

FBR CAPITAL MARKETS CORPORATION
CORPORATE GOVERNANCE GUIDELINES

Adopted by the Board of Directors on August 18, 2008

The Board of Directors (“Board”) of FBR Capital Markets Corporation, incorporated under the laws of the Commonwealth of Virginia (the “Corporation”), has adopted these Corporate Governance Guidelines (the “Guidelines”) as a framework for the governance of the Corporation. The Nominating and Governance Committee will review the Guidelines annually and recommend changes to the Board. The Guidelines will be made available on the Corporation’s website at [www.fbr.com].

I. BOARD COMPOSITION AND DIRECTOR QUALIFICATIONS

Size and Composition

The Board shall have up to nine members. At least three of the members of the Board must be independent directors. An “independent director” is a director who meets the independence requirements of the Nasdaq Global MarketSM (“Nasdaq”) as then in effect and the categorical standards for independence set forth in Section II below.

Board Membership Criteria

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. This review includes an assessment of an individual’s qualifications and independence, as well as consideration of diversity, age, skills and experience in the context of the Board’s needs. The Nominating and Governance Committee will recommend to the Board the selection of nominees for director in accordance with the director selection criteria set forth in the committee’s charter. The invitation to join the Board will be extended by the Board itself, through the Chairman of the Board and the Chairman of the Nominating and Governance Committee.

Lead Director

The Board shall have an independent director who has been designated to serve as the lead director. The lead director is responsible for presiding over non-committee meetings of the non-management directors and executive sessions of the independent directors. The lead director also may facilitate communication by the non-management directors with the Chairman of the Board and management, although (as discussed in Section V below) all directors have access to management and employees of the Corporation.

Change in Principal Occupation

The Board does not believe that in every instance a director who retires from or changes the position he or she held outside of the Board upon becoming a director should necessarily leave the Board. In these circumstances, a director should offer to submit his or her resignation to the Nominating and Governance Committee. Such a step provides an opportunity for the Board, through the Nominating and Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

Service on Outside Boards

Directors should be sensitive to the time commitment attendant to board service and should advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve on another corporate or non-profit board of directors.

Term Limits; Retirement Age

The Board does not believe it should establish term limits. While term limits can help bring fresh ideas and viewpoints to the Board, they can also result in the loss of directors who have been able to develop, over a period of time, increased insight into the Corporation and its operations. As an alternative to term limits, the Nominating and Governance Committee reviews each director's continuation on the Board every year in connection with the renomination process. This allows each director the opportunity to confirm his or her desire to continue as a member of the Board. No director may be nominated to a new term if he or she would be age 75 or older at the time of election to the Board.

II. DIRECTOR INDEPENDENCE

The Board of Directors of the Corporation has adopted categorical standards of director independence which are based on the director independence requirements of the Nasdaq. Accordingly, the following persons shall not be considered independent:

- (A) a director who is, or at any time during the past three years was, employed by the Corporation or by any parent or subsidiary of the Corporation;
- (B) a director who accepted or who has a family member who accepted any compensation from the Corporation in excess of \$60,000 during any period of 12 consecutive months within the three years preceding the determination of independence, other than the following:
 - (i) compensation for Board or Board committee service;
 - (ii) compensation paid to a family member who is an employee (other than an executive officer) of the Corporation; or
 - (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation,

provided, however, that in addition to the requirements contained in this paragraph (B), Audit Committee members are also subject to additional, more stringent requirements under the rules of the Nasdaq as then in effect.

- (C) a director who is a family member of an individual who is, or at any time during the past three years was, employed by the Corporation as an executive officer;
- (D) a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Corporation made, or from which the Corporation received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
 - (i) payments arising solely from investments in the Corporation's securities; or
 - (ii) payments under non-discretionary charitable contribution matching programs.
- (E) a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Corporation serve on the compensation committee of such other entity; or
- (F) a director who is, or has a family member who is, a current partner of the Corporation's outside auditor, or was a partner or employee of the Corporation's outside auditor who worked on the Corporation's audit at any time during any of the past three years.

III. DIRECTOR RESPONSIBILITIES

Director Attendance at Board and Committee Meetings; Meeting Materials

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to discharge their responsibilities effectively. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting are generally distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting. In some cases, due to the sensitive nature of an issue or if an issue arises without sufficient time to complete distribution of materials in advance of a meeting, materials are presented only at the meeting.

Board Meeting Agendas

The Chairman shall prepare a draft agenda for each Board meeting and circulate it to the other members of the Board not less than seven days prior to such meeting. Each director is entitled to add any item he deems appropriate to such agenda before it becomes final provided he does so at

least one business day prior to materials being distributed for such meeting. At the beginning of each year the Chairman shall establish a schedule of significant agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member is free to raise at any Board meeting any other subjects that are not on the agenda for that meeting.

