

**Kovack International Advisors Inc.
ADV Part II
Firm Brochure
March 31, 2015**

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This Disclosure Statement provides clients with information and data that should be considered before participating in any Choice Program identified herein. This information has not been approved by any governmental authority. Registration with the SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Kovack International Advisors Inc. If you have any questions about the contents of this brochure, please contact us at 866-564-6574 and/or kiagroup@kovackinternationaladvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Kovack International Advisors Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2

Material Changes

This section is used to identify any material changes since the Kovack International Advisors last annual update.

There are no changes to report.

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Advisory Business

Kovack International Advisors was founded in 2013 by Ronald and Brian Kovack. Kovack International Advisors Inc. (KIA) has applied for registration with the U.S. Securities and Exchange Commission (SEC) as a Registered Investment Advisor. KIA may act as investment advisor for retail and institutional clients. KIA maintains contractual relationships with Investment Advisor Representatives (IAR) who are registered with the SEC and states as required and may provide financial advice to clients. The IAR will evaluate your investment needs and objectives to determine your suitability for the various programs offered through KIA.

The services provided by KIA include financial planning services, portfolio management for individuals and/or small businesses, portfolio management for businesses or institutional clients other than investment companies, and a selection of other advisors. KIA does not specialize in a particular type of advisory service and does not provide investment advice limited to specific types of investments.

The individualized advice from your advisor representative is largely based on the information that you provide. On the KIA Investor Profile Questionnaire or Investment Policy Statement, you will provide your financial circumstances, investment objectives and any special instructions or limits you wish KIA to follow in managing your account(s). Also, you must notify KIA promptly of any significant change in your information. This would include any change that might affect the way account(s) should be managed such as significant changes in financial circumstances or investment objectives. You also agree to provide KIA with such additional information as KIA may request from time-to-time to assist in the management of the account(s).

KIA provides portfolio management services for wrap fee programs. KIA does not manage accounts other than wrap fee accounts. Clients will pay KIA a fee for portfolio and investment management services. Because it is a new organization, KIA's did not have any assets managed as of December 31, 2014, either on a discretionary basis or a non-discretionary basis.

KIA also offers advisory clients access to Turnkey Asset Management Programs (TAMP) which provide access to third-party money managers outside of the KIA wrap fee programs. These accounts are not managed by KIA but are managed on a discretionary basis by various third-party money managers. Account minimums for these platforms vary dependent upon the requirements imposed by the TAMP. KIA is not the sponsor for these TAMPs.

KIA or its advisor representatives may act in a solicitor or sub-advisor capacity when offering TAMPs to clients. When acting as a solicitor to the TAMP, your advisor representative will assist you with selecting a TAMP that may be suitable for you based on your investment experience, risk tolerance, and investment objectives. KIA and your advisor representative are compensated for referring you to the TAMP generally in the form of a percentage of the advisory fee. You will receive a solicitor disclosure statement detailing the services provided and fee paid to KIA and the advisor representative.

When acting in a sub-advisor capacity, your advisor representative will monitor the TAMP's performance, investment selection, and continued suitability. Based on your risk tolerance, investment objectives, and investment experience, your advisor representative will advise you on the appropriate TAMP program to help you meet your investment goals.

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Fees and Compensation

Clients generally pay KIA a fee for its portfolio and investment management services directly debited from the account(s) for which KIA is providing management services. Your account(s) will be debited quarterly in advance on approximately January 1st, April 1st, July 1st, and October 1st. Clients may request that the fee be charged to one of the clients' other KIA/KIS accounts. Fees between 0% and 3.25% may be charged for its Investment Management Programs. The initial quarterly fee will be prorated based on the number of billing days in the initial quarter. Fees may be negotiable.

KIA may charge its clients an hourly rate for providing financial planning services. In all cases, the hourly rate shall not exceed \$350. Fixed fees for services are negotiated with each Client individually.

In calculating the value of the account for purposes of computing the account fee, KIA includes all assets invested in the account. The account fee does not include the following:

- Underwriting or dealer concessions or related compensation in connection with securities acquired in underwritten offerings;
- Certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account(s); and
- Advisory fees and expenses of mutual funds including money market funds, closed-end investment companies or other managed investments if any are held in the your account(s).

