

 POLICY STATEMENT	
Subject: Corporate Governance Guidelines	Date Issued: September 30, 2009 Date Amended: November 6, 2014 Date Amended: February 16, 2017 Date Amended: May 21, 2019
Approved by: Board of Directors Date: May 21, 2019	Distribution:

The Board of Directors (the “Board”) of B. Riley Financial, Inc., a Delaware corporation (the “Company”), has adopted the following Corporate Governance Guidelines (the “Guidelines”) to advance the functioning of the Board and its committees and set forth the Board’s expectations as to how it should perform its functions. These Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company or as required by applicable laws. The Guidelines should be interpreted in the context of all applicable laws and the Company’s Charter, bylaws and other corporate governance documents.

Board Responsibility

1. Role of the Board

The Company’s business shall be conducted by its officers, managers and employees, under the direction of the Chief Executive Officer and the oversight of the Board. The directors are elected by the stockholders to oversee management and to exercise their business judgment in the best interests of the Company. In addition to its general oversight of management, the Board or its committees perform the following principal functions:

- Review, evaluate, and, where appropriate, approve the Company’s business strategies and long-term plans, and evaluate its performance against such plans;
- Review, evaluate and approve major corporate actions;
- Oversee management’s efforts to establish and maintain for the Company the highest standards of legal and ethical conduct, including with respect to the integrity of the Company’s accounting, financial reporting and finance processes and systems of internal control, compliance with law and ethics, and the integrity of relationships with customers, suppliers and other stakeholders; and
- Select, evaluate and compensate the Company’s executive officers and review management succession planning.

In order to facilitate the effective performance of such Board functions, the following minimum expectations apply to directors:

- All directors are expected to attend Board meetings and meetings of committees on which they serve, prepare for meetings, review relevant materials, ask questions and engage in discussion, and spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Participation by telephone is appropriate in the event of scheduling conflicts.
- Directors should be familiar with the Company's business, its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the Board and committee meetings he or she attends. Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; they are expected to act with integrity; and they are expected to demonstrate a commitment to the Company, its values, its business plan, long-term stockholder value and the Company's dividend policy.

In performing their oversight role, directors shall rely in good faith on the competence and integrity of management in carrying out their responsibilities. It is the responsibility of management to operate the Company in an effective and ethical manner in order to produce value for stockholders.

All directors owe a duty of loyalty to the Company which mandates that the best interests of the Company prevail over any individual interests of a director.

Board Composition

2. Board Size

The Board periodically reviews the appropriate size of the Board, which may vary to accommodate the availability of suitable candidates and the needs of the Company, subject to the requirements of the Company's bylaws and the General Corporation Law of the State of Delaware (the "DGCL").

3. Selection of Chairman of the Board and Chief Executive Officer

The Board may select the Chairman of the Board and the Chief Executive Officer as it may determine from time to time in the best interests of the Company. These offices may be filled by one individual or two different individuals.

4. Selection of Board Members

Pursuant to the Company's Amended and Restated Certificate of Incorporation dated August 17, 2015 (the "Charter"), all directors will hold office for one-year terms expiring at the next annual meeting of stockholders.

The Board recommends to the stockholders a slate of nominees for election at the Company's annual meeting of stockholders. Between annual meetings of stockholders, the Board may appoint directors to fill vacancies to serve until the next annual meeting. Pursuant to the

declassified board structure set forth in the Charter, any director chosen as a result of a newly created directorship or to fill a vacancy on the Board would hold office until the next annual meeting of stockholders. The Corporate Governance Committee selects and recommends to the Board the slate of director nominees for election at the annual meeting and the individual nominees to otherwise be appointed to fill vacancies between annual meetings, in accordance with the policies and principles contained in these Guidelines and the requirements of the Company's Charter and bylaws. Stockholders may propose nominees for consideration by the Corporate Governance Committee by submitting the names and supporting information to the Company's Secretary in accordance with the Company's Stockholder Nominations and Communications Policy.

Consistent with the DGCL, stockholders are permitted to remove directors elected to one-year terms with or without cause.