Executive Sessions

The non-management directors will meet at least quarterly. The independent directors (excluding any non-management director who does not qualify as an independent director under the Nasdaq rules as then in effect) will meet in executive session at least annually. The lead director presides over these meetings.

Strategic Planning Sessions

The Board reviews the Corporation's long-term strategic plans and the principal issues that the Corporation is expected to face in the future during at least one Board meeting each year.

Indemnification and Insurance

Directors are entitled (1) to have the Corporation purchase reasonable levels of directors' and officers' liability insurance on their behalf; (2) to the benefits of indemnification to the fullest extent permitted by law and the Corporation's charter, bylaws and any indemnification agreements; and (3) to exculpation as provided by state law and the Corporation's charter.

IV. BOARD COMMITTEES

Number, Structure and Independence of Committees

The Board shall have three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. All members of the Audit Committee must meet the independence, financial literacy and similar standards for audit committee membership contained herein and contained in the rules and regulations of the Securities and Exchange Commission (the "SEC") and the Nasdaq as then in effect. The Board may also establish and maintain other committees of the Board from time to time as it deems necessary and appropriate. Committee members are appointed annually by the full Board, based upon the recommendation of the Nominating and Governance Committee. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each standing committee shall have its own written charter, which must be approved by the full Board. The charters set forth the purposes, goals and responsibilities of the committees and address qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board. The charters also provide that each committee annually evaluates its performance.

Committee Meeting Agendas

The Chairman of each committee, in consultation with the committee members, determines the frequency of the committee's meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, develops the committee's agenda. At the beginning of the year each committee shall establish a schedule of the principal agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee is furnished to all directors.

Service on Other Audit Committees

No member of the Audit Committee may serve on the audit committees of more than three public companies unless, in each case, the Board of Directors determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and such determination is disclosed in the Corporation's annual proxy statement.

V. DIRECTOR ACCESS TO MANAGEMENT, EMPLOYEES AND ADVISORS

Directors have access to all management and employees of the Corporation. Any meetings or contacts that a director wishes to initiate may be arranged through an executive officer of the Corporation or the Secretary or, in the case of executive officers, the Director of Internal Audit, the Director of Risk Management or any compliance officer of the Corporation or its subsidiaries, directly by a director. Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and should, as appropriate, copy the Chief Executive Officer or appropriate executive officer on any written communications with an officer or employee of the Corporation, or advise such officers of any oral communications. In the event that the Audit Committee deems it necessary to conduct an inquiry concerning any matter, the members of the appropriate committee shall have such access to the Corporation's employees as the appropriate committee deems necessary in connection with such investigation or inquiry.

The Board and each standing committee (consistent with the provisions of its charter) shall have the authority, to the extent they deem necessary, to obtain advice and assistance from internal or external advisors.

VI. DIRECTOR COMPENSATION

The Compensation Committee annually reviews director compensation and recommends changes to the Board as appropriate. No separate compensation is paid to members of management for serving on the Board.

VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors participate in an Orientation Program. This orientation generally includes information about the duties and responsibilities of directors and presentations by senior management to familiarize new directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, these Guidelines, its Code of Business Conduct and Ethics, its principal officers and its internal and independent auditors. In addition, the Orientation Program includes visits to Corporation headquarters. All

other directors are also invited to attend the Orientation Program. The Corporation provides directors the opportunity to participate in continuing education programs relating to their responsibilities as directors.

VIII. CHIEF EXECUTIVE OFFICER EVALUATION AND MANAGEMENT SUCCESSION

The Compensation Committee conducts an annual review of the Chief Executive Officer's performance, as set forth in the Compensation Committee's charter. The results of this evaluation are shared with the Chief Executive Officer and used by the Compensation Committee in establishing those portions of the Chief Executive Officer's compensation that are payable by the Corporation.

The Board works with the Nominating and Governance Committee to evaluate potential successors to the position of Chief Executive Officer. The Chief Executive Officer makes available, on a continuing basis, his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals, including recommendations as to who should assume the role of the Chief Executive Officer in the event that the Chief Executive Officer becomes unwilling or unable to perform his or her duties.

IX. ANNUAL PERFORMANCE EVALUATION

The Board of Directors and each of its standing committees shall conduct an annual self-evaluation to assess whether they are functioning effectively. In connection with the Board evaluation, the Nominating and Governance Committee receives comments from all of the directors and reports the results of the evaluation to the Board.