requirements under Delaware law to exercise appraisal rights is included in the section titled "The Merger—Appraisal Rights in Connection With the Merger" and the text of Section 262 of the DGCL is included as Annex C.

Regulatory Approvals (See page 39)

We are not aware of any federal, state or local regulatory requirements that must be complied with, or approvals that must be obtained, prior to consummation of the merger pursuant to the merger agreement, other than compliance with applicable federal and state securities laws, the filing of articles of merger as required under the Delaware General Corporation Law, or DGCL, and various state governmental authorizations.

Comparison of Rights of Stockholders of JMP Group Inc. and of Holders of Shares of JMP Group LLC (See page 45)

The rights of JMP Group Inc. stockholders under the DGCL will be different than the rights of holders of shares of JMP Group LLC under the Delaware Limited Liability Company Act. There will be additional differences in the rights of JMP Group Inc. stockholders and holders of shares of JMP Group LLC under the provisions of the organizational documents of each company.

Historical Market Price of JMP Group Inc. Common Stock

JMP Group Inc. common stock is listed on the NYSE under the symbol "JMP." On October 27, 2014, the latest practicable date before the printing of this proxy statement/prospectus, the closing sale price of JMP Group Inc. common stock on the NYSE was \$6.78 per share.

The following table presents the reported high and low sale prices of JMP Group Inc. common stock on the NYSE for the periods presented and as reported in the New York Stock Exchange Composite Transaction report. You should obtain a current stock price quotation for JMP Group Inc. common stock.

Period From January 1, 2014 to October 27, 2014

	Sales Price	
	High	Low
Quarter ended March 31, 2014	\$8.42	\$6.63
Quarter ended June 30, 2014	7.74	6.10
Quarter ended September 30, 2104	7.68	6.26
Period from October 1, 2014 to October 27, 2014	6.78	6.00

Year Ended December 31, 2013

Quarter Ended	Sales Price	
	High	Low
December 31, 2013	\$7.70	\$5.99
September 30, 2013	7.25	6.03
June 30, 2013	7.37	6.03
March 31, 2013	7.32	5.59

Year Ended December 31, 2012

Quarter Ended	Sales Price	
	High	Low
December 31, 2012	\$6.59	\$4.85
September 30, 2012	6.90	5.00
June 30, 2012	7.71	5.55
March 31, 2012	7.88	6.80

It is expected that, upon completion of the merger, the JMP Group LLC shares will be listed and traded on the NYSE under the symbol "JMP." The historical trading prices of JMP Group Inc.'s common stock are not necessarily indicative of the future trading prices of JMP Group LLC shares because, among other things, the current stock price of JMP Group Inc. may or may not take into account the changes in JMP Group Inc.'s form of organization in connection with the Reorganization Transaction.

As of September 30, 2014, JMP Group Inc. had 21,619,369 issued and outstanding shares of common stock that were held by 60 holders of record.

Historical Dividends on JMP Group Inc. Common Stock

The following table shows the dividends relating to JMP Group Inc.'s 2014, 2013 and 2012 fiscal years:

Nine Months Ended September 30, 2014

Record Date	Payment Date	Cash Dividend Declared per Share
August 15, 2014	August 29, 2014	\$ 0.060
May 16, 2014	May 30, 2014	0.050
March 28, 2014	April 11, 2014	0.045

Year Ended December 31, 2013

Record Date	Payment Date	Cash Dividend Declared per Share
November 15, 2013	November 29, 2013	\$ 0.040
August 16, 2013	August 30, 2013	0.035
May 17, 2013	May 31, 2013	0.035
March 22, 2013	April 5, 2013	0.035

Year Ended December 31, 2012

Record Date	Payment Date	Cash Dividend Declared per Share
November 16, 2012	November 30, 2012	\$ 0.035
August 17, 2012	August 31, 2012	0.035
May 18, 2012	June 1, 2012	0.035
March 16, 2012	March 30, 2012	0.030

JMP Group LLC is a newly formed entity and, prior to the Reorganization Transaction, has not paid any distributions. For a description of the distribution policy of JMP Group LLC following the Reorganization Transaction, see “Distribution Policy” beginning on page 39.

SELECTED HISTORICAL FINANCIAL DATA

We are providing the following selected historical consolidated financial data of JMP Group Inc. to assist you in your analysis of the financial aspects of the merger. The selected financial data as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 is derived from audited consolidated financial statements included in JMP Group Inc.’s Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on March 13, 2014, which is incorporated by reference in this proxy statement/prospectus. The selected financial data as of December 31, 2011, 2010 and 2009 and for each of the two years in the period ended December 31, 2010 is derived from financial information not incorporated by reference in this proxy statement/prospectus. The selected financial data as of and for the six months ended June 30, 2014 and 2013 is derived from our unaudited consolidated financial statements in JMP Group Inc.’s Form 10-Q for the quarter ended June 30, 2014 as filed with the SEC on July 31, 2014, which is incorporated by reference in this proxy statement/prospectus. The information is only a summary and should be read in conjunction with our historical audited consolidated financial statements and related notes thereto, which are incorporated by reference in the proxy statement/prospectus, as well as other information that has been filed with the SEC. See “Where You Can Find Additional Information” beginning on page 70 for information on where you can obtain copies of this information. The historical results included below and elsewhere in this document are not necessarily indicative of the future performance of JMP Group Inc. or JMP Group LLC. We have not presented historical financial information for JMP Group LLC because it was formed on August 19, 2014 and has no operations, assets or liabilities other than those incident to its formation and completing the Reorganization Transaction.

(in thousands, except per share data and operating metrics)

	Year Ended December 31,					Six Months Ended June 30,	
	2009	2010	2011	2012	2013	2014	2013
Statement of Operation Data							
Revenues							
Investment banking	39,924	45,577	46,114	50,982	74,173	48,114	33,164
Brokerage	34,004	28,259	25,461	21,903	24,625	13,130	12,174
Asset management fees	20,148	12,231	19,785	15,775	25,952	20,402	10,278
Principal transactions	18,517	3,421	1,615	10,537	20,727	5,995	4,209
Gain on sale, payoff and mark-to-market of loans	22,268	39,363	16,997	7,255	1,806	(171)	1,425
Gain on repurchase of asset-backed securities issued	4,705	-	-	-	-	-	-
Gain on bargain purchase	1,179	-	-	-	-	-	-
Net dividend income	2,521	2,248	1,365	(29)	535	497	47
Other income	2,593	3,466	4,336	3,800	798	372	314
Non-interest revenues	145,859	134,565	115,673	110,223	148,616	88,339	61,611
Interest income	35,370	45,162	33,356	32,898	33,346	17,800	15,869
Interest expense	(25,924)	(33,687)	(35,747)	(39,993)	(30,110)	(10,252)	(21,404)
Net interest (expense) income	9,446	11,475	(2,391)	(7,095)	3,236	7,548	(5,535)
Provision for loan losses	(5,821)	(1,327)	(1,728)	(2,206)	(2,637)	(709)	(1,924)
Total net revenues after provision for loan losses	149,484	144,713	111,554	100,922	149,215	95,178	54,152
Non-interest Expenses							
Compensation and benefits	105,179	95,708	89,017	66,415	102,432	69,355	44,381
Administration	5,050	5,752	6,649	6,186	8,660	3,482	5,336
Brokerage, clearing and exchange fees	5,284	5,110	4,735	3,806	3,543	1,743	1,912
Travel and business development	2,396	3,447	3,681	3,387	4,416	1,831	1,997
Communications and technology	3,892	3,969	3,988	3,503	3,534	1,890	1,685
Professional fees	3,589	3,080	2,955	3,630	3,953	1,676	1,612
Impairment loss on purchased management contract	-	2,750	700	-	-	2,076	1,836
Other	3,749	3,912	4,074	4,461	5,126	454	464
Total non-interest expenses	129,139	123,728	115,799	91,388	131,664	542	307
Income (loss) before income tax expense	20,345	20,985	(4,245)	9,534	17,551	83,049	59,530
Income tax expense (benefit)	7,663	8,577	(1,632)	1,581	3,950	12,129	(5,378)
Net income (loss)	12,682	12,408	(2,613)	7,953	13,601	4,146	(1,456)
Less: Net income (loss) attributable to noncontrolling interests (1)	1,872	2,805	(157)	5,196	9,973	7,983	(3,922)
Net income (loss) attributable to JMP Group Inc.	10,810	9,603	(2,456)	2,757	3,628	7,193	(3,154)
Net (loss) income per common share:							
Basic	0.52	0.44	(0.11)	0.12	0.16	0.31	(0.14)

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Diluted	0.49	0.43	(0.11)	0.12	0.16	0.30	(0.14)
Dividends declared and paid per common share:	0.040	0.055	0.105	0.135	0.145	0.095	0.070
Weighted average common shares outstanding:							
Basic	20,791	21,646	22,118	22,582	22,158	21,766	22,402
Diluted	22,137	22,396	22,118	22,906	23,317	23,640	22,402

(Dollars in thousands)

	Year Ended December 31,					Six Months Ended June 30	
	2009	2010	2011	2012	2013	2014	2013
Statement of Financial Condition Data							
Total assets	574,721	638,788	660,663	709,862	1,121,931	1,249,108	1,081,229
Asset-backed securities issued	326,632	351,322	381,556	415,456	716,423	710,104	742,709
Note payable/ Bond issued/ Line of credit	9,045	26,209	19,222	38,713	63,895	94,991	65,368
Total liabilities	449,070	496,736	504,024	522,558	884,691	1,007,447	874,513
Total equity	125,651	142,052	156,589	187,143	237,240	241,661	206,716

UNAUDITED PRO FORMA FINANCIAL DATA

Under generally accepted accounting principles, we expect that the Reorganization Transaction will be accounted for on an historical cost basis whereby the consolidated assets and liabilities of JMP Group LLC will be recorded at the historical cost of JMP Group Inc. as reflected on JMP Group Inc.'s consolidated financial statements. Accordingly, the consolidated financial statements of JMP Group LLC immediately following the Reorganization Transaction will be substantially similar to the consolidated financial statements of JMP Group Inc. immediately prior to the Reorganization Transaction. Since the consolidated financial statements of JMP Group LLC are substantially similar to those of JMP Group Inc., full pro forma and comparative financial information regarding JMP Group LLC and its consolidated subsidiaries giving effect to the Reorganization Transaction have not been included herein. We have included certain limited pro forma information below, as well as certain pro forma consolidated balance sheet and capitalization information, under "Pro Forma Balance Sheet and Capitalization Information."

Comparative Historical and Pro Forma Per Share Data

The following tables set forth selected historical per share data for JMP Group Inc. and selected unaudited pro forma per share data after giving effect to the Reorganization Transaction. You should read this information in conjunction with the "Selected Historical Financial Data" and the information appearing under "Unaudited Pro Forma Balance Sheet Information" included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes that are incorporated in this proxy statement/prospectus by reference. The unaudited pro forma consolidated financial data are presented for informational purposes only and are subject to estimates, assumptions and uncertainties. You should not rely on the pro forma financial data as an indication of the financial position or results of operations of future periods or the results that actually would have been realized had the Reorganization Transaction occurred prior to the periods presented.

Historical Data Per Share

The historical book value per share data of JMP Group Inc. presented below is computed by dividing total stockholders' equity of \$133.6 million and \$126.4 million on June 30, 2014 and December 31, 2013, respectively, by the shares outstanding on those dates.

	Six Months ended	Year ended
	June 30, 2014	December 31, 2013
Net income (loss) attributable to JMP Group Inc. per common share:		
Basic	\$ 0.31	\$ 0.16
Diluted	0.30	0.16
Book value per share	\$ 6.16	\$ 5.79

Unaudited Pro Forma Per Share Data

The unaudited pro forma net (loss) income per share data is computed using pro forma (loss) income after giving effect to the merger, and dividing by the shares outstanding during each period presented. The pro forma book value per share is computed by dividing pro forma stockholders' equity after giving effect to the merger of \$132.0 million and \$125.2 million on June 30, 2014, and December 31, 2013, respectively, by the number of shares outstanding on those dates. For additional information with respect to certain assumptions used in the calculation of this pro forma financial data, see "Unaudited Pro Forma Balance Sheet Information" included elsewhere in this proxy statement/prospectus. The unaudited pro forma financial data does not give effect to non-recurring transaction costs, realization of taxable gains and losses, or the payment of the tax liability related to the asset transfers in connection with the Reorganization Transaction. We estimate that the non-recurring costs that we will incur in connection with the Reorganization Transaction will be approximately \$1.5 million. Based upon the estimated fair values and tax basis of the assets as of June 30, 2014, we estimate the tax liability payment resulting from the proposed Reorganization Transaction to be approximately \$0.4 million. In addition, the Reorganization Transaction will accelerate a prepayment of tax on gains, estimated to be approximately \$6.5 million, related to notes and unsecured subordinated notes issued by CLO I, which are currently forecasted to be realized in the second half of 2015.

	Six Months ended	Year ended
	June 30, 2014	December 31, 2013
Net income (loss) per common share:		
Basic	\$ 0.40	\$ 0.05
Diluted	0.39	0.05
Book value per share	\$ 6.09	\$ 5.74

Unaudited Pro Forma Condensed Consolidated Balance Sheet Information

Under generally accepted accounting principles, the Reorganization Transaction will be accounted for on an historical cost basis whereby the consolidated assets and liabilities of JMP Group LLC will be recorded at the historical cost of JMP Group Inc. as reflected on JMP Group Inc.'s consolidated financial statements. Accordingly, the consolidated financial statements of JMP Group LLC immediately following the Reorganization Transaction will be substantially similar to the consolidated financial statements of JMP Group Inc. immediately prior to the Reorganization Transaction. Since the consolidated financial statements of JMP Group LLC are substantially similar to those of JMP Group Inc., full pro forma and comparative financial information regarding JMP Group LLC and its consolidated subsidiaries giving effect to the Reorganization Transaction have not been included herein. Below we have included

certain limited unaudited pro forma consolidated condensed balance sheet information that highlights those balance sheet accounts that will be adjusted due to the transactions noted above.