5. Board Membership Criteria; Other Directorships or Commitments

The Corporate Governance Committee is responsible for reviewing, on an annual basis, the requisite skills and characteristics of individual Board members, as well as the composition of the Board as a whole, in the context of the needs of the Company. The Corporate Governance Committee will review all nominees for director in accordance with the requirements and qualifications contained in these Guidelines and will recommend that the Board select those nominees whose attributes it believes would be most beneficial to the Company. This review will involve an assessment of the proposed nominees' personal qualities and characteristics, accomplishments and business reputation. The Corporate Governance Committee will assess candidates' qualifications based on the following minimum criteria which may be modified from time to time by the Corporate Governance Committee:

- Demonstrated personal integrity and moral character;
- Willingness to apply sound and independent business judgment for the long-term interests of stockholders;
- Relevant business or professional experience, technical expertise or specialized skills;
- Personality traits and background, including the diverse nature of the candidate, that allow the candidate to provide a broad range of perspectives, experience and expertise required to achieve effective stewardship and to fulfill their duties to the Company and its stockholders; and
- Ability to commit sufficient time to effectively carry out the substantial duties of a director.

Due to competitive, confidentiality and legal considerations, the Corporate Governance Committee and the Board will not consider as a director candidate anyone who is an officer, director or principal of an enterprise which is in substantial competition with the Company.

The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities may also present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Directors should advise the Chairman of the Corporate Governance Committee and the Chief Executive Officer before accepting a nomination or appointment to membership on another board of directors or any Audit Committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the Company. Directors should not serve on more than five other public company boards of directors in addition to the Board.

6. Change in Job Responsibility

The Board believes that directors who retire from their present employment, or materially change their position, should notify the Corporate Governance Committee so it can assess whether the director continues to meet the Board's qualifications criteria under the circumstances and the Corporate Governance Committee should make a recommendation based on its findings. Retirement or material change in position should not necessarily preclude a director's continued service on the Board; however, the Corporate Governance Committee should be in a position to assess the effect of such a change in its evaluation of the appropriate mix of skills and experience necessary for the Board to perform its oversight function effectively.

7. Term Limits

The Board does not believe it is advisable to limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the Company's business based on their experience and understanding of the Company's history, policies and objectives. The Board believes that it can, as necessary, utilize the nominating process described above to elect or appoint new directors to obtain new ideas and viewpoints regarding the Company's business and affairs.

8. Retirement Policy

The Board has determined not to establish a mandatory retirement age.

Alternatively, the Corporate Governance Committee and the Board will review each director's continuation on the Board upon reaching the age of 75 and each year thereafter.

9. Director Independence

At least a majority of the Board and all of the members of the Audit Committee, the Compensation Committee and the Corporate Governance Committee will at all times be comprised of directors who qualify as independent directors in accordance with applicable rules of the Securities and Exchange Commission (the "SEC") and the listing standards of The Nasdaq Stock Market ("Nasdaq"), which focus on a director's independence from the management of the Company.

Board Meetings

10. Board Meeting Schedule and Agenda

The Board shall have at least four regularly scheduled meetings each year.

Additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the business. The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time. The Board will review the Company's long-term strategic plan and the fundamental factors affecting the Company's successful operation of its business during at least one meeting each year. The Chief Executive Officer and Secretary shall attend all non-executive sessions of the Board, and other members of management may attend non-executive sessions of the Board at the invitation of the Chief Executive Officer or the Board.

11. Advance Distribution of Materials

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting to preserve time at the meeting and to provoke questions and discussion about the material. On certain occasions where the subject matter is too sensitive to put in writing, the matter will be discussed at the meeting.

12. Presiding Director

At their discretion, the non-management directors may elect one director from among their membership as Presiding Director. Responsibilities of the Presiding Director shall include: leadership of executive sessions of the Board; consultation with the Chairman of the Board concerning the agenda for Board meetings; input as to the kind of material to be provided to the Board in consultation with the Chairman of the Board; facilitation of communications between the Board and management; focal point for stockholder communications addressed to independent or non-management directors; ability to retain outside professionals on behalf of the Board as the Board may determine is necessary or appropriate; and such other functions as the Board may direct.