The client may pay these fees. The total client program fees may vary from client to client.

The cost of these programs to you, if provided separately with the equivalent trading activity in your account(s), may cost more or less than purchasing such services through the KIA programs. The IAR representing this program to you receives compensation as a result of participation in the program. This compensation may be more or less than the IAR would have received for other investment advice, brokerage and/or other services or investment programs.

Your account will be debited quarterly in advance for KIA account fees. If the advisory contract is terminated before the end of the billing period, any unearned fees resulting from the advance fee will be returned to you.

When your account purchases mutual fund or closed-end investment company shares, Kovack International Securities Inc. (KIS) may receive a proportionate share of such fees or expenses (i.e. 12b-1 or shareholder servicing fees). However if KIS receives any such compensation from a mutual fund or other issuer related to a security or other asset included in calculating the account fee, the amount of that compensation may reduce the account fee otherwise payable by you. Among the factors impacting the relative cost of a program to a particular client include the following:

- The size of the account(s),
- The type of account(s) (such as equity or fixed income),
- The size of the assets devoted to a particular strategy, and
- The manager(s) selected.

For California Residents: Subsection (j) of Rule 260.238 of the California Code of Regulations requires that all investment advisors disclose to their advisory clients that lower fees for comparable services may be available

from other sources.

For District of Columbia Residents: Section 1811.1 Subsection (j) of the DC Rules requires KIA to disclose that lower fees for comparable services may be available from other sources. Subsection (k) requires KIA to indicate that all material conflicts of interest that relate to the advisor representatives or to any of its employees, and that would cause KIA not to render unbiased and objective advice, have been disclosed to the client in writing via the disclosure provided in this ADV Part 2 - Firm Brochure.

For Massachusetts Residents: Massachusetts General Law Section 203A requires disclosure that information about the disciplinary history and the registration of KIA and its associated persons may be obtained by contacting the Public Reference Branch of the SEC at 202-942-8090, or by contacting the Massachusetts Securities Division at One Ashburton Place, 17th Floor, Boston, MA 02108 or at 617-727-3548.

ERISA Plans: In this Brochure, KIA disclosed potential conflicts of interest, such as receiving additional compensation from third parties, such as 12b-1 fees, sub-transfer agent fees, and revenue sharing, for providing marketing, recordkeeping, or other services in connection with certain investments. KIA adopted policies and procedures that are designed to ensure compliance with the prohibited transaction rules under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. For example, KIA addresses the potential conflict of interest of advisors who receive compensation for services provided to ERISA plans with the following steps.

- First, the advisor representative negotiates the compensation with ERISA plan sponsors or participants and the compensation is either an annual fee for ongoing services based on a percentage of assets under management, a flat fee, or an hourly rate.
- Second, to the extent that an IAR receives additional compensation from a third party, the IAR must report it to KIA to enable the additional compensation to be offset against the fees that the ERISA clients would otherwise pay for the advisor representative's services.
- Third, KIA has established a policy not to influence any IAR's advice or management of assets at any time or for any reason based on any compensation that KIA or the IAR might receive from third parties. KIA does not allow IARs to provide advice or manage assets for ERISA clients if they have conflicts of interest that KIA believes are prohibited by ERISA.

U.S. Department of Labor created new regulations on fee disclosures, effective July 16, 2011, for covered service provider to ERISA plans. Since KIA and its IARs may be considered covered service providers KIA and its IARs will disclose the following:

- Direct compensation received from ERISA clients,
- Indirect compensation such as 12b-1 fees received from third parties, and
- Transaction-based compensation such as commissions or other similar compensation shared with related parties servicing the ERISA plan.

KIA will make these fee disclosures before entering into, renewing, or extending the advisory service agreement with the ERISA client.

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Performance-Based Fees and Side-By-Side Management

KIA does not charge Performance Based Fees or allow Side-By-Side Management.

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Types of *Clients*

KIA generally provides investment advice to the following types of clients:

- Individuals,
- High net worth individuals,
- Bank or thrift institutions,
- Pension and profit sharing plans,
- Charitable organizations,
- Corporations or other business.