The following tables set forth (1) our actual deferred tax assets and all other assets, deferred tax liability and all other liabilities and stockholders' equity and (2) our pro forma deferred tax assets and all other assets, deferred tax liability and all other liabilities and stockholders' equity as of December 31, 2013 and June 30, 2014. Our pro forma financial information is subject to a number of estimates, assumptions and uncertainties and does not purport to reflect the financial condition that would have existed or occurred had such transactions taken place on the date indicated nor does it purport to reflect the financial condition or results of operations that will exist or occur in the future.

You should read this table together with "Selected Historical Financial Data", "Summary Unaudited Pro Forma Condensed Financial Data", and "Structure of JMP Group LLC Following the Reorganization Transaction" included elsewhere in this proxy statement/prospectus.

Unaudited Pro Forma Condensed Consolidated Balance Sheet**As of June 30, 2014**

<i>(\$ in thousands)</i>	June 30, 2014		
	Historical	Reorganization Transaction	Pro Forma (1)
Assets			
Deferred tax assets	\$8,959	\$ (2,283)) (2) \$6,676
All other assets	1,240,149		1,240,149
Total assets	\$1,249,108	\$ (2,283)) \$1,246,825
Liabilities and Equity			
Liabilities			
Deferred tax liability	\$4,295	\$ (664)) (2) \$3,631
All other liabilities	1,003,152		1,003,152
Total liabilities	1,007,447	(664)) 1,006,783
Equity			
Stockholders' equity	133,593	(1,573)) 132,020
Non-controlling interest	108,068	(46)) 108,022
Total liabilities and equity	\$1,249,108	\$ (2,283)) \$1,246,825

(1) The pro forma condensed consolidated balance sheet does not include the impact of transaction costs or the realization of gains or losses, for tax purposes, related to the Reorganization Transaction.

(2) Deferred tax balances have been revised to reflect investment assets sold by JMP Group Inc. to a wholly owned subsidiary of JMP Group LLC as of June 30, 2014, as part of the contemplated Reorganization Transaction.

Unaudited Pro Forma Condensed Consolidated Balance Sheet**As of December 31, 2013**

<i>(\$ in thousands)</i>	December 31, 2013		
	Historical	Reorganization Transaction	Pro Forma (1)
Assets			
Deferred tax assets	\$ 12,492	\$ (2,004)	(2) \$ 10,488
All other assets	1,109,439		1,109,439
Total assets	\$ 1,121,931	\$ (2,004)	\$ 1,119,927
Liabilities and Equity			
Liabilities			
Deferred tax liability	\$ 3,625	\$ (794)	(2) \$ 2,831
All other liabilities	881,066		881,066
Total liabilities	884,691	(794)	883,897
Equity			
Stockholders' equity	126,385	(1,193)	125,192
Non-controlling interest	110,855	(17)	110,838
Total liabilities and equity	\$ 1,121,931	\$ (2,004)	\$ 1,119,927

(1) The pro forma condensed consolidated balance sheet does not include the impact of transaction costs or the realization of gains or losses, for tax purposes, related to the Reorganization Transaction.

(2) Deferred tax balances have been revised to reflect investment assets sold by JMP Group, Inc. to a wholly owned subsidiary of JMP Group LLC as of December 31, 2013, as part of the contemplated Reorganization Transaction.

RISK FACTORS

In addition to the other information in this proxy statement/prospectus, you should carefully consider the following risk factors relating to the proposed Reorganization Transaction in determining whether or not to vote for approval of the merger. You should carefully consider the additional risks described in JMP Group Inc.'s annual, quarterly and current reports, including those identified in JMP Group Inc.'s annual report on Form 10-K for the year ended December 31, 2013, or annual report, which is incorporated herein by reference. See the section titled "Where You Can Find Additional Information" beginning on page 70. This section includes or refers to certain forward-looking statements. You should refer to the explanation of the qualifications and limitations on these forward-looking statements under the section titled "Cautionary Note About Forward-Looking Statements" on page 26.

Risks Related to Reorganization Transaction

The Reorganization Transaction may not be completed, which may harm the market price of JMP Group Inc.'s common stock.

Although JMP Group Inc.'s board of directors has approved the Reorganization Transaction and has approved and adopted the merger agreement, the completion of the merger and the Reorganization Transaction is subject to a number of conditions, and there is no assurance that all of the conditions to closing will be met and that the merger or the Reorganization Transaction will be completed. In addition, we reserve the right to cancel or defer the merger or the Reorganization Transaction at any time and for any reason, even if stockholders of JMP Group Inc. vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived. You will not have any right to vote or have any input on our board of directors' decision to delay or cancel the merger or the Reorganization Transaction.

While JMP Group Inc. will continue its operations if the Reorganization Transaction is not completed for any reason, it may be harmed in a number of ways, including the following:

the market price of JMP Group Inc. common stock may decline to the extent that the current market price of such stock reflects a market assumption that the Reorganization Transaction will be completed;

an adverse reaction from investors and potential investors in JMP Group Inc. may reduce future debt or equity financing opportunities; and

JMP Group Inc.'s costs related to the merger, including legal and accounting fees, have been, and must continue to be, paid even if the Reorganization Transaction is not completed.

The current market price of our common stock may not be indicative of the market price of shares of JMP Group LLC following the Reorganization Transaction.

JMP Group Inc.'s current share price may not be indicative of how the market will value the shares of JMP Group LLC following the Reorganization Transaction because of the change in our legal structure, change in future capital allocations and any potential change in our distribution policy, when implemented. JMP Group Inc.'s current stock price does not necessarily take into account these effects and changes, and the share price of JMP Group LLC after the Reorganization Transaction could be lower than the current stock price of JMP Group Inc.

Substantial sales of shares of JMP Group LLC could occur in connection with the Reorganization Transaction, which could cause our share price to decline.

Shares of JMP Group LLC received in the merger generally may be sold in the public markets immediately following the merger. Some JMP Group Inc. stockholders may sell their shares of JMP Group LLC shortly after the merger for any number of reasons. In particular, as described under "Tax Risks" on page 22, holders of the shares may sell their shares in the limited liability company because of the amount of "unrelated business taxable income," or UBTI, they may otherwise recognize as a holder of shares of JMP Group LLC. The sale of significant amounts of shares of JMP Group LLC or the perception in the market that this will occur, may lower the market price of shares of JMP Group LLC.

Our board of directors may choose to defer or abandon the merger at any time and for any reason.

Completion of the merger may be deferred or abandoned by action of our board of directors at any time and for any reason, including after JMP Group Inc. stockholder approval at the special meeting. While we currently expect the merger to take place on January 1, 2015, after the proposal to adopt the merger agreement is approved at the special meeting, our board of directors may defer completion before or after the special meeting or may abandon the merger at any time, including after stockholder approval, because of, among other reasons, our determination that the JMP Group LLC common shares will not be eligible for inclusion for trading on the NYSE, our determination that the IRS does not agree with our views on certain tax matters, our determination that the merger and the other reorganization transactions would involve tax or other risks that outweigh their benefits, our determination that the level of expected benefits associated with the merger would otherwise be reduced, changes in U.S. tax laws, rates, treaties or regulations that would adversely effect our ability to achieve the expected benefits of the merger, an unexpected increase in the cost to complete the merger or any other determination by our board of directors. In addition, we may elect to consummate the merger prior to January 1, 2015.

Your rights as a holder of equity in JMP Group LLC will change if the merger is completed. The rights of holders of JMP Group LLC common shares to be issued in the merger will be substantially similar, but not identical, to the rights of holders of JMP Group Inc. common stock.

JMP Group Inc. is a corporation organized under the laws of the State of Delaware and JMP Group LLC is a limited liability company organized under the laws of the State of Delaware. The rights of holders of JMP Group Inc. common stock are governed by the DGCL, and the certificate of incorporation and bylaws of JMP Group Inc. The rights of holders of JMP Group LLC common shares are governed by the LLC Act and the certificate of formation and LLC agreement of JMP Group LLC. Upon completion of the merger, the holders of JMP Group Inc. common stock will receive JMP Group LLC common shares.

The governing documents of JMP Group LLC are structured so as to include rights, privileges and obligations that are substantially similar to those currently provided by the governing documents of JMP Group Inc. and the DGCL, including those that affect your rights as a holder of equity. However, because of the differences between Delaware corporate law and Delaware limited liability company law and certain necessary differences between the governing documents of JMP Group Inc. and JMP Group LLC, your rights as a holder of equity will change when the merger is completed, and the rights of holders of JMP Group LLC common shares will not be identical to, and in some respects may be less favorable than, the rights you currently have as a holder of JMP Group Inc. common stock.

For more information regarding the characteristics of, and differences between, JMP Group Inc. common stock and JMP Group LLC common shares, please refer to “Description of JMP Group LLC Common Shares” and “Comparison of Rights of Holders of JMP Group Inc. Common Stock and Holders of JMP Group LLC Common Shares.”

If too many JMP Group Inc. stockholders exercise and perfect their appraisal rights in connection with the merger, we may not be able to complete the merger.

Under applicable Delaware law, our stockholders will have the right to be paid in cash for the fair value of their shares of JMP Group Inc. common stock by perfecting “appraisal rights.” See “The Merger—Appraisal Rights in connection with the Merger.”

If dissenting stockholders properly exercise and perfect their appraisal rights, we would ultimately have to provide cash to stockholders who do so in lieu of JMP Group LLC common shares. If too many of our stockholders perfect appraisal rights, we may be forced to abandon the merger. The number of shares of JMP Group Inc. common stock with respect to which appraisal rights may be exercised without affecting the completion of the merger will depend on the cash available to JMP Group Inc. at the time of the merger and our board of directors’ assessment at that time of our future needs. If our board of directors believes that our cash reserves (or reasonable access to cash) would be inadequate to meet future needs, it may, in its discretion, decide to abandon the merger.

While we intend to make regular cash distributions to holders of shares of JMP Group LLC, the board of directors of JMP Group LLC has full authority and discretion over the distributions and it may decide to reduce or eliminate distributions at any time, which may adversely affect the market price for our shares.

Although we intend to pursue a policy of paying regular monthly distributions to our shareholders, the board of directors of JMP Group LLC will have full authority and discretion to determine whether or not a distribution by JMP Group LLC should be declared and paid to holders of shares, as well as the amount and timing of any distribution. The board of directors of JMP Group LLC may, based on its review of JMP Group LLC's financial condition, liquidity and results of operations, determine to reduce or eliminate distribution, which may have a material adverse effect on the market price of our shares. In addition, JMP Group LLC, the entity which will make our distribution payments, will not conduct any significant business operations of its own, and therefore, it will be dependent upon cash dividends, distributions and other transfers from its subsidiaries to make distribution payments on its shares. The amounts available to JMP Group LLC to pay cash distributions may be restricted by covenants and restrictions in existing and future financing agreements. In the event we do not pay cash distributions on our shares as a result of these restrictions, you may not receive any return on an investment in our shares unless you sell your shares for a price greater than the price you paid.

In addition, provided that the qualifying income exception is met, in computing U.S. federal income tax liability for a taxable year, each holder of shares will be required to take into account its allocable share of items of JMP Group LLC's income, gain, loss, deduction and credit for the taxable year of JMP Group LLC ending within or with such holder's taxable year, regardless of whether such holder has received any distribution. As a result, it is possible that a holder's U.S. federal income tax liability with respect to its allocable share of the earnings of JMP Group LLC in a particular taxable year could exceed the cash distributions to it, thus requiring an out-of-pocket tax payment by such holder. See "Material U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Consequences of the Ownership and Disposition of Shares of JMP Group LLC."

Tax Risks

If JMP Group LLC fails to satisfy the "qualifying income exception," all of its income will be subject to an entity-level tax, which could result in a material reduction in cash flow and after-tax return for holders of our shares and thus could result in a substantial reduction in the value of those shares.

Under current law and assuming full compliance with the terms of the LLC agreement (and other relevant documents) and based upon factual representations that will be made by us, we expect to receive an opinion of Orrick, Herrington & Sutcliffe LLP, or Orrick, to the effect that JMP Group LLC will be treated as a partnership, and not as an association or a publicly-traded partnership taxable as a corporation, for U.S. federal income tax purposes. The factual representations that will be made by us upon which Orrick will rely relate to our organization, operation, assets, activities, income (including our ability to satisfy the qualifying income exception discussed below), and present and

future conduct of our operations. Opinions of counsel, however, are not binding on the Internal Revenue Service, or IRS, and no assurance can be given that the IRS would not assert, or that a court would not sustain, a contrary position.

In general, if a partnership is “publicly-traded” (as defined in the U.S. Internal Revenue Code of 1986, as amended, or the Code), it will be treated as a corporation for U.S. federal income purposes. A publicly-traded partnership will, however, be taxed as a partnership, and not as a corporation, for U.S. federal income tax purposes, so long as 90% or more of its gross income for each taxable year constitutes “qualifying income” within the meaning of Section 7704(d) of the Code. We refer to this exception as the “qualifying income exception.” Qualifying income generally includes rents, dividends, interest (to the extent such interest is neither derived from the conduct of a trade or business nor based, directly or indirectly, upon income or profits of any person), and capital gains from the sale or other disposition of stocks, bonds and real property. Qualifying income also includes other income derived from the business of investing in, among other things, stocks and securities.

If JMP Group LLC fails to satisfy the “qualifying income exception” described above, items of income, gain, loss, deduction and credit would not pass through to you and you would be treated for U.S. federal (and certain state and local) income tax purposes as a stockholder in a corporation. In such case, JMP Group LLC would be required to pay U.S. federal income tax at regular corporate rates on all of its income. In addition, JMP Group LLC would likely be liable for state and local income and/or franchise taxes on all of its income. Distributions to holders of shares would constitute ordinary income taxable to such holders to the extent of JMP Group LLC’s earnings and profits, and these distributions would not be deductible by JMP Group LLC. Taxation of JMP Group LLC as a corporation could result in a material reduction in cash flow and after-tax return for holders of shares and thus could result in a substantial reduction in the value of those shares.

Complying with certain tax-related requirements may cause JMP Group LLC and JMP Group Inc. to forego otherwise attractive business or investment opportunities.