13. Executive Session

The non-management directors of the Board will meet in executive session at least two times per year and will have an opportunity to meet in executive session at each regular meeting of the Board. Executive session discussions may include such topics as the non-management directors determine, but actions of the Board should be taken separately at a formal Board meeting. The Presiding Director, or if one shall not have been designated, the Chairman of the Corporate Governance Committee, shall serve as chairman for any executive session of the Board. If the non-management directors include any non-independent directors, independent directors will meet at least once a year in executive session.

Committees of the Board

14. Number of Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance Committee. All of the members of these committees will satisfy the applicable independence requirements of Nasdaq and the SEC, as and when required. The Board may have additional committees as it determines from time to time are necessary or appropriate.

15. Committee Membership

Committee members will be appointed by the Board upon recommendation of the Corporate Governance Committee after taking into account the desires, experiences and expertise of individual directors. The Board believes that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Audit Committee members shall not serve simultaneously on the Audit Committee of more than two other companies, unless the Board determines that such service will not impair the member's ability to serve on the Audit Committee.

16. Committee Structure

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance and assess the adequacy of its charter and will otherwise comply with Nasdaq's listing standards and applicable SEC regulations.

17. Committee Meetings

The chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. Each committee chair will periodically give a report of his or her committee's activities to the Board.

Director Access and Stockholder Communications

18. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. Any such contact should be done in a way that is not disruptive to the business operations of the Company. Any non-routine written communications between a director and an officer or employee of the Company should be copied to the Chief Executive Officer and, as appropriate, to the Secretary.

19. Stockholder Communications with the Board

The Board and the non-management directors welcome communications from stockholders and interested parties. Stockholders or interested parties may submit communications addressed to the Board or the non-management directors to the Secretary in accordance with the Company's Stockholder Nominations and Communications Policy.

20. Director Access to Outside Advisors

The Board and each committee shall have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

21. Board's Role in Communications

The Board believes that executive management speaks for the Company, has the responsibility to communicate with investors, the press and other constituencies, and to establish policies for those communications under the direction of the Chief Executive Officer. At the request of management, individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company.

Director Remuneration

22. Director Compensation

The form and amount of director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter and these Guidelines and then recommended to the full Board. All directors are expected to own stock in the Company in an amount that is appropriate for them. Management shall report to the Compensation Committee annually on an assessment of the Company's director compensation measured against comparable companies. Board compensation should be consistent with market practices, but should not be set at a level that would call into question the Board's objectivity. Independent directors serving on the Audit Committee will receive no additional compensation, in the form of consulting fees or other specific benefits, beyond that provided for service on the Board or a committee. Any chairperson of a committee may receive additional compensation for such duties.

Chief Executive Officer Compensation, Evaluation and Succession

23. Chief Executive Officer Compensation and Evaluation

The Compensation Committee shall annually approve the goals and objectives for compensating the Chief Executive Officer. The Compensation Committee shall evaluate the Chief Executive Officer's performance in light of these goals and objectives before setting the Chief Executive Officer's salary, bonus and other incentive and equity compensation. The Compensation Committee shall also annually approve the compensation structure for the Company's officers, and shall evaluate the performance of the Company's senior executive officers before approving their salary, bonus and other incentive and equity compensation.

24. Succession Plan

The Board of Directors shall establish and regularly review the policies and procedures regarding succession to the Chief Executive Officer and other senior management positions.

Miscellaneous

25. Board and Committee Evaluation

Board positions should not be regarded as permanent. Directors should serve only so long as they add value to the Board, and a director's ability to continue to contribute to the Board should be considered each time the director is considered for renomination. The Board will have a process for reviewing and evaluating the performance of the Board and its committees annually to determine whether the Board and the committees are functioning effectively. The Corporate Governance Committee shall be responsible for overseeing the Board and committee evaluation process and reporting its assessments to the Board.

26. Director Orientation and Continuing Education

As needed, the Company will conduct an orientation process for new directors to familiarize them with the Company's operations, management structure, financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. The Board also recognizes the importance of continuing education for its directors and is committed to provide such education in order to improve both Board and committee performance.

27. Review of Governance Guidelines

The Board expects to review these guidelines at least every two years as appropriate.

28. Disclosure of Corporate Governance Guidelines

These Guidelines will be made available on the Company's web site.