



**JMP Group LLC (“JMP”)
Frequently Asked Questions
Tax Year 2018**

1. When will my 2018 JMP K-1 be available?

The K-1 packages will be printed and mailed in late February, although unanticipated events may cause printing and mailing to be delayed beyond that date. We cannot guarantee that you will receive your K-1 package before April 15th. Access to electronic copies of the K-1 packages are available on the TaxWeb secure K-1 website at <https://www.taxpackagesupport.com/jmp> on March 1st and the JMP K-1 Call Center will be live immediately upon release of the K-1's.

2. I cannot wait for the hard copy of my K-1. What can I do?

You will be able to access a pdf version of your K-1 on the secure website hosted by a third-party provider once that site goes live (see above). A link to that website can also be found in the Investor Relations section of the JMP website.

You may also contact the K-1 Call Center as follows:

Tax Package Support
P.O. Box 799060
Dallas, TX 75379
(800) 381-9889 (within the U.S.)
(972) 248-5396 (outside the U.S.)

3. There is a problem with the SSN / Address / # of Units Owned, etc. on my K-1. What can I do?

Your Schedule K-1 was prepared based upon information provided by your bank or broker. Changes to this information should be requested through them. Changes may also be requested by contacting Tax Package Support at the address above.

Changes reported to Tax Package Support are generally made within 24 hours and a revised Schedule K-1 issued at that time as well.

4. Why do unitholders receive a Schedule K-1 instead of a Form 1099?

JMP will not be issuing Forms 1099 to its unitholders since JMP is no longer a corporation. Although JMP is publicly traded, it is important to note that JMP is a limited partnership and not a corporation. The units you own in JMP represent limited partnership interests in a partnership.

As a partner in a partnership, you are taxed on your allocable share of JMP's income, irrespective of whether cash

distributions are made to you. Your allocable share of JMP's income, gain, loss, deduction, credits and cash distributions are reported to you annually on IRS Schedule K-1. A Form 1099 is not used to report unitholders' pro rata share of JMP's taxable income on income tax returns.

5. Will every unitholder receive a Schedule K-1 regardless of the amount of time they held their units?

Yes. Regardless of the amount of time an unitholder held their units, each unitholder will receive a Schedule K-1 reflecting their allocable share (if any) of JMP's income for the period during which such units were owned.

6. Are cash distributions I received from JMP during 2018 taxable?

Detailed information concerning JMP's cash distributions can be found in the "Distributions" section of our website.

Please note that although commonly (and mistakenly) referred to as "dividends," cash payments made by JMP to its unitholders are considered partnership distributions under the tax laws of the United States and most other jurisdictions. In general, cash distributions received from JMP should not be taxable to the extent they do not exceed your adjusted tax basis in the underlying JMP units. However, if you received a distribution that exceeds your adjusted tax basis, you should consult with your tax advisor as the distribution may be taxable.

7. Are these cash payments subject to U.S. withholding?

The cash distributions made by JMP to its unitholders represent the cumulative cash earnings of JMP's businesses. It is important to note that JMP is treated as a partnership and not as a corporation under the laws of the United States and most other jurisdictions. As such, cash payments made by JMP to its unitholders are considered partnership "distributions" and not "dividends." While distributions from U.S. partnerships are generally not subject to U.S. withholding, certain types of U.S. source income which are allocable to non-U.S. persons are subject to U.S. withholding.

8. I am a non-U.S. unitholder or a nominee/withholding agent responsible for administering withholding with respect to non-U.S. unitholders of JMP units. Where can I find additional information about JMP's cash distributions and the components thereof?

Every quarter, JMP declares monthly cash distributions to its unitholders and JMP releases to its transfer agents and other nominees, a Qualified Notice which indicates those components of the quarterly distributions which would attract U.S. withholding. Copies of those notices are available in the "Distributions" section of Investor Relations area of JMP's website.

9. I represent a tax exempt entity which owns JMP units. Does JMP generate UBTI?

Yes. For the tax year 2018, JMP generated UBTI. Please refer to the detailed statements attached to your Schedule K-1.

10. The trading price of JMP units has dropped since I purchased those units. Why do I owe tax?

As a partner in a partnership, you are taxed on your allocable share of JMP's income, irrespective of whether cash distributions are made to you. The taxable income or loss reported to you on Schedule K-1 must be taken into account during your current tax year. Gain or loss (computed after adjustments to basis) should also be taken into account when you dispose of JMP units. Each unitholder should maintain his or her own individual tax basis in JMP units. Please consult your tax advisor.

11. Is JMP a Passive Foreign Investment Company (“PFIC”)?

No. However, during 2018, JMP held indirect interests in numerous entities which were treated as PFIC’s for U.S. tax purposes. JMP has made qualified electing fund (“QEF”) elections with respect to its PFIC interests. This election requires JMP to include its pro rata share of income and capital gains on an annual basis. As a result, any such PFIC activity has been included in the taxable income reported on your Schedule K-1.

12. Does my investment in JMP units subject me to additional U.S. state tax filing requirements?

During tax year 2018, JMP did not generate state source income and therefore unitholders should not be subject to any state tax filing requirements on account of their JMP units. In 2018, JMP earned investment income (interest, dividends and capital gains), which is generally sourced to a unitholder’s state of residence. Accordingly, you should not be subject to filing requirements in other states as a result of your investment in JMP. However, given the nature of our investments, we may report state source income in the future and therefore cannot make any representation that we will not generate state source income. If we do report any state source income in the future, we will disclose it on the Schedule K-1 for such future tax year.