In order for JMP Group LLC to be treated as a partnership for U.S. federal income tax purposes, and not as an association or publicly-traded partnership taxable as a corporation, it must satisfy the qualifying income exception, which will require that at least 90% of its gross income each taxable year consist of interest, dividends, capital gains and other types of “qualifying income.” Interest income will not be qualifying income for the purposes of the qualifying income exception if it is derived from the conduct of a trade or business or is based, directly or indirectly, upon the income or profits of any person. This requirement will limit JMP Group LLC’s (and certain of its subsidiary’s) ability to originate loans. In addition, it is intended that JMP Group LLC (and its subsidiaries) will operate so as to avoid generating a significant amount of income that is treated as effectively connected with the conduct of a U.S. trade or business with respect to non-U.S. holders. In order to comply with these requirements, JMP Group LLC (or its subsidiaries) may be required to invest through non-U.S. or domestic corporations or forego attractive business or investment opportunities. Thus, compliance with these requirements may adversely affect JMP Group LLC’s ability to maximize revenue or net income.

We could incur a significant tax liability if the IRS successfully asserts that the “anti-stapling” rules apply to JMP Group LLC’s investments in JMP Group Inc. and certain of our non-U.S. CLO issuers, which could result in a reduction in cash flow and after-tax return for holders of shares and thus could result in a reduction of the value of those shares.

If JMP Group LLC were subject to the “anti-stapling” rules of Section 269B of the Code, we would incur a significant tax liability as a result of owning more than 50% of the value of both a domestic corporate subsidiary and a non-U.S. CLO issuer. If the “anti-stapling” rules applied following the Reorganization Transaction, our non-U.S. CLO issuers that are treated as corporations for U.S. federal income tax purposes, would be treated as domestic corporations, which would cause those entities to be subject to U.S. federal corporate income taxation, and JMP Group Inc. and the non-U.S. CLO issuers would be treated as a single entity for purposes of U.S. federal corporate income taxation. Because we intend that JMP Group LLC will own, or be treated as owning, a substantial proportion of its assets directly for U.S. federal income tax purposes, we do not believe that the “anti-stapling” rules will apply. However, there can be no assurance that the IRS would not successfully assert a contrary position, which could result in a reduction in cash flow and after-tax return for holders of shares and thus could result in a reduction of the value of those shares.

The merger may be recharacterized as a taxable exchange.

We expect to receive an opinion from Orrick that your exchange of JMP Group Inc. common stock for shares of JMP Group LLC as part of the merger will be treated as a tax-deferred contribution of your JMP Group Inc. common stock to JMP Group LLC pursuant to Section 721 of the Code, and that you will not recognize taxable gain or loss as a result of the merger. Opinions of counsel, however, are not binding on the IRS, and no assurance can be given that the

IRS would not successfully assert a contrary position. If the merger fails to qualify as a tax-deferred contribution of JMP Group Inc. common stock to JMP Group LLC pursuant to Section 721 of the Code, you would be required, for U.S. federal income tax purposes, to recognize taxable gain, if any, on that transaction, which could result in substantial tax expense to you without a cash distribution from us to enable you to pay those taxes.

You will be subject to U.S. federal income tax on your share of JMP Group LLC's taxable income, regardless of whether or when you receive any cash distributions from JMP Group LLC.

JMP Group LLC intends to be treated, for U.S. federal income tax purposes, as a partnership and not as an association or a publicly-traded partnership taxable as a corporation. Provided that the qualifying income exception is met, you will be subject to U.S. federal income taxation and applicable state, local and foreign income taxation, on your allocable share of JMP Group LLC's taxable income, regardless of whether or when you receive cash distributions. In addition, certain of our investments, including investments in non-U.S. CLO issuers and debt securities, may produce taxable income without corresponding distributions of cash to us or produce taxable income prior to or following the receipt of cash relating to such income. You will be required to take such income into account in determining your taxable income, and you may not receive cash distributions equal to your tax liability attributable to your allocation of JMP Group LLC's taxable income.

Your ability to deduct certain expenses of JMP Group LLC may be limited.

In general, expenses incurred by JMP Group LLC that are considered “miscellaneous itemized deductions” may be deducted by a holder of shares of JMP Group LLC that is an individual, estate or trust only to the extent that a holder’s allocable share of those expenses, along with the holder’s other miscellaneous itemized deductions, exceed, in the aggregate, 2% of the holder’s adjusted gross income. Additionally, in the case of individuals whose adjusted gross income exceeds a specified amount, miscellaneous itemized deductions in excess of the 2% threshold, when combined with certain of the individual taxpayer’s other itemized deductions, generally will be reduced by the lesser of (i) 3% of the holder’s adjusted gross income in excess of a threshold amount or (ii) 80% of the amount of itemized deductions otherwise allowable for such year. In addition, these expenses are also not deductible in determining the alternative minimum tax liability of a holder. Your inability to deduct all or a portion of such expenses, among other things, could result in an amount of taxable income to you with respect to JMP Group LLC that exceeds the amount of cash actually distributed to you for the year.

In the case of a disposition of shares of JMP Group LLC, debt of JMP Group LLC must be taken into account under the partnership tax accounting rules.

Subsequent to the Reorganization Transaction, JMP Group LLC will incur debt (such as the Promissory Note) for a variety of reasons. Under partnership tax accounting principles (which will apply to JMP Group LLC if the qualifying income exception is met), debt of JMP Group LLC generally will be allocable to holders of shares of JMP Group LLC, and the holders will include their respective allocable shares of the debt in the U.S. federal income tax basis of their shares. As discussed in the section entitled “Material U.S. Federal Income Tax Considerations” beginning on page 52, a holder’s U.S. federal income tax basis in shares will be adjusted for, among other things, distributions of cash and allocations of items of JMP Group LLC’s income, gain, loss and deduction. At the time a holder of shares of JMP Group LLC later sells its shares, for U.S. federal income tax purposes, the holder’s amount realized on the sale will include not only the sales price of the shares but also the holder’s portion of outstanding indebtedness incurred by JMP Group LLC subsequent to the Reorganization Transaction that is allocable to those shares.

Tax-exempt holders of shares of JMP Group LLC will likely recognize significant amounts of “unrelated business taxable income.”

An organization that is otherwise exempt from U.S. federal income tax is nonetheless subject to U.S. federal income taxation with respect to its “unrelated business taxable income,” or UBTI. Because we expect to incur “acquisition indebtedness” (such as the Promissory Note) with respect to certain equity and debt securities we intend to hold (either directly or indirectly through subsidiaries that are treated as partnerships or disregarded for U.S. federal income tax purposes), a proportionate share of your income from JMP Group LLC with respect to such securities will be treated as UBTI. Accordingly, tax-exempt holders of shares of JMP Group LLC will likely recognize significant amounts of UBTI. For certain types of tax-exempt entities, the receipt of any UBTI would have adverse consequences.

Tax-exempt holders of JMP Group Inc. common stock are strongly urged to consult their tax advisors regarding the tax consequences of owning shares of JMP Group LLC.

There can be no assurance that the IRS will not assert successfully that some portion of JMP Group LLC's income is properly treated as effectively connected income with respect to non-U.S. holders.

While it is expected that JMP Group LLC's method of operation will not result in the generation of significant amounts of income treated as effectively connected with the conduct of a U.S. trade or business with respect to non-U.S. holders of our shares, there can be no assurance that the IRS will not assert successfully that some portion of JMP Group LLC's income is properly treated as effectively connected income with respect to such non-U.S. holders. To the extent JMP Group LLC's income is treated as effectively connected income, non-U.S. holders generally would be required to (i) file a U.S. federal income tax return reporting their allocable shares of JMP Group LLC's taxable income or loss effectively connected with such trade or business and (ii) pay U.S. federal income tax at regular U.S. tax rates on any such taxable income. Non-U.S. holders that are corporations also would be required to pay a U.S. federal branch profits tax at a 30% rate (or lower rate provided by applicable treaty).

Dividends paid by, or certain income inclusions derived with respect to, JMP Group LLC's ownership of, foreign entities that are treated as corporations for U.S. federal income tax purposes may not qualify for the reduced tax rates generally applicable to corporate dividends paid to taxpayers taxed at individual rates.

The maximum U.S. federal income tax rate on certain corporate dividends payable to non-corporate taxpayers currently is 20%. Dividends payable by, or certain income inclusions derived with respect to the ownership of, passive foreign investment companies, or PFICs, certain controlled foreign corporations, or CFCs, and REITs, however, generally are not eligible for the reduced rates. We have treated and intend to continue to treat certain of our foreign CLO issuers taxed as corporations for U.S. federal income tax purposes, as the type of CFCs whose income inclusions are not eligible for lower tax rates on dividend income. The more favorable U.S. federal income tax rates applicable to regular corporate dividends could cause investors taxed at individual rates to perceive investments in PFICs or CFCs, or in companies like us where a substantial portion of our holdings are in foreign corporations, to be relatively less attractive than holdings in the stocks of non-CFC and non-PFIC corporations that pay dividends, which could adversely affect the value of our shares.

Although we anticipate that our foreign CLO issuers will not be subject to U.S. federal income tax on a net income basis, no assurance can be given that such CLO issuers will not be subject to U.S. federal income tax on a net income basis in any given taxable year.

We anticipate that our foreign CLO issuers that are taxed as corporations for U.S. federal income tax purposes, generally will continue to conduct their activities in such a way as not to be deemed to be engaged in a U.S. trade or business and not to be subject to U.S. federal income tax. There can be no assurance, however, that our foreign CLO issuers will not pursue investments or engage in activities that may cause them to be engaged in a U.S. trade or business. Moreover, there can be no assurance that as a result of any change in applicable law, treaty, rule or regulation or interpretation thereof, the activities of any of our foreign CLO issuers will not become subject to U.S. federal income tax. Further, there can be no assurance that unanticipated activities of our foreign CLO issuers will not cause such entities to become subject to U.S. federal income tax. If any of our foreign CLO issuers became subject to U.S. federal income tax (including the U.S. federal branch profits tax), it would significantly reduce the amount of cash available for distribution to us, which in turn could have an adverse impact on the value of our shares. Although our foreign CLO issuers generally are not expected to be subject to U.S. federal income tax on a net income basis, such entities may receive income that is subject to withholding taxes imposed by the United States or other countries.

We may not realize the anticipated benefits of the merger because of, among other reasons, changes in tax laws.

We have presented in this proxy statement/prospectus the anticipated benefits of the merger. See "Our Reasons for the Reorganization Transaction and the Merger." Many factors could affect the outcome of the Reorganization Transaction, and some or all of the anticipated benefits of the Reorganization Transaction may not occur. The U.S. federal income tax treatment of holders of shares of JMP Group LLC depends in some instances on determinations of fact and

interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. You also should be aware that the U.S. federal income tax rules are constantly under review by the IRS, resulting in revised interpretations of established concepts. The IRS pays close attention to the proper application of tax laws to partnerships and investments in non-U.S. entities. The present U.S. federal income tax treatment of an investment in shares of JMP Group LLC may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. We and holders of shares of JMP Group LLC could be adversely affected by any such change, or by new tax law, regulation or interpretation. Our organizational documents and agreements permit our Manager to modify the LLC agreement from time to time, without the consent of the holders of shares of JMP Group LLC, in order to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have an adverse impact on some or all of the holders of shares. Moreover, we intend to apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to you in a manner that reflects your distributive share of JMP Group LLC's items, including the monthly convention described under "Material U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Consequences of the Ownership and Disposition of Shares of JMP Group LLC—Allocation of Profits and Losses," but these assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions we use do not satisfy the technical requirements of the Code and/or Treasury Regulations and could require that items of income, gain, deduction, loss or credit be adjusted or reallocated in a manner that adversely affects holders of shares of JMP Group LLC.

We strongly urge you to review carefully the discussion under "Material U.S. Federal Income Tax Considerations" beginning on page 52 and to seek advice based on your particular circumstances from an independent tax advisor.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

We make forward-looking statements, in this proxy statement/prospectus that are subject to risks and uncertainties. When we use the words “could,” “will likely result,” “if,” “in the event,” “may,” “might,” “should,” “shall,” “will,” “believe,” “anticipate,” “plan,” “predict,” “potential,” “project,” “intend,” “estimate,” “goal,” “objective,” “continue,” or the negatives of and other similar expressions, we intend to identify forward-looking statements. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. They also include statements concerning anticipated revenues, income or loss, capital expenditures, cash distributions, capital structure or other financial terms. The statements we make regarding the following subject matters are forward-looking by their nature:

that we will complete the Reorganization Transaction, including the merger;

that we will be able to realize the anticipated tax benefits of the Reorganization Transaction, including the merger;

the possible effects of the Reorganization Transaction, including the merger, on our share price;

our ability to avoid restrictions imposed by the 1940 Act;

that we do not anticipate any tax adjustments that will result in a material adverse effect on the our financial condition; and

our intention to pay cash distributions, our ability to do so without borrowing funds and our expected distribution payout rate.

The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These forward-looking statements 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 upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks provided under “Risk Factors” beginning on page 20, including but not limited to the following factors:

our ability to complete the Reorganization Transaction, including the merger;

the effect of the Reorganization Transaction, including the mergers on the market price of our shares;

the possibility that our board of directors could choose to defer or abandon the merger;

that stockholders with a significant number of shares exercise and perfect appraisal rights in connection with the merger;

that a decision by our board of directors to reduce or eliminate distributions could adversely affect the market price for our shares; and

the possibility that contractual, legal and other restrictions could prevent us from paying distributions, which could adversely affect the market price for our shares.

The foregoing list of risks is not exhaustive. Other sections of this proxy statement/prospectus may include additional factors which could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risks, nor can we assess the impact of all factors or the effect which any factor, or combination of factors, may have on our business. Actual results may differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not rely upon forward-looking statements as predictions of future events. We undertake no duty to update any of these forward-looking statements after the date of this proxy statement/prospectus to conform prior statements to actual results or revised expectations unless otherwise required by law.

VOTING AND PROXIES; INFORMATION ABOUT THE SPECIAL MEETING

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies by the board of directors of JMP Group Inc. for use at the special meeting for the purposes described in this proxy statement/prospectus and in the accompanying notice of special meeting of stockholders of JMP Group Inc.

