



Kovack Securities: Fixed Income Trading

MICHELLE ROGERS- DIRECTOR OF FIXED INCOME TRADING

Services Provided by KSI Fixed Income Desk

- ▶ Bond Purchases & Sales for Brokerage & Advisory Accounts
- ▶ Structured Product – calendar, new issue purchasing & documentation
- ▶ Portfolio Analysis- Existing and Prospects
- ▶ Research Assistance

Bond Purchases

- ▶ Products supported by KSI/KAI FI desk:
 - ▶ Certificates of Deposit
 - ▶ Treasuries/Agencies
 - ▶ Municipal Bonds (tax-exempt & taxable)
 - ▶ Corporate Bonds
 - ▶ Structured Products: Market Linked CDs & Notes

The trading desk can seek best execution on securities preselected by advisors or work on an inquiry basis when parameters are provided. FI desk will execute & ticket the transactions.

Bond Sales

- ▶ FI desk provides full service exit transaction services.
- ▶ Will seek best execution on one off sales &/or help in determining FI portfolio rebalancing with exit strategies
- ▶ Desk can help advisors in creating watch lists for potential sell candidates

Structured Products

- ▶ Prior to soliciting orders for structured investment products, Kovack Securities, Inc. requires you complete 10 educational modules, along with passing corresponding quizzes. The modules can be found on the Simon platform under Learning Center >> Training Courses & Resources on www.simonmarkets.com. If you need user/password information reset, please email request to hello@simonmarkets.com.
- ▶ By sending a request to hello@simonmarkets.com you can set up one on one systems training

Structured Products

Parameters

Kovack Advisors

Illiquid assets, including structured products, will be limited to 20% market value for advisory accounts. Advisory accounts must have some level of active management. Illiquid products, given the absence of a viable secondary market, are buy and hold investments and therefore the limitations are applicable at the **account level**. Additionally, maturities will be limited to no more than three years or less. KAI, on occasion may allow for slightly extended maturities of market linked certificates of deposit under certain market conditions. Only advisory cusips may be purchased in advisory accounts.

*As with all advisory accounts, the advisory management fee must be reasonable in light of the account investments and objectives.

Kovack Securities

As with other illiquid investments, the client's liquid net worth is the key factor considered in determining KSI brokerage account guidelines for structured investments. KSI limits illiquid vehicles to approximately 25% of the client's total liquid net worth. Maturities will be limited to no more than seven years, and possibly less, with the exception of market linked CDs under certain market conditions.

The screenshot displays the 'Calendar' page on the SIMON Marketplace. The page header includes the SIMON logo and navigation links for Dashboard, Learning Center, Marketplace, and Lifecycle Portal. Below the header, the 'Marketplace' section is active, showing 'Structured Investments' and an 'Ask SIMON' button. The main content area is titled 'Current Offerings (155)' and includes a search bar, a 'Sort by' dropdown, and a 'Trade Date' filter set to '5/16/21 - 6/30/21'. An 'Export to PDF' button is also present. The offerings are listed in a table with columns for Issuer, Product, Underlier, Term, Protection, Payment Details, Comp. Type, Books Close, and Trade Date.

Issuer	Product	Underlier	Term	Protection	Payment Details	Comp. Type	Books Close	Trade Date	
JPM	JPM 4813273S3 Market Linked Growth Note	LESSER OF NDU / NDX	FIXED 3Y	BARRIER (MATURITY GSS) 25% MAX LOSS 100%	Upside Participation 1x (Uncapped) Absolute Return 1x (To 25% Barrier)	Fee Based	05/26/2021 12:00 PM EDT	05/27/2021	
MS	MS 61771VYN4 Callable Market Linked Growth Note	LESSER OF NDX / RTY	CALLABLE 3Y NON-CALL 6M	BARRIER (MATURITY GSS) 30% MAX LOSS 100%	Call Type Contingency Initial Call Premium Call Premium Step Up	Autocall (Semiannual) Underlier ≥ 95% 4.25% 8.5% p.a. (Periods 2-6)	Fee Based	05/26/2021 12:00 PM EDT	05/27/2021
HSBC	HSBC 40438C7L9 Callable Market Linked Growth Note	LESSER OF NDX / RTY / SPX	CALLABLE 3Y NON-CALL 1Y	BARRIER (MATURITY GSS) 35% MAX LOSS 100%	Call Type Contingency Initial Call Premium Call Premium Step Up	Autocall (Annual) Underlier ≥ 100% 8.85% 8.85% p.a. (Years 2-3)	Fee Based	05/26/2021 12:00 PM EDT	05/27/2021

► Only new issue products may be purchased. A monthly calendar of KSI approved Market Linked Certificates of Deposit & Structured Notes is initially distributed by First Trust and subsequently posted on Simon >> Marketplace >> Current Offerings. A search by cusip, Issuer, underlier, Maturity, compensation type to narrow the population. To view offering documents, place an IOI, view security details or backtest, hover to the right & click on the action.