Date, Time and Place of the Special Meeting

Our special meeting will be held at our corporate headquarters at 600 Montgomery Street, San Francisco, CA 94111 on December 1, 2014, at 11:00 a.m., local time. An admission ticket (or other proof of stock ownership) and some form of government issued photo identification (such as a valid driver's license or passport) will be required for admission to the special meeting. Only holders of record of JMP Group Inc. common stock at the close of business on October 28, 2014, will be entitled to attend the special meeting and to cast one vote for each share held on all matters to come before the meeting.

If your JMP Group Inc. shares are held in a bank or broker account, contact your bank or broker to obtain a written legal proxy in order to vote your shares or take any other actions at the meeting. If you do not obtain a legal proxy from your bank or broker, you will not be entitled to vote your shares or take any other actions, but you may still attend the special meeting as our guest if you bring a recent bank or brokerage statement showing that you owned JMP Group Inc. common stock at the close of business on October 28, 2014.

Matters to Be Considered

This proxy statement/prospectus is furnished in connection with the solicitation by our board of directors of proxies from the stockholders to be exercised at the special meeting and at any adjournment(s) or postponement(s) of such meeting, to consider and vote on the following proposals:

- (1) a proposal to approve the merger under the agreement and plan of merger dated August 20, 2014 among JMP Group Inc., JMP Merger Corp. and JMP Group LLC;
- (2) the transaction of such other business as may properly be brought before the special meeting or any adjournment or postponement thereof.

A vote for approval of the merger is a vote for approval of the conversion of JMP Group Inc. into JMP Group LLC through the merger of JMP Merger Corp. into JMP Group Inc. and for the exchange of JMP Group Inc. common stock for shares representing limited liability company interests in JMP Group LLC. If the merger is completed, JMP Group Inc. common stock will be cancelled and each share of JMP Group Inc. common stock that you hold will be converted and exchanged into one share representing a limited liability company interest in JMP Group LLC.

This proxy statement/prospectus and the enclosed proxy card are being mailed to the stockholders on or about October 31, 2014.

Recommendation of the Board of Directors

The JMP Group Inc. board of directors has approved the merger agreement, the merger and the Reorganization Transaction and determined that the merger agreement, the merger and the Reorganization Transaction are advisable and in the best interests of JMP Group Inc. and its stockholders. **Your board of directors recommends that you vote “FOR” approval of the merger.**

Who May Vote

The close of business on October 28, 2014, has been fixed by JMP Group Inc.'s board of directors as the record date for the determination of holders of JMP Group Inc. common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, 20,551,582 shares of JMP Group Inc. common stock were outstanding and entitled to vote. Each share of JMP Group Inc. common stock entitles the holder to one vote at the special meeting on all matters properly presented at the special meeting.

Quorum

A quorum, consisting of the holders of a majority of the issued and outstanding shares of JMP Group Inc. common stock, must be present in person or by proxy before any action may be taken at the special meeting. On all matters to come before the special meeting, each share of common stock is entitled to one vote. Abstentions and broker non-votes (*i.e.*, votes not cast by a broker or other record holder in "street-name" or nominee name who has returned a properly executed proxy solely because such record holder does not have discretionary authority to vote on the matter), if any, will be counted toward the presence of a quorum.

Vote Required

Under JMP Group Inc.'s amended and restated charter, the affirmative vote of a majority of all votes entitled to be cast on the matter is necessary to approve the merger. Because the affirmative vote of a majority of all votes entitled to be cast at the special meeting is needed for JMP Group Inc. to proceed with the merger, the failure to vote by proxy or in person will have the same effect as a vote against the merger. Abstentions and broker non-votes also will have the same effect as a vote against the merger.

JMP Group Inc.'s board of directors urges JMP Group Inc. stockholders to promptly vote by completing, dating and signing the accompanying proxy card and to promptly return it in the enclosed postage-paid envelope, or, if you hold your stock in "street-name" through a bank or a broker, by following the voting instructions of your bank or broker.

The directors and executive officers of JMP Group Inc. collectively owned approximately 33.7% of the outstanding shares of JMP Group Inc. common stock as of the record date for the special meeting. JMP Group Inc.'s directors and executive officers have indicated they will vote to approve the merger.

How to Vote Your Shares

JMP Group Inc. stockholders of record may vote by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. You may also vote by attending the special meeting and voting in person. Even if you plan to attend the special meeting, to ensure that your shares are represented at the special meeting, please complete, sign and date the enclosed proxy card and mail it promptly in the enclosed, postage-paid envelope.

Each proxy returned to JMP Group Inc. (and not revoked) by the holder of JMP Group Inc. common stock will be voted in accordance with the instructions indicated thereon. If you submit your proxy but do not indicate how you want to vote, your shares will be voted "FOR" the proposal to approve the merger and, in the discretion of the proxy holder, on any other matters that are properly brought before the meeting, or any adjournment or postponement thereof.

At this time, the board of directors of JMP Group Inc. is unaware of any matters, other than set forth above, that may be presented for action at the special meeting or any adjournment or postponement thereof. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their discretion with respect to such matters.

Revocation of Proxies

If you are a stockholder of record, you can revoke your proxy by giving written notice to our corporate secretary, by submitting another properly executed proxy with a later date, or by attending the meeting and voting in person. If you are a stockholder in "street" or "nominee" name, you should consult with the bank, broker or other nominee regarding that entity's procedures for revoking your voting instructions.

Proxy Solicitation and Tabulation of Votes

JMP Group Inc. will pay all costs it incurs in connection with the solicitation of proxies from its stockholders on behalf of its board of directors. The directors, officers and employees of JMP Group Inc. and its subsidiaries may solicit proxies from stockholders of JMP Group Inc. in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement by JMP Group Inc. for their actual expenses. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of JMP Group Inc. common stock held of record by such persons, and JMP Group Inc. will reimburse such firms, custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Electronic Delivery

This proxy statement/prospectus and our annual report are both available on our website located at <http://www.jmpg.com>. You can help us save significant printing and mailing expenses by consenting to access the proxy statement, proxy card and annual report for future meetings electronically over the Internet. If you hold your shares through a broker or other nominee, you should follow the instructions regarding electronic delivery, if any, provided by your broker or other nominee.

If you authorize a proxy to cast your votes for the special meeting over the Internet, you will be given the opportunity to consent to future delivery of our documents over the Internet, unless you hold your shares through a broker that is unable to accommodate your request. If you are not given an opportunity to consent to delivery over the Internet when you authorize a proxy to cast your votes, you may contact the bank, broker or other holder of record through which you hold your shares and inquire about the availability of Internet delivery. You also can access our proxy statement and annual report on our website located at <http://www.jmpg.com> under the caption "Investor Relations." If you choose to receive your proxy materials and annual report electronically, then prior to next year's special meeting you will receive e-mail notification when the proxy materials and annual report are available for your online review. Your choice for electronic distribution will remain in effect indefinitely, unless you revoke your choice by sending written notice of revocation to your bank, broker or other holder of record through which you hold your shares.

Householding of Proxy Material

The rules of the SEC permit us to deliver a single proxy statement and annual report to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders

prior to the mailing date. We undertake to deliver promptly, upon written or oral request, a separate copy of the proxy statement or annual report, as requested, to any stockholder at the shared address to which a single copy of those documents was delivered. If you prefer to receive separate copies of a proxy statement or annual report, either now or in the future, send your request in writing to us at JMP Group Inc., Attn: Investor Relations, 600 Montgomery Street, Suite 1100, San Francisco, California 94111; telephone (415) 835-8900.

If you are currently a stockholder sharing an address with another stockholder and wish to receive only one copy of future proxy statements and annual reports for your household, please contact us at the above address.

Inspector of Election

We have retained Broadridge Financial Solutions to receive and tabulate the votes in connection with the meeting. Our Secretary, Scott Solomon, will utilize such tabulations and serve as our election inspector who will certify the election results and perform any other acts required by the Delaware General Corporation Law.

Adjournment; Other Matters

A quorum of JMP Group Inc. stockholders is necessary to hold a valid meeting. If there are insufficient shares of JMP Group Inc. common stock to constitute a quorum, under the bylaws of JMP Group Inc., the special meeting may be adjourned from time to time by the chairman of the meeting or a majority of the shares represented at the meeting.

Do not send in your stock certificates with your proxy card. As described under the caption “Terms of the Merger—Exchange of Stock Certificates” on page 34, after the merger is completed, each outstanding certificate (or evidence of shares in book-entry form) representing shares of JMP Group Inc. common stock will be deemed for all purposes to represent the same number of shares of JMP Group LLC pursuant to the merger agreement. Holders of such outstanding certificates will not be asked to surrender them for cancellation in connection with the merger. New JMP Group LLC share certificates will be issued if (and only if) certificates representing JMP Group Inc. common stock are thereafter presented for exchange or transfer.

OUR BUSINESS AFTER THE REORGANIZATION TRANSACTION

After the completion of the Reorganization Transaction, we expect that JMP Group Inc. will remain the owner of our operating platform businesses, consisting of our brokerage business through JMP Securities LLC (“JMP Securities”), our asset management business through Harvest Capital Strategies LLC (“HCS”) and HCAP Advisors LLC (“HCAP Advisors”) indirectly, through its wholly-owned subsidiary, and our corporate credit business through JMP Credit Corporation (“JMP Credit”) and JMP Credit Advisors LLC (“JMPCA”). In addition, we expect that JMP Group LLC will own certain assets reported in our Investment Income segment, consisting of investments in private funds managed by HCS, investments in the senior and subordinated notes in the CLOs managed by JMPCA and loans and securities held for investment JMP Capital LLC (“JMP Capital”).

STRUCTURE OF JMP GROUP LLC FOLLOWING THE REORGANIZATION TRANSACTION

Set forth below is a summary chart of the anticipated structure of JMP Group LLC, its subsidiaries and its investment assets, after the completion of the Reorganization Transaction. All entities, except HCAP Advisors, are wholly-owned. As part of the Reorganization Transaction, we intend that JMP Group Inc. will sell certain assets to JMP Investment Holdings LLC, including: (i) JMP Capital LLC, which holds equity securities, loans held for investment, and an investment in a real estate fund; (ii) limited partnership interests in funds managed by Harvest Capital Strategies LLC (“HCS”), including Harvest Opportunity Partners II, Harvest Franchise Fund, Harvest Agriculture Select, and Harvest Technology Partners (collectively, the “Investment Funds”); (iii) notes issued by CLOs managed by JMP Credit Advisors LLC (“JMPCA”), including (A) unsecured subordinated notes due 2021, Class C

Senior Secured Deferrable Floating Rate Notes due 2021, Class D Secured Deferrable Floating Rate Notes due 2021 and Class E Secured Deferrable Floating Rate Notes due 2021 issued by JMP Credit Advisors CLO I Holdings, LLC (“CLO I”), and (B) unsecured subordinated notes due 2023 issued by JMP Credit Advisors CLO II Holdings, LLC (“CLO II”); and (iv) unsecured subordinated notes due 2025 issued by JMPCA CLO III Ltd. (“CLO III”).

BACKGROUND OF THE REORGANIZATION TRANSACTION AND THE MERGER

From time to time, the senior management and the board of directors of JMP Group Inc. reviews our business strategy, the current economic and business environment, key business and financial metrics and legal, tax and regulatory matters related to our legal structure, including critical U.S. federal income tax and 1940 Act requirements.

These discussions have included a review of alternative legal structures that would allow us to execute our business strategy in a manner that would minimize entity level U.S. federal income taxation. During the fourth quarter of 2013, in recognition of various regulatory and market developments which indicated an increased market receptivity to alternative tax neutral entities, we conducted a review of alternative legal structures and consulted with certain professional advisors, including our investment bankers from JMP Securities LLC and our attorneys from Orrick, to assist us in our review of alternative transaction structures. In particular, we explored restructuring the company in a manner that minimizes U.S. federal income taxes on our investment income, thus enabling us to increase distributions to our shareholders. Factors considered included:

the optimal form of entity, such as a limited liability company, off-shore corporate entities, or a business development company structure;

corporate and shareholder tax implications of restructuring transactions;

compliance with the 1940 Act exemptions, especially in light of potential “risk retention” requirements for CLOs under the Dodd-Frank Act and European Union regulations;

market acceptance of alternative corporate structures, including analysis of public shareholders of master limited partnerships and publicly trade partnerships; and

financial reporting requirements.

At a regularly scheduled meeting of the JMP Group Inc. board of directors on March 20, 2014, representatives of management, including Joseph Jolson and Raymond Jackson, reviewed with the board of directors various matters surrounding a potential change to an alternative legal structure. At the meeting, management representatives outlined capital markets considerations related to a change in legal structure, including the impact on future capital raises, investor reaction and investor valuation considerations. The board of directors discussed the potential strategic advantages and risks of a corporate reorganization. After discussions, the board of directors determined that a change of corporate structure could be an attractive alternative for JMP Group Inc. to consider and therefore authorized management to proceed with its due diligence regarding the feasibility of a reorganization transaction.

The board of directors held a telephonic meeting on April 29, 2014. At the meeting, representatives of management were also present. At the meeting, senior management presented an update to the board of directors with regard to the due diligence of a reorganization transaction. There was a general discussion of various legal and structural issues relating to the proposed corporate reorganization. Senior management presented the relative advantages and disadvantages of a corporate reorganization into a publicly traded partnership, including the potential tax savings and the legal, audit and tax reporting compliance costs.

The board of directors held a telephonic meeting on July 8, 2014. At this meeting, the board of directors reviewed with senior management and Orrick various legal and regulatory considerations associated with the proposed corporate reorganization, including U.S. federal income tax and 1940 Act matters, investor ramifications, and certain matters related to the proxy statement/prospectus that would need to be filed with the SEC and delivered to our stockholders. The anticipated timeline for completing a reorganization transaction and preparing the proxy statement/prospectus was discussed. The board of directors also discussed the impact that a reorganization transaction would have on the cash distribution policies of the company. Members of senior management noted that there were a number of similar investment vehicles in the marketplace and that in general there appeared to be an increased level of investor awareness and comfort with a limited liability company or a master limited partnership structure.

The board of directors held a regularly scheduled meeting on July 29, 2014. Several representatives of management and Orrick were present. Management provided the board with an update on the progress of the preparation of the proxy statement/prospectus and certain other matters related to the Reorganization Transaction, including changes to the distribution policy. Management and the board discussed issuing a press release to announce the potential transaction and a related stockholder communications strategy. The board instructed management to finalize its due diligence regarding the Reorganization Transaction and to issue a press release announcing the potential transaction.

The board of directors held a telephonic meeting on August 5, 2014. Representatives of management and Orrick were present. Management reported to the board on a number of issues, including the reaction of certain stockholders to the Company's press release regarding the potential transaction and the possible impact that the transaction might have on various stockholders. The board instructed Company management to complete certain due diligence and other matters

for its further consideration.

The board of directors held a telephonic meeting on August 19, 2014. Representatives of management and Orrick were present. Management reported to the board on its stockholder communications, and related strategy going forward, regarding the proposed Reorganization Transaction. The board of directors reviewed a preliminary draft of the proxy statement/prospectus for the Reorganization Transaction, and other relevant transaction documents, including the merger agreement, that were circulated prior to the meeting. At this meeting there was a discussion of the proposed language relating to the Company's dividend and distribution policies. There was a general discussion of various legal and structural issues relating to the proxy statement/prospectus disclosures and a discussion of the anticipated timeline for finalizing the terms of the proposed conversion and for the filing of the preliminary proxy statement/prospectus with the SEC. There was a general discussion of various legal and structural issues relating to the proposed Reorganization Transaction. Following this presentation and further discussion, the board unanimously approved the merger and the Reorganization Transaction and determined that the merger agreement, the merger and the Reorganization Transaction are advisable and in the best interests of the Company and its stockholders and recommended presenting these matters to the stockholders for approval.

OUR REASONS FOR THE REORGANIZATION TRANSACTION AND THE MERGER

In reaching its determination to proceed with the Reorganization Transaction and recommend the approval of the merger agreement, the JMP Group Inc. board of directors consulted with management, as well as legal counsel, and considered various material factors, which are discussed below. The board of directors also considered the terms of the proposed Reorganization Transaction and the related proxy statement/prospectus disclosures. The JMP Group Inc. board of directors did not consider it practical to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. Furthermore, individual directors may have given different weight to different considerations. JMP Group Inc.'s board of directors considered these factors as a whole, and overall considered the relevant factors to be favorable to, and in support of, its determinations and recommendations. Among the material factors considered by the JMP Group Inc. board of directors were the following:

that the Reorganization Transaction is expected to result in the Company being taxed as a partnership for U.S. federal income tax purposes, which we expect will enable the Company to increase distributions to shareholders;

the increased acceptance of master limited partnerships and limited liability companies subsequent to the American Job Creation Act of 2004, which made investing in certain master limited partnerships, or MLPs, and limited liability companies, or LLCs, more attractive to mutual funds from a U.S. federal income tax perspective;

the view that a limited liability company is a preferred structure to maximize income from investments; and

the number of our stockholders who would be prohibited from owning our shares if we reorganized to a limited liability company structure as a result of (i) investment policies that prohibit the ownership of the shares of equity securities of a company that is structured as an MLP or LLC and/or (ii) investment policies that prohibit the ownership of the shares of equity securities of a company structured as an MLP or LLC that generates UBTI.

The JMP Group Inc. board of directors also considered a number of disadvantages or risks relating to the Reorganization Transaction and the merger, including the following:

corporate level taxation due to the transfer of assets between or among affiliated entities in the proposed Reorganization Transaction;

potential for stockholder turnover that may coincide with conversion to the limited liability company structure, particularly with respect to investors not able to invest in our new structure;

the administrative burden and financial cost of compliance with highly complicated partnership tax provisions and the annual production of IRS Schedules K-1;

potentially increased tax liability for tax-exempt investors and certain individual investors as a result of the Reorganization Transaction;

increased complexity of tax reporting for investors; and

the other risks described in this proxy statement/prospectus under “Risk Factors” beginning on page 20.

The board of directors also considered the risk factor disclosures contained herein, and unanimously voted to approve the merger and the Reorganization Transaction after a full consideration of the risk factors.

TERMS OF THE MERGER

The following is a summary of the material terms of the merger agreement. For a complete description of all of the terms of the merger, you should refer to the copy of the merger agreement that is attached to this proxy statement/prospectus as Annex A and incorporated herein by reference. This summary is not complete and is qualified in its entirety by reference to the merger agreement.

Structure and Completion of the Merger

JMP Group LLC is presently a wholly-owned subsidiary of JMP Group Inc. JMP Merger Corp. is a wholly-owned subsidiary of JMP Group LLC. The merger agreement provides that JMP Merger Corp. will merge with and into JMP Group Inc., whereupon the separate corporate existence of JMP Merger Corp. will cease and JMP Group Inc. will be the surviving entity of the merger. Upon the effectiveness of the merger, each outstanding share of common stock of JMP Group Inc. will be converted into one share representing a limited liability company interest in JMP Group LLC.

The board of directors of JMP Group Inc., the managing member of JMP Group LLC and the board of directors of JMP Merger Corp. have approved the merger agreement, subject to stockholder approval. The merger will become effective upon the acceptance of the articles of merger for record by the Secretary of State of Delaware, or later (but not to exceed 30 days from the acceptance for record of the articles of merger) if so specified in the articles of merger. We anticipate that the merger will be completed on January 1, 2015, following the approval by our stockholders of the merger at the special meeting and the satisfaction or waiver of the other conditions to the merger as described below under “—Conditions to Completion of the Merger.” However, JMP Group Inc. reserves the right to cancel or defer the merger at any time and for any reason, even if its stockholders vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived. In addition, JMP Group Inc. may elect to consummate the merger prior to January 1, 2015.

Exchange of Stock Certificates

No Surrender of Shares Required. Upon the effectiveness of the merger, each certificate (or evidence of shares in book-entry form) representing shares of JMP Group Inc. common stock will be deemed for all purposes to represent the same number of shares of JMP Group LLC into which such shares will be converted and exchanged in the merger, without any action on the part of stockholders.

Stock Transfer Books. At the completion of the merger, JMP Group Inc. will close its stock transfer books, and no subsequent transfers of JMP Group Inc. common stock will be recorded on its books.

Other Effects of the Merger

We expect the following to occur in connection with the merger:

LLC Agreement of JMP Group LLC. Following completion of the merger, your rights as a holder of shares of JMP Group LLC will be governed by the LLC agreement. A copy of the form of the LLC agreement of JMP Group LLC is set forth in Annex B. See also “Description of JMP Group LLC Capital Stock.”

Directors and Officers. The directors and officers of JMP Group Inc. immediately before the merger will be the directors and officers, respectively, of JMP Group LLC immediately after the merger.

Stock Incentive Plans. JMP Group LLC will assume the JMP Group Inc. stock incentive plan and all rights of participants to acquire shares of common stock of JMP Group Inc. under any JMP Group Inc. stock incentive plan will be converted into rights to acquire shares of JMP Group LLC in accordance with the terms of the plans.

Listing of JMP Group LLC Shares. We expect that the new JMP Group LLC shares will trade on the NYSE under our current symbol “JMP” following the completion of the merger.

Conditions to Completion of the Merger

The respective obligations of JMP Group Inc., JMP Group LLC and JMP Merger Corp. to complete the merger require the satisfaction or, where permitted, waiver, of the following conditions:

approval of the merger by the requisite vote of the stockholders of JMP Group Inc. and JMP Merger Corp. and the sole member of JMP Group LLC;

receipt by JMP Group Inc. from its special counsel, Orrick, of an opinion, in form and substance satisfactory to JMP Group Inc., to the effect that (i) the merger qualifies as a tax-deferred contribution of JMP Group Inc. common stock to JMP Group LLC under Section 721 of the Code, and (ii) JMP Group LLC will be treated for U.S. federal income tax purposes as a partnership, and not as an association or publicly-traded partnership taxable as a corporation;

the amendment and restatement of the LLC agreement of JMP Group LLC to be in a form agreed upon by the parties to the merger agreement;

the directors and officers of JMP Group Inc. immediately before the merger will be the directors and officers of JMP Group LLC after the merger;

approval for listing on the NYSE of JMP Group LLC shares, subject to official notice of issuance;

the effectiveness of the registration statement, of which this proxy statement/prospectus is a part, without the issuance of a stop order or initiation of any proceeding seeking a stop order by the SEC;

no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the merger or any of the transactions related thereto, is in effect; and

receipt of all governmental approvals and third party consents to the merger and other transactions described in this proxy statement/prospectus, except for consents as would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of JMP Group LLC, JMP Group Inc. and their subsidiaries taken as a whole.

In addition, even if all of the foregoing conditions are satisfied, JMP Group Inc. has the right to cancel or defer the merger at any time and for any reason, even if stockholders of JMP Group Inc. vote to approve the merger and the other conditions to the consummation of the merger are satisfied or waived.

Termination of the Merger Agreement

The merger agreement provides that it may be terminated and the merger abandoned at any time prior to its completion, before or after approval of the merger by the stockholders of JMP Group Inc. by the board of directors of JMP Group Inc. in its sole discretion.

Appraisal Rights in Connection with the Merger

Holders of shares of JMP Group Inc. common stock who do not vote in favor of the merger proposal and who properly perfect appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL.

The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL which is attached as Annex C. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262 of the DGCL.

Under Section 262 of the DGCL, holders of shares of JMP Group Inc. common stock who do not vote in favor of the merger proposal and who otherwise follow the procedures set forth in Section 262 of the DGCL will be entitled to have their shares appraised by the Court of Chancery of the State of Delaware, which is referred to herein as the Delaware Court of Chancery, and to receive payment in cash of the "fair value" of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Delaware Court of Chancery, together with interest, if any, to be paid upon the amount determined to be the fair value.

Under Section 262 of the DGCL, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262 of the DGCL. This proxy statement/prospectus shall constitute such notice, and the full text of Section 262 of the DGCL is attached to this proxy statement/prospectus as Annex C. Any holder of JMP Group Inc. common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder's right to do so, should review the following discussion and Annex C carefully because failure to timely and properly comply with the requirements of Section 262 of the DGCL will result in the loss of appraisal rights. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of JMP Group Inc. common stock, JMP Group Inc. believes that if a stockholder considers exercising such rights, such stockholder should seek the advice of legal counsel.

Filing Written Demand. Holders of JMP Group Inc. common stock wishing to exercise appraisal rights must deliver to JMP Group Inc., before the vote on the merger proposal at the special meeting at which the merger proposal will be submitted to the stockholders, a written demand for the appraisal of the stockholder's shares. A holder of shares of JMP Group Inc. common stock wishing to exercise appraisal rights must hold of record the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective date of the merger, since appraisal rights will be lost if the shares are transferred prior to the effective date of the merger. The holder must not vote in favor of the merger proposal. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the merger proposal, and it will constitute a waiver of the stockholder's right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the merger proposal or abstain from voting on the merger proposal. Neither voting against the merger proposal, nor abstaining from voting or failing to vote on the merger proposal, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262 of the DGCL. The written demand for appraisal must be in addition to and separate from any proxy or vote on the merger proposal. The demand must reasonably inform JMP Group Inc. of the identity of the holder as well as the intention of the holder to demand an appraisal of the "fair value" of the shares held by the holder. A stockholder's failure to make the written demand prior to the taking of the vote on the merger proposal at the special meeting will constitute a waiver of appraisal rights.

Only a holder of record of shares of JMP Group Inc. common stock is entitled to demand an appraisal of the shares registered in that holder's name. A demand for appraisal in respect of shares of JMP Group Inc. common stock should be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates, should specify the holder's name and mailing address and the number of shares registered in the holder's name and must state that the person intends thereby to demand appraisal of the holder's shares in connection with the merger. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. If the shares are held in "street name" by a broker, bank or nominee, the broker, bank or nominee may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising the rights with respect to the shares held for other beneficial owners; in such case, however, the written demand should set forth the number of shares as to which appraisal is sought and where no number of shares is expressly mentioned the demand will be presumed to cover all

shares of JMP Group Inc. common stock held in the name of the record owner. Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

All written demands for appraisal pursuant to Section 262 of the DGCL should be sent or delivered to JMP Group Inc. at 600 Montgomery Street, Suite 1100, San Francisco, California 94111. Attention: Scott Solomon, Chief Legal Officer and Secretary.

At any time within 60 days after the effective date of the merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the consideration offered pursuant to the merger agreement by delivering to JMP Group LLC, as the surviving entity in the merger, a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the effective date of the merger will require written approval of JMP Group LLC. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the merger consideration offered pursuant to the merger agreement within 60 days after the effective date of the merger. If JMP Group LLC does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder's right to appraisal in accordance with the proviso in the immediately preceding sentence, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration being offered pursuant to the merger agreement.

Notice by JMP Group LLC. Within ten days after the effective date of the merger, JMP Group LLC must notify each holder of JMP Group Inc. common stock who has made a written demand for appraisal pursuant to Section 262 of the DGCL, and who has not voted in favor of the merger proposal, that the merger has become effective.

Filing a Petition for Appraisal. Within 120 days after the effective date of the merger, but not thereafter, JMP Group LLC or any former holder of JMP Group Inc. common stock who has complied with Section 262 of the DGCL and is entitled to appraisal rights under Section 262 of the DGCL may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all dissenting holders. JMP Group LLC is under no obligation to, and has no present intention to, file such a petition, and holders should not assume that JMP Group LLC will file a petition. Accordingly, it is the obligation of the holders of JMP Group Inc. common stock to initiate all necessary action to perfect their appraisal rights in respect of shares of JMP Group Inc. common stock within the time prescribed in Section 262 of the DGCL. Within 120 days after the effective date of the merger, any holder of JMP Group Inc. common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from JMP Group LLC a statement setting forth the aggregate number of shares not voted in favor of the merger proposal and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after a written request for the statement has been received by JMP Group LLC or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. Notwithstanding the foregoing, a person who is the beneficial owner of shares of JMP Group Inc. common stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition for appraisal or request from JMP Group LLC the statement described in this paragraph.

If a petition for an appraisal is timely filed by a holder of shares of JMP Group Inc. common stock and a copy thereof is served upon JMP Group LLC, JMP Group LLC will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded appraisal of their shares to submit their stock certificates to the Delaware Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with the direction, the Delaware Court of Chancery may dismiss the proceedings as to the stockholder.