J.P.Morgan Market Linked Growth Note JPM 48132T3S3

Underlier	Term	Protection	Payment Details	Additional Info
Lesser Of INDU / NDX	Fixed 3Y	Barrier (Maturity Obs.) 25% Max Loss 100%	Upside Participation 1x (Uncapped) <hr/> Absolute Return 1x (To 25% Barrier)	Trade Date 05/27/21 Settlement Date 06/02/21 Determination Date 05/28/24 Maturity Date 05/31/24 Download Offering Document

Please indicate the amount you are interested in investing and your order will be routed for approval.
(* mandatory field)

CLIENT ACCOUNT * AMOUNT * ON BEHALF OF

Account \$ On Behalf Of

[+ Add another account](#)

Simon: IOI point of Entry

- ▶ To buy a note or mlcd, click on buy note from the current offerings calendar item within Simon, enter the client account number (formatted with no hyphen, a space and N or P). Example: NFS account numbers should be entered K4KXXXXXX N and Pershing account numbers 7R3XXXXXX P. Check (and comply with) verifying you have provided prospectus to client and submit. You are responsible for the distribution of preliminary & final disclosure documents, which can be found as links to the calendars both on Simon & First Trust websites.
- ▶ **DO NOT ENTER IWS trades in Simon. IWS trades are to be called in to the trade desk at 1(800)248-2745**

SIMON Dashboard Learning Center Marketplace Lifecycle Portal

Resources

Kovack - Structured Products Acknowledgement

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Reset Form

STRUCTURED PRODUCTS ACKNOWLEDGEMENT

Member FINRA & SIPC
KOVACK SECURITIES
KOVACK ADVISORS
AN SEC REGISTERED INVESTMENT ADVISOR

Client(s) Name: _____

Account Number(s): _____

Primary SSN/TIN: _____ Secondary SSN/TIN: _____

I INTEND TO PURCHASE AND HOLD A STRUCTURED CERTIFICATE OF DEPOSIT OR A STRUCTURED NOTE WITHIN MY ACCOUNT AT KOVACK SECURITIES/ADVISORS. I UNDERSTAND THAT:

SI Acknowledgement Forms

- ▶ A structured investment acknowledgement form must be on file for each **client prior to submitting an indication of interest**. The form can be found in docupace & on Simon under learning center >> resources >> select authors “Kovack Securities”. The forms are applicable at the client level, therefore, please include all related account numbers on the form. Once executed, forms should be sent to trading@kovackadvisors.com. You can verify the form has been received & approved by checking account notes in Netx & Streetscape

Additional information

- ▶ Within Simon you have the ability to track the status of orders. Marketplace >> IOIs, pending items you can track where the IOI is in the approval process. Whereas; IOIs reflect orders approved & ready to trade.
- ▶ Within Simon's Lifecycle Portal>> Sales Book- you are able to view lifecycle events, downside risk & performance analysis for cusips purchased. >> Past offerings allows for performance analysis, investment highlights along with a glossary of relevant terms & documents of existing cusips. Currently there are over 38,000 securities loaded in Simon.

Portfolio Services

- ▶ Individual bond analysis : credit valuations, trade information & execution
- ▶ Portfolio rebalancing due to sector, duration, credit drift
- ▶ Building out sample portfolios
- ▶ Aid in accomplishing income goals
- ▶ Prep for portfolio reviews

Bond Research Services & Resources

▶ <https://emma.msrb.org/Search/Search.aspx>

MSRB- EMMA, for municipal securities

▶ <https://banks.data.fdic.gov/bankfind-suite/bankfind>

FDIC insurance search

IWS: 1(800)248-2745 or 1(888)248-8361

▶ Trading Group: 954-358-2838 trading@kovackadvisors.com

FI Contacts

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Questions & Answers

Thank you for attending!