Determination of Fair Value. After the Delaware Court of Chancery determines the holders of JMP Group Inc. common stock entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Delaware Court of Chancery shall determine the "fair value" of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment.

In determining fair value, the Delaware Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court" should be considered, and that "fair price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered."

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares and that an investment banking opinion as to fairness from a financial point of view is not necessarily an opinion as to fair value under Section 262 of the DGCL. Although JMP Group Inc. believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. Neither JMP Group LLC nor JMP Group Inc. anticipate offering more than the applicable merger consideration to any of JMP Group Inc.'s stockholders exercising appraisal rights, and reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262 of the DGCL, the "fair value" of a share of JMP Group Inc. common stock is less than the merger consideration. The Delaware courts have stated that the methods which are generally considered acceptable in the financial community and otherwise admissible in court may be considered in the appraisal proceedings. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder's exclusive remedy.

If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable under the circumstances. Upon application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, to be charged pro rata against the value of all the shares entitled to be appraised.

If any stockholder who demands appraisal of shares of JMP Group Inc. common stock under Section 262 of the DGCL fails to perfect, successfully withdraws or loses such holder's right to appraisal, the stockholder's shares of JMP Group Inc. common stock will be deemed to have been converted at the effective date of the merger into the right to receive the merger consideration pursuant to the merger agreement. A stockholder will fail to perfect, or effectively lose, the holder's right to appraisal if no petition for appraisal is filed within 120 days after the effective date of the merger. In addition, as indicated above, at any time within 60 days after the effective date of the merger, a stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal in accordance with Section 262 of the DGCL and accept the merger consideration offered pursuant to the merger agreement.

Failure to comply strictly with the requirements of Section 262 of the DGCL will result in the loss of a stockholder's statutory appraisal rights. Consequently, any stockholder wishing to exercise appraisal rights is urged to consult legal counsel before attempting to exercise those rights.

Regulatory Approvals

We are not aware of any federal, state or local regulatory requirements that must be complied with or approvals that must be obtained prior to consummation of the merger pursuant to the merger agreement, other than compliance with applicable federal and state securities laws, the filing of articles of merger as required under the DGCL and various state governmental authorizations.

Accounting Treatment of the Merger

For accounting purposes, the merger and related transactions will be treated as a recapitalization of JMP Group Inc. with JMP Group LLC as the acquirer (reverse acquisition). The accounting basis used to initially record the assets and liabilities in JMP Group LLC is the carryover basis of JMP Group Inc. Shareholders' equity of JMP Group LLC will be that carried over from JMP Group Inc., after giving effect to minority interests.

OTHER RESTRUCTURING RELATED TRANSACTIONS

As part of the Reorganization Transaction, we intend that JMP Group Inc. will sell certain investment assets to JMP Investment Holdings LLC, a wholly owned subsidiary of JMP Group LLC, in order to establish a final corporate structure that we deem to be desirable to maintain the qualifying income exception for U.S. federal taxation purposes. Accordingly, in exchange for a 30-year promissory note in the principal amount equal to the fair market value of the transferred assets, bearing interest currently anticipated to be 2.97% per annum (the "Promissory Note"), we intend to transfer the following investment income producing assets: (i) JMP Capital LLC, (ii) limited partnership interests funds that are managed by HCS, and (iii) securities issued by CLOs managed by JMPCA.

In addition, JMP Group Inc. has issued \$46 million principal amount of 8.00% Senior Notes due 2023 (the "2013 Senior Notes") and \$48.3 million principal amount of 7.25% Senior Notes due 2021 (the "2014 Senior Notes," together with the 2013 Senior Notes, the "Senior Notes"). The Senior Notes were issued pursuant to an indenture with U.S. Bank National Association, as trustee. The indenture contains a minimum liquidity covenant that obligates JMP Group Inc. to maintain liquidity of at least an amount equal to the lesser of (i) the aggregate amount due on the next eight scheduled quarterly interest payments on the Senior Notes, or (ii) the aggregate amount due on all remaining

scheduled quarterly interest payments on the Senior Notes until the maturity of the Senior Notes. We intend for JMP Group Inc. to remain the issuer and primary obligor of its Senior Notes. We have finalized a Third Supplemental Indenture with U.S. Bank NA, pursuant to which JMP Group LLC and JMP Investment Holdings LLC will deliver a full and unconditional guarantee on the Senior Notes and certain other provisions of the Senior Notes (such as covenants) will be amended to comport with our new corporate structure. The effectiveness of the Third Supplemental Indenture will be contingent upon the consummation of the Merger.

DISTRIBUTION POLICY

Provided the Reorganization Transaction is completed, JMP Group LLC currently intends to distribute approximately 50% to 70% of its operating earnings to its shareholders, subject to various considerations, including, but not limited to, liquidity requirements, dividend restrictions contained in our current or future financing facilities, JMP Group LLC's distribution yield relative to its peers, and other relevant factors identified and considered by the board of directors of JMP Group LLC. We currently anticipate that our aggregate annual distributions per share will be no less than historical dividends paid by JMP Group Inc., which were approximately 30% to 35% of its operating earnings, although all future distributions will depend on a number of factors, including our financial performance, and must be approved by, and remain subject to the sole discretion of, our board of directors.

All distributions from JMP Group LLC will be made at the sole discretion of the board of directors of JMP Group LLC, and will depend on a number of factors affecting us, including:

our financial condition;

general business conditions;

actual results of operations;

the timing of the deployment of capital and leverage;

debt service requirements of us and our subsidiaries;

cash distributions from our subsidiaries;

our operating expenses;

our taxable income;

our capital expenditure requirements;

our liquidity requirements;

distribution restrictions contained in our current or future financing facilities;

JMP Group LLC's distribution yield relative to its peers;

restrictions under Delaware law;

any contractual, legal and regulatory restrictions on the payment of distributions by us to holders of our shares or by our subsidiaries to us; and

other factors the board of directors in its discretion deems relevant. See “Risk Factors—Risks Related to Ownership of Shares of JMP Group LLC—While we intend to make regular cash distributions to holders of shares of JMP Group LLC, the board of directors of JMP Group LLC has full authority and discretion over the distributions and it may decide to reduce or eliminate distributions at any time, which may adversely affect the market price of our shares.”

JMP Group LLC will be a holding company with no operations and will be dependent upon the ability of its subsidiaries to generate and distribute revenue to JMP Group LLC. JMP Group LLC expects to cause its subsidiaries to pay distributions to it in order to fund any such distributions, subject to applicable law and the other considerations discussed above.

If the merger and Reorganization Transaction are not completed, we do not have any intention of changing our existing distribution policy. For a history of JMP Group Inc.’s dividends since our inception, see “Summary—Historical Dividends on JMP Group Inc. Common Stock” on page 13. If the merger is completed, you will hold shares of JMP Group LLC rather than shares of common stock of JMP Group Inc., which will become a subsidiary of JMP Group LLC.

DIRECTORS AND EXECUTIVE OFFICERS

JMP Group LLC will be managed by a board of directors with the same directors, and have the same officers and management personnel, as that of JMP Group, Inc. prior to the merger. Further, JMP Group LLC intends to form the same board committees with identical members and governing charters as those of JMP Group, Inc. prior to the merger.

Information regarding members of our board of directors and executive officers is contained in our Annual Report on Form 10-K for the year ended December 31, 2013 under the caption “Item 10. Directors and Executive Officers and Corporate Governance” and is incorporated herein by reference. Information regarding executive compensation is contained in our Annual Report on Form 10-K for the year ended December 31, 2013 under the caption “Item 11. Executive Compensation” and is incorporated herein by reference. Information regarding certain relationships and related transactions is contained in our Annual Report on Form 10-K for the year ended December 31, 2013 under the caption “Item 13. Certain Relationships and Related Transactions and Director Independence” and is incorporated herein by reference.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of September 30, 2014 (unless otherwise indicated), certain information regarding the beneficial ownership of our common stock. In accordance with the rules of the SEC, “beneficial ownership” includes voting or investment power with respect to equity securities. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed as outstanding shares of common stock subject to options or restricted stock units held by that person that are currently exercisable or that vest or become exercisable within 60 days of September 30, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address for each person listed below is: c/o JMP Group Inc., 600 Montgomery Street, Suite 1100, San Francisco, California 94111. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name	Number of Common Shares Owned and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
Directors and Executive Officers		
Joseph A. Jolson	3,221,335	(2) 14.80 %
Craig R. Johnson	1,210,440	(3) 5.57 %
Carter D. Mack	1,333,719	(4) 6.14 %
Mark L. Lehmann	722,461	(5) 3.33 %
Kent Ledbetter	416,322	(6) 1.92 %
Raymond S. Jackson	48,140	*
Glenn H. Tongue	76,573	*
Kenneth M. Karmin	104,801	*
H. Mark Lunenburg	110,623	*
David M. DiPietro	38,438	*
Jonathan M. Orszag	46,255	*

All directors and executive officers as a group (11 persons) **7,329,107** **33.73 %**

5% Stockholders

T. Rowe Price Associates, Inc.	1,557,670	(7)	7.1	%
Entities affiliated with Wellington Trust Company, NA.	1,143,214	(8)	5.24	%

*Indicates less than 1% of class.

For purposes of this table, “beneficial ownership” is determined in accordance with Rule 13d-3 under the Exchange (1) Act, pursuant to which a person or group of persons is deemed to have “beneficial ownership” of any shares of common stock that such person has the right to acquire within 60 days of the date of determination.

Includes (a) 1,280,687 shares of common stock owned by the Joseph A. Jolson 1996 Trust dtd 3/7/96, of which Mr. Jolson is a trustee, (b) 1,646,200 shares of common stock owned by Joseph A. Jolson 1991 Trust, of which (2)Mr. Jolson is the trustee, (c) 71,448 shares of common stock owned by Mr. Jolson directly, and (d) 148,000 shares of common stock underlying vested options. Also included in the number reported are 75,000 shares of common stock owned by The Jolson Family Foundation although Mr. Jolson disclaims beneficial ownership of these shares.

Includes (a) 876,782 shares of common stock held by the Johnson Revocable Trust, UAD 7/2/97, (b) 238,938 (3) shares of common stock owned by Mr. Johnson directly, and (c) 94,720 shares of common stock underlying vested options.

Includes (a) 999,710 shares of common stock owned by the Mack Trust dated February 14, 2002; (b) 215,609 (4) shares of common stock owned by Mr. Mack directly; and (c) 118,400 shares of common stock underlying vested options.

Includes (a) 445,301 shares of common stock owned by the Mark L. and Kerri C. Lehmann Trust U/A dated (5) 3/4/2009 (b) 217,960 shares of common stock owned by Mr. Lehmann directly and (c) 59,200 shares of common stock underlying vested options.

Includes (a) 397,822 shares of common stock owned by the Ledbetter Rev Trust U/A DTD 10/08/2007 and (b) (6) 18,500 shares of common stock underlying vested options.

Information as to beneficial ownership by T. Rowe Price Associates, Inc. (“T. Rowe Price”) and its affiliates as of December 31, 2013 is based solely on a filing relating to our common stock made by T. Rowe Price and its affiliates with the SEC under Section 13(d) and Section 13(g) of the Exchange Act. According to this filing, these (7) securities are owned by various individual and institutional investors for which T. Rowe Price serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, T. Rowe Price is deemed to be the beneficial owner of such securities; however, T. Rowe Price expressly disclaims that it is, in fact, the beneficial owner of such securities.

Information as to beneficial ownership by Wellington Trust Company, NA (“Wellington Trust”), Wellington Management Company, LLP and Wellington Trust Company, Common Trust Funds Trust, Micro Cap Equity Portfolio (“WTC-CTF Micro Cap Equity”) (“Wellington Management,” together with Wellington Trust and WTC-CTF (8) Micro Cap Equity, the “Wellington Entities”) is based solely on four filings relating to our common stock made separately by the Wellington Entities with the SEC under Section 13(g) of the Exchange Act. According to the Schedules 13G, WTC-CTF Micro Cap Equity holds the 1,143,214 shares listed in the table related to the Wellington Entities.

DESCRIPTION OF SHARES OF JMP GROUP LLC

General

The following is a summary of the material terms of the shares representing limited liability company interests in JMP Group LLC. We will enter into the amended and restated LLC agreement of JMP Group LLC, which we refer to as the LLC agreement, in connection with the merger. The LLC agreement provides for the issuance of the shares, as well as the distributions on and voting rights of the holders of the shares. The following description is subject to the provisions of the Delaware Limited Liability Company Act. Certain provisions of the LLC agreement are intended to be consistent with the DGCL, and the powers of JMP Group LLC, the governance processes and the rights of holders of the shares are generally intended to be similar in many respects to those of a Delaware corporation under the DGCL, with certain exceptions. The statements that follow are subject to and are qualified in their entirety by reference to all of the provisions of the LLC agreement, which agreement is attached as Annex B and will govern your rights as a holder of the shares.

Authorized Shares

Upon completion of the merger, JMP Group LLC will be authorized to issue up to 100,000,000 common shares and 10,000,000 preferred shares in one or more series. These are the same amounts and classes of authorized shares that JMP Group Inc. had before the merger. As of immediately following the closing of the merger, the issued and outstanding shares of JMP Group LLC will be the same as JMP Group Inc. had immediately before the merger (other than any JMP Group Inc. common stock subject to validly perfected appraisal rights).

Distributions

Upon completion of the merger, the holders of outstanding JMP Group LLC common shares will be entitled to participate ratably, on a common share-for-common share basis, in such distributions as the JMP Group LLC board of directors may from time to time determine, subject to the rights of the holders of any preferred shares.

Voting

Holders of outstanding shares are entitled to one vote per share as provided in the LLC agreement. The LLC agreement provides that the holders of shares are entitled, at the annual meeting of holders of shares of JMP Group LLC, to vote for the election of all of the directors of JMP Group LLC. Because the LLC agreement does not provide for cumulative voting rights, the holders of a plurality of the voting power of the then outstanding shares represented at a meeting of the holders of the shares will effectively be able to elect all the directors of JMP Group LLC standing for election.

Anti-Takeover Provisions

Certain provisions of the LLC agreement that are substantially the same as provisions in the certificate of incorporation and bylaws of JMP Group Inc. before the merger may make it difficult for third parties to acquire control of JMP Group LLC by various means. These provisions could deprive the holders of shares of JMP Group LLC of opportunities to realize a premium on the shares owned by them. In addition, these provisions may adversely affect the prevailing market price of the shares. These provisions are intended to:

enhance the likelihood of continuity and stability in the composition of JMP Group LLC's board of directors and in the policies formulated by the board of directors;

discourage certain types of transactions which may involve an actual or threatened change in control of JMP Group LLC;

discourage certain tactics that may be used in proxy fights;

encourage persons seeking to acquire control of JMP Group LLC to consult first with JMP Group LLC's board of directors to negotiate the terms of any proposed business combination or offer; and

reduce the vulnerability of JMP Group LLC to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of the outstanding shares or that is otherwise unfair to holders of shares of JMP Group LLC.

Blank Check Preferred Shares

Consistent with the powers of the JMP Group Inc. board of directors under the charter of JMP Group Inc., the LLC agreement provides that our board of directors may authorize the issuance of preferred shares in one or more series and may designate the distribution rate, voting rights and other rights, preferences and restrictions of each series. We have not yet issued, nor do we have any present intention to issue, any preferred shares. We could, however, issue a series of preferred shares that could either impede or facilitate the completion of a merger, tender offer or other takeover attempt. Although our board of directors is required to make any determination to issue shares based on its judgment and in accordance with applicable law, our board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our shareholders might believe to be in their best interests or in which shareholders might receive a premium for their shares over the then market price of their shares. In addition, the rights and privileges of such preferred shares could adversely affect your voting power. Our board of directors does not intend to seek shareholder approval prior to any issuance of any preferred shares, unless otherwise required by law or stock exchange rules.

Shareholder Action by Written Consent; Special Meetings

Consistent with the requirements of the charter of JMP Group Inc., the LLC agreement prohibits action by shareholders by written consent in lieu of a meeting. The LLC agreement provides that special meetings of shareholders may be called by the chairman of the board of directors or a resolution of a majority of the board of directors.

Advance Notice Requirements for Shareholder Proposals and Director Nominees

Consistent with the requirements of the charter of JMP Group Inc., the LLC agreement provides for an advance notice procedure with regard to business proposed to be submitted by a shareholder at any annual meeting of our shareholders, including the nomination of candidates for election as directors. The procedure provides that a notice of proposed shareholder business must be timely given in writing to us prior to the meeting. To be timely, notice relating to an annual meeting generally must be received by the Company not less than 90 days nor more than 120 days before the first anniversary of the date the Company first mailed its proxy materials for the preceding year's annual meeting.

Notice to us from a shareholder who proposes to nominate a person at a meeting for election as a director must contain all information relating to that person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act.

The chairman of a meeting of shareholders may determine that a person was not nominated in accordance with the nomination procedure, in which case the person's nomination will be disregarded. If the chairman of a meeting of shareholders determines that other business was not properly brought before the meeting in accordance with the procedures in the LLC agreement, the business will not be conducted at the meeting.

Listing

We will apply to have JMP Group LLC common shares listed on the NYSE under the symbol "JMP" in the same manner that the JMP Group Inc. common stock is currently listed under the symbol "JMP."

Transfer Agent and Registrar

The transfer agent and registrar for the shares will be American Stock Transfer & Trust Company.

COMPARISON OF RIGHTS OF STOCKHOLDERS OF JMP GROUP INC. AND HOLDERS OF SHARES OF JMP GROUP LLC

The following section of the proxy statement/prospectus describes some of the differences between the current rights of holders of JMP Group Inc. common stock and the rights of holders of shares of JMP Group LLC after the Reorganization Transaction and also summarizes certain provisions of Delaware law, Delaware law, the charter of JMP Group Inc. which we refer to as the JMP Group Inc. Charter, the amended and restated bylaws of JMP Group Inc., which we refer to as the JMP Group Inc. Bylaws, and the amended and restated limited liability company agreement of JMP Group LLC, which we refer to as the LLC agreement. This summary may not contain all the information that is important to you. We encourage you to read carefully the JMP Group Inc. Charter and JMP Group Inc. Bylaws and the LLC agreement. For information on how to obtain the JMP Group Inc. Charter and JMP Group Inc. Bylaws, see "Where You Can Find More Information." A copy of the form of the LLC agreement is attached as Annex B to this proxy statement/prospectus.

General

If the Reorganization Transaction is completed, each share of JMP Group Inc. common stock you currently own, will be exchanged for one share representing a limited liability company interest in JMP Group LLC. As a holder of JMP Group Inc. common stock, your rights are governed by Delaware law, the JMP Group Inc. Charter and the JMP Group Inc. Bylaws. If the Reorganization Transaction is completed, your rights will be governed by Delaware law and the LLC agreement.

In general, the LLC agreement was drafted to include substantially similar terms, conditions and procedures as are contained in the JMP Group Inc. Charter and the JMP Group Inc. Bylaws and to provide holders of shares of JMP Group LLC with rights substantially similar to the rights provided to them by the DGCL, the JMP Group Inc. Charter and the JMP Group Inc. Bylaws. However, due to certain differences between the LLC Act and the DGCL, certain corporate stockholder rights cannot be replicated in their entirety in the LLC agreement. The summary below includes a comparison of certain of the material terms, conditions and procedures governing JMP Group Inc. stock and JMP Group LLC shares and, where applicable, identifies certain differences between the rights of the holders of JMP Group LLC shares and the rights of the holders of JMP Group Inc. stock.

The following summary does not purport to be a complete statement of the provisions affecting, and differences between, the rights of holders of JMP Group Inc. common stock and those of holders of shares of JMP Group LLC. The identification of specific provisions or differences is not meant to indicate that other equally or more significant differences do not exist. This summary is qualified in its entirety by reference to the LLC Act and the DGCL and by the governing corporate documents of JMP Group Inc. and JMP Group LLC, to which stockholders are referred.

The LLC agreement will contain provisions that could have the effect of delaying, deferring or preventing a transaction or a change in control of JMP Group LLC by various means that could deprive the holders of shares of JMP Group LLC of opportunities to realize a premium on the shares owned by them. In addition, these provisions may adversely affect the prevailing market price of the shares. See “Description of Shares of JMP Group LLC—Anti-Takeover Provisions.”

Authorized Capital Stock/Shares

JMP Group Inc. The JMP Group Inc. Charter authorizes issuance of up to 110,000,000 shares of stock, consisting of 100,000,000 shares of Common Stock, \$0.001 par value per share, and 10,000,000 shares of Preferred Stock, \$0.001 par value per share. As of June 30, 2014, 21,690,397 shares of Common Stock, \$0.001 par value, were outstanding, and no shares of Preferred Stock were outstanding. The JMP Group Inc. Charter provides that the JMP Group Inc. board of directors may authorize the issuance of preferred shares in one or more series and may designate the dividend rate, voting rights and other rights, preferences and restrictions of each series.

JMP Group LLC. Each share of JMP Group LLC represents a limited liability company interest in JMP Group LLC. The provisions of the LLC agreement with respect to the authorized classes and series of JMP Group LLC shares will be substantially similar to the authorized classes and series of JMP Group Inc. stock prior to the merger. Because each holder of JMP Group Inc. common stock will receive in the merger on a one-for-one basis JMP Group LLC common shares of a corresponding class and series, the same number of each class and series of JMP Group LLC shares will be outstanding immediately following the consummation of the merger as are outstanding immediately prior to the merger (other than as a result of any JMP Group Inc. stockholders exercising appraisal rights).

Because the LLC Act does not contemplate that limited liability company interests will have a par value, the concept of par value does not apply to the shares of JMP Group LLC. As a result, related concepts under the DGCL including statutory capital, which must be at least the aggregate par value of issued shares of stock of a corporation, do not apply to JMP Group LLC.

Voting

JMP Group Inc. Each outstanding share of JMP Group Inc. common stock is entitled to one vote on all matters submitted to a vote of JMP Group Inc.'s stockholders.

JMP Group LLC. The provisions of the LLC agreement with respect to the voting rights of JMP Group LLC shareholders are substantially similar to the voting rights of JMP Group Inc. stockholders. See the section titled "Description of JMP Group LLC Common Shares—Common Shares—Voting."

Fiduciary Duties

JMP Group Inc. The directors and officers of JMP Group Inc. owe fiduciary duties to JMP Group Inc. and to all of its stockholders. Under Delaware law, the legal obligations of corporate fiduciaries fall into two broad categories: a duty of care and a duty of loyalty. Further, as permitted by Delaware law, the JMP Group Inc. Charter limits directors' and officers' liability for breaches of fiduciary duties in certain respects.

JMP Group LLC. The provisions of the LLC agreement with respect to the fiduciary duties of the directors and officers of JMP Group LLC, and their liability for breaches of such duties, are substantially similar to the fiduciary duties of directors and officers of JMP Group Inc.

Board of Directors

JMP Group Inc. Pursuant to the DGCL and the JMP Group Inc. Bylaws, the business and affairs of JMP Group Inc. are managed by its board of directors. The JMP Group Inc. Bylaws provide that JMP Group Inc.'s board of directors will consist of not less than three and not more than ten directors. The JMP Group Inc. board of directors currently consists of nine directors with no vacancies.

JMP Group LLC. The LLC agreement provides that the business and affairs of JMP Group LLC shall be managed by its board of directors in a substantially similar manner as the business and affairs of JMP Group Inc. are currently managed by its board of directors. The authority and function of the board of directors of JMP Group LLC will be substantially similar to the authority and function of the board of directors of JMP Group Inc. Further, the LLC agreement provides that the number, and terms of service, of JMP Group LLC directors are to be substantially similar to JMP Group Inc. The LLC agreement sets the size of the board of directors at nine directors. The number of directors may be changed only by the board of directors.

Amendment of Organizational Documents and the LLC Agreement

JMP Group Inc.

JMP Group Inc. Charter. Pursuant to Section 242 of the DGCL, generally, the JMP Group Inc. Charter may be amended only if (i) the board of directors, by resolution, declares the advisability of the proposed amendment and (ii) the holders of a majority of outstanding stock entitled to vote on the proposed amendment approve such amendment.

JMP Group Inc. Bylaws. The JMP Group Inc. Bylaws may be amended either (i) by the board of directors or (ii) by the vote of the holders of not less than a majority of the stock entitled to vote on the proposed amendment. The number of authorized directors may be changed only by resolution of the board of directors.

JMP Group LLC. The provisions of the LLC agreement, which were drafted to include substantially similar provisions as the JMP Group Inc. Charter and to incorporate certain provisions of the DGCL commonly included in a certificate of incorporation of a Delaware corporation (the “Charter Provisions”), may only be amended in a substantially similar manner as the JMP Group Inc. Charter could be amended.

The provisions of the LLC agreement, which were also drafted to include substantially similar provisions as the JMP Group Inc. Bylaws and to incorporate certain provisions of the DGCL which are commonly included in the bylaws of a Delaware corporation (the “Bylaw Provisions”), may only be amended in a substantially similar manner as the JMP Group Inc. Bylaws could be amended.

The holders of JMP Group Inc. common stock have additional rights under the DGCL by virtue of the fact that JMP Group Inc. is organized as a Delaware corporation under the DGCL. Currently, these additional rights may not be amended or altered by the JMP Group Inc. Charter, the JMP Group Inc. Bylaws or any other action by JMP Group Inc., its board of directors or its stockholders. In order to provide holders of shares of JMP Group LLC with rights substantially similar to the rights provided to them by the DGCL, certain provisions of the LLC agreement were drafted to incorporate the additional rights that stockholders of JMP Group Inc. have pursuant to the DGCL (the “DGCL-Implementing Provisions”). The DGCL-Implementing Provisions in the LLC agreement may be amended, but only if (i) the board of directors, by resolution, declares the advisability of the proposed amendment and (ii) a majority of the shareholders entitled to vote on the proposed amendment approve such amendment; provided, however, that notwithstanding the foregoing, if the board of directors of JMP Group LLC determines that Delaware corporations have implemented a DGCL provision in a manner not permitted by the corresponding DGCL-Implementing Provision in the LLC Agreement (whether as a result of the development in jurisprudence or otherwise) (a “New Implementation”), such corresponding DGCL-Implementing Provision may be amended to adopt such New Implementation in the same manner as a Bylaw Provision may be amended.

The remaining provisions of the LLC agreement that are not expressly designated as Charter Provisions, Bylaw Provisions or DGCL-Implementing Provisions and that include provisions that are commonly included in LLC agreements, may be amended if (i) the board of directors, by resolution, declares the advisability of the proposed amendment and (ii) the holders of a majority of outstanding shares entitled to vote on the proposed amendment approve such amendment.

Neither the board of directors of JMP Group Inc. nor any committee thereof, pursuant to the DGCL, could amend the provisions of the JMP Group Inc. Charter except to change the registered office or registered agent of JMP Group Inc. and, through a short-form merger, to change the name of the corporation. The LLC agreement provides that the JMP

Group LLC board of directors and any committee thereof (to the extent such committee shall be empowered to exercise all of the authority of the board of directors in accordance with the LLC agreement) may amend the LLC agreement without the approval of the JMP Group LLC shareholders or any other person, under the following limited circumstances:

- to change the name of JMP Group LLC or its registered agent or registered office;
- to impose restrictions on the transfer of shares, under certain circumstances, to avoid a significant risk of JMP Group LLC becoming taxable as a corporation or otherwise becoming taxable as an entity for U.S. federal income tax purposes;
- to reflect the proposal or promulgation of United States Treasury Regulations under Section 704(b) or Section 704(c) of the Code or otherwise to preserve or achieve uniformity of the shares (or any portion or class or series thereof);
 - to reflect any amendment to Section 145 of the DGCL or the amendment or addition of any other provisions of the DGCL relating to indemnification and advancement of expenses, under certain circumstances;

to reflect any change determined by the JMP Group LLC board of directors to be necessary and appropriate in the event that a provision of the DGCL or the LLC Act is enacted, amended or revoked;

pursuant to any writing approved by the JMP Group LLC board of directors setting forth the powers, designations, preferences and relative, participating, optional or other rights, if any, and any qualifications, limitations or restrictions thereof, of a series of preferred shares;

if any term or provision of the LLC agreement is determined, in a final and nonappealable order, to be illegal or invalid for any reason, to adopt any amendment to the LLC agreement that the JMP Group LLC board of directors determines is necessary or appropriate so as to, as closely as possible in a manner acceptable to the JMP Group LLC board of directors, effect the intent that the LLC agreement govern JMP Group LLC in a manner that is substantially similar to the governance of JMP Group Inc. in effect immediately prior to the effective time of the merger;

to qualify or continue the qualification of JMP Group LLC as a limited liability company under the laws of any state or to ensure that JMP Group LLC and any of its subsidiaries will not be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes;

to address changes in U.S. federal income tax regulations, legislation or interpretation;

to the extent it does not adversely affect the JMP Group LLC shareholders considered as a whole or the JMP Group LLC shareholders holding any particular class or series of shares as compared to JMP Group LLC shareholders holding any other classes or series of shares in any material respect, to (i) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any U.S. federal or state or non-U.S. agency or judicial authority or contained in any U.S. federal or state or non-U.S. statute (including the LLC Act), (ii) facilitate the trading of shares (including the division of any class or series of outstanding shares into different classes or series to facilitate uniformity of tax consequences within such classes or series of shares) or comply with any rule, regulation, guideline or requirement of any exchange registered with the SEC under Section 6(a) of the Exchange Act on which the shares are or will be listed, or (iii) effect the intent expressed in this proxy/prospectus or the intent of the provisions of the LLC agreement;

to effect a change in the fiscal year or taxable year of JMP Group LLC and any other changes that the JMP Group LLC board of directors determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of JMP Group LLC; and

to correct any provision of the LLC agreement that, as a result of a typographical error or other inaccuracy, does not implement the parties' intent that the LLC agreement govern the Company in a manner substantially similar to the way JMP Group Inc. was governed immediately prior to the merger.

Dividends/Distributions

JMP Group Inc. Subject to the requirements of applicable law, the JMP Group Inc. board of directors may declare and pay dividends upon shares of its stock and the corporation may purchase its own shares of stock or redeem any shares of its stock that are redeemable. To the extent a dividend is paid or stock is purchased or redeemed in a manner that violates applicable law, the directors are liable to the corporation for the funds wrongfully distributed by them, and, if a director is so liable, such director is subrogated to the rights of the corporation against stockholders who received such dividend or payment with knowledge that it was unlawful.

JMP Group LLC. The requirements for JMP Group LLC to declare and pay a distribution or to purchase or redeem any of its shares under the LLC Act and the LLC agreement are substantially similar to the requirements for JMP Group Inc. To the extent a distribution to a JMP Group LLC shareholder is made that violates applicable law, the

shareholder may be obligated to repay any funds wrongfully distributed to it if the shareholder had actual knowledge that the distribution was unlawful.

Merger/Conversion

JMP Group Inc. Under the DGCL, in order for JMP Group Inc. to merge with another entity or convert into another form of organization, the board of directors of JMP Group Inc. must adopt a resolution declaring the action advisable and the requisite votes of JMP Group Inc.'s stockholders must be obtained.

JMP Group LLC. The LLC agreement provides that JMP Group LLC may merge with another entity or convert into another form of organization in a substantially similar manner as JMP Group Inc., except that, if the JMP Group LLC board of directors determines that it is no longer in the interests of JMP Group LLC to continue as a partnership for U.S. federal income tax purposes, the JMP Group LLC board of directors may elect to treat JMP Group LLC as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes and may, at its option, effect such change in tax treatment by authorizing a merger or conversion or other transaction under applicable law without JMP Group LLC shareholder approval.

Dissolution

JMP Group Inc. Under Section 275 of the DGCL, a Delaware corporation may be dissolved if (i) a majority of the entire board of directors adopts a resolution declaring the dissolution advisable, (ii) the dissolution is approved by the holders of a majority of the outstanding stock entitled to vote on the dissolution, and (iii) a certificate of dissolution is filed with the Secretary of State of the State of Delaware. Alternatively, a Delaware corporation may be dissolved without action of the board of directors if all of the stockholders entitled to vote on the dissolution consent in writing and a certificate of dissolution is filed with the Secretary of State of the State of Delaware.

Following the dissolution, the corporation shall be continued for limited purposes during a three-year winding up period. Upon dissolution, following the payment of the corporation's creditors and obligations and the provision for future claims, the remaining assets are distributed to the stockholders of the corporation.

A corporation may revoke a voluntary dissolution prior to the expiration of the three-year winding up period if (i) a majority of the board of directors adopts a resolution recommending that the dissolution be revoked, (ii) the revocation is approved by the holders of a majority of the stock which was outstanding at the time of the dissolution and was entitled to vote on the dissolution, and (iii) a certificate of revocation of dissolution is filed with the Secretary of State of the State of Delaware.

JMP Group LLC. The LLC agreement provides that JMP Group LLC may be dissolved in a substantially similar manner that JMP Group Inc. may be dissolved under Section 275 of the DGCL (other than filing a certificate of dissolution, which is not required to be filed by the LLC Act). In addition, the LLC agreement provides that JMP Group LLC may also be dissolved if (i) at any time there are no shareholders unless JMP Group LLC is continued without dissolution as permitted by the LLC Act, or (ii) upon the entry of a decree of judicial dissolution of JMP Group LLC under Section 18-802 of the LLC Act.

Following its dissolution, JMP Group LLC will continue to exist for purposes of winding up the affairs of JMP Group LLC and, upon completion of the winding up, a certificate of cancellation is filed with the Secretary of State of the State of Delaware. Upon dissolution, the JMP Group LLC board of directors will select a liquidating trustee to exercise the powers of the board of directors necessary or appropriate to complete the winding up of JMP Group LLC and the liquidating trustee shall use its best efforts to complete the winding up within three years from the date of dissolution, but it is possible that winding up the affairs of JMP Group LLC may take longer than three years. Following payment of JMP Group LLC's creditors and obligations and satisfaction of liabilities, the remaining assets of JMP Group LLC will be distributed to its shareholders in accordance with the terms of the LLC agreement.

Pursuant to Section 18-806 of the LLC Act, a limited liability company shall not be dissolved and its affairs not wound up if, prior to the filing of the certificate of cancellation with the Secretary of State of the State of Delaware, the dissolution of the limited liability company is revoked and the limited liability company is continued pursuant to the affirmative vote of all remaining shareholders of the limited liability company, provided, however, that if the dissolution was caused by a vote of the shareholders, the dissolution shall not be revoked unless each shareholder who voted in favor of the dissolution has voted to continue the limited liability company.

Distributions upon Dissolution

JMP Group Inc. Pursuant to the JMP Group Inc. Charter, in the event of a dissolution of JMP Group Inc., after payments to claimants and preferred stockholders, if any, the holders of JMP Group Inc. common stock shall share ratably on a share-for-share basis in all distributions of assets of JMP Group Inc.

JMP Group LLC. The provisions of the LLC agreement with respect to distributions upon dissolution of JMP Group LLC are substantially similar to such provisions in the JMP Group Inc. Charter.

Derivative Actions

JMP Group Inc. Under Delaware law, a creditor of a corporation does not have standing to bring a derivative action against the corporation unless the corporation is insolvent.

JMP Group LLC. Under Delaware law, a creditor of a limited liability company does not have standing to bring a derivative action against a limited liability company even if it is insolvent.

Deadlocks

JMP Group Inc. Under Section 226 of the DGCL, the Court of Chancery of the State of Delaware, upon application of any stockholder of the corporation, may appoint a custodian or receiver of the corporation in certain circumstances, including certain deadlocks among the stockholders or directors or if the corporation has abandoned its business and failed within a reasonable amount of time to take steps to dissolve, liquidate or distribute its assets.

JMP Group LLC. Neither the LLC Act nor the LLC agreement includes a provision similar to Section 226 of the DGCL addressing deadlocks or the abandonment of the company's business. Section 18-802 of the LLC Act, however, provides that the Court of Chancery of the State of Delaware, upon application of any member or manager of the limited liability company, may decree dissolution of the limited liability company whenever it is not reasonably practicable to carry on the business in conformity with the LLC agreement.

Attachment of Shares

JMP Group Inc. Under Section 342 of the DGCL, a stockholder's creditors may attach its shares of the corporation, and such attached shares, upon order of the court from which the attachment process was issued, may be sold at public sale to the extent sufficient to satisfy the creditor's debt.

JMP Group LLC. Under Section 18-703 of the LLC Act, on application by a creditor of a shareholder, a court may charge the shares of the limited liability company held by the shareholder to satisfy the judgment. To the extent so charged, the judgment creditor only has the right to receive any distribution on the shares to which the shareholder would have otherwise been entitled and the judgment creditor may not attach, sell or otherwise exercise any management rights related to the charged shares.

Limited Power of Attorney

JMP Group LLC. In order to provide JMP Group LLC's board of directors and management with the power to take certain actions that they are currently able to do in the corporate context with respect to JMP Group Inc., the LLC agreement provides that each JMP Group LLC shareholder, in its capacity as a shareholder of JMP Group LLC, irrevocably appoints each director, officer and liquidating agent, if one has been appointed, of JMP Group LLC as its attorney-in-fact with full power of attorney only under the circumstances listed below.

To execute and record in the appropriate public offices:

all certificates, documents and other instruments necessary or appropriate to form, qualify or continue the existence or qualification of JMP Group LLC as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property;

all certificates, documents and other instruments necessary or appropriate to reflect any amendment, change, modification or restatement of the LLC agreement adopted in accordance with its terms;

all certificates, documents and other instruments necessary or appropriate to reflect the dissolution, winding up and termination of JMP Group LLC pursuant to the terms of the LLC agreement;

all certificates, documents and other instruments relating to the admission, resignation, removal or substitution of any JMP Group LLC shareholder pursuant to the LLC agreement;

all certificates, documents and other instruments relating to the determination of the powers, designations, preferences and relative and participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof, of any class or series of shares representing limited liability company interest in JMP Group LLC issued pursuant to the LLC agreement; and

all certificates, documents and other instruments relating to a merger, consolidation or conversion of JMP Group LLC adopted in accordance with the LLC agreement.

execute and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate to (A) make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the JMP Group LLC shareholders under the LLC agreement or that is consistent with the terms of the LLC agreement or (B) effectuate the terms or intent of the LLC agreement.

Taxation

For a discussion of the differences in taxation between JMP Group Inc. and JMP Group LLC, see the section titled “Material U.S. Federal Income Tax Considerations.”

LIMITATION OF LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

The LLC agreement provides that a director or officer of JMP Group LLC will be indemnified and held harmless by the Company to the fullest extent authorized by the DGCL (as if the Company were a Delaware corporation and such director or officer were a director or officer of a Delaware corporation) against monetary damages and amounts reasonably incurred or suffered by such person in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer; provided, however, that except as to actions against the Company to enforce indemnification rights,

the Company will indemnify any director or officer seeking indemnification in a proceeding initiated by such person only if the proceeding was authorized by the board of directors. The foregoing statement is a summary of provisions set forth in the LLC agreement, which is attached as Annex B.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Introduction

In the opinion of Orrick, the following description of the material U.S. federal income tax consequences of the merger and the Reorganization Transaction and the ownership and disposition of shares of JMP Group LLC is accurate in all material respects. This description is based on current law, is for general information only and is not tax advice. This discussion is based on the Internal Revenue Code, or the Code, applicable Treasury Regulations, judicial authority, and administrative rulings and practice, all as currently available and in effect on the date hereof and which are subject to change or differing interpretations, possibly with retroactive effect. This description assumes that shares of JMP Group Inc. common stock are held as capital assets for U.S. federal income tax purposes, and that shares of JMP Group LLC will be held as capital assets for U.S. federal income tax purposes following the merger and the Reorganization Transaction. This description is not intended to be a complete description of all of the U.S. federal income tax consequences of the merger, the Reorganization Transaction and the ownership and disposition of the shares of JMP Group LLC. In addition, except as specifically set forth below, this description does not discuss any state or local income taxation or foreign income taxation or other tax consequences. This discussion does not address all of the aspects of U.S. federal income taxation that may be relevant to a particular holder of JMP Group Inc. common stock or shares of JMP Group LLC in light of its personal circumstances, or to holders of JMP Group Inc. common stock or shares of JMP Group LLC that are subject to special treatment under U.S. federal income tax laws, including but not limited to:

dealers in securities or foreign currencies;

financial institutions;

insurance companies;

tax-exempt organizations (except to the extent discussed in “U.S. Federal Income Tax Consequences of the Ownership and Disposition of Shares of JMP Group LLC—Unrelated Business Taxable Income”);

non-U.S. individuals and non-U.S. corporations (except to the extent discussed in “U.S. Federal Income Tax Consequences of the Ownership and Disposition of Shares of JMP Group LLC—Non U.S. Holders”);

persons who are subject to the alternative minimum tax (except to the extent discussed in “U.S. Federal Income Tax Consequences of the Ownership and Disposition of Shares of JMP Group LLC—Alternative Minimum Tax”);

traders in securities who elect to apply a mark-to-market method of accounting;

persons that hold their JMP Group Inc. common stock (or will hold shares of JMP Group LLC) as part of a hedge, straddle, constructive sale or Reorganization Transaction;

persons whose functional currency is not the U.S. dollar;

real estate investment trusts;

certain U.S. expatriates;

estates and trusts;

S corporations;

mutual funds;

persons who are, or who hold their JMP Group Inc. common stock (or will hold shares of JMP Group LLC) through, partnerships or other pass-through entities; or

holders of options granted by JMP Group Inc. (or by JMP Group LLC) or persons who acquired JMP Group Inc. common stock (or shares of JMP Group LLC) as compensation.

The tax treatment of partners in a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) that holds JMP Group Inc. common stock (or will hold shares of JMP Group LLC) generally depends on both the status of the partner (rather than the partnership) and the activities of the partnership and is not specifically addressed herein. Partners in partnerships that hold JMP Group Inc. common stock or will hold shares of JMP Group LLC and such partnerships should consult their tax advisors.

As used below, a “U.S. holder” is a beneficial holder of shares of JMP Group LLC, or JMP Group Inc. common stock, as applicable, and who is, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;