KIA follows standard compliance procedures when opening or maintaining an account. KIA offers several different investment programs each with different minimum investment amounts. Your IAR will provide this information.

Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

KIA has a diverse business model and is affiliated with a number of IARs. The individual IAR provides investment advice. The methods of analysis and investment strategies vary dependent upon the IAR.

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Disciplinary Information

This section is used to disclose any disciplinary events that are material to a client's or prospective client's evaluation of KIA. KIA has had no material disciplinary events to disclose.

Item 10

Other Financial Industry Activities and Affiliations

The owners of KIA also own KIS and Kovack Securities, Inc. (KSI) both of which are full service broker/dealers registered with the Financial Industry Regulatory Authority (FINRA). The owners of KIA also own Kovack Advisors, Inc., an investment advisor registered with the SEC. Additionally, KIA is affiliated with a law firm, Brian J. Kovack, PA. Where permitted by law, KIS and its representatives may receive mutual fund 12b-1 fees, services fees, due diligence fees, marketing reimbursements, or other payments relating to a client's investment. KIA, as the investment advisor, sponsor, or other service provider to your investment advisory program, receives compensation for its services. You should be aware that these fees, payments, and other compensation may present a conflict of interest because KIA/KIS and its IARs may have a greater incentive to recommend those products or programs that provide additional compensation to KIA/KIS or your IAR.

All KIA management persons are registered with KIS. Neither KIA nor any of its management persons are registered or have an application to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of these entities.

Other investment advisors may be recommended or selected for you. KIA may receive compensation directly or indirectly from those advisors. You should be aware that this compensation may create a material conflict of interest because KIA or its IARs may have a great incentive to recommend those products or programs that provide additional compensation.

Item 11

Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

KIA adopted the code of ethics due to SEC rule 204A-1. You may receive a copy of the KIA code of ethics by request. All related people of KIA (partners, officers, employees and immediate family members) owe a fiduciary duty to you when conducting their personal investment transactions. They must place your interests first. Also, they must avoid activities, interests and relationships that might interfere with the duty to make decisions in your best interest. Their personal securities transactions must avoid any actual or potential conflict of interest or any abuse of your trust and their responsibility. They must conduct all personal securities transactions in compliance with all applicable federal securities laws. They must not trade in a security while in possession of material, non-public information about the issuer or the market for those securities. If a related person of KIA wants to place a trade for the same security that they have recommended to you, they must place your trade first.

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Brokerage Practices

KIA will perform portfolio management services for your securities brokerage account(s). Some accounts may be held through the securities brokerage firm of KIS on a fully disclosed basis as agreed to by you.

KIA does not receive any research or soft dollar benefits from a broker/dealer or a third party in connection with you transactions other than execution. KIA is affiliated with KIS. Clients are referred from KIA to KIS and from KIS to KIA. KIA does not recommend, request, or require that you direct execution of transactions through a specified broker-dealer. Transactions for each client account generally will be placed separately, unless KIA decides to purchase or sell the same securities for several clients about the same time. KIA may combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among KIA clients.

You may receive different prices and commissions or other transaction costs than if your orders had been placed independently. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among KIA clients in proportion to the purchase and sale orders placed for each client account for any given trade.

Item 13

Review of Accounts

KIA periodically reviews the accounts and financial plans on at least a semi-annual basis. KIA reviewers may include KIA's Executive Vice President, President, Chairman, Vice President, and Compliance Officer(s). In the initial account set-up, you will choose a general investment category that includes your risk tolerance, investment objectives, and financial objectives. KIA Personnel will review the allocations in your account against your chosen investment category.

Other factors may trigger a review of your account on an as needed basis. For example, changes to your financial condition, risk tolerance and investment objectives may trigger a review of your account. Also, suspicious activity with regards to anti-money laundering regulations may trigger a review of your account.

You will receive monthly statements of your account activity from the custodian firm for your account. You will receive a quarterly performance report of your account(s). The KIA performance reports include the market value of the account and performance versus custom and/or broad market indexes.

Item 14

Client Referrals and Other Compensation

KIA does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services.

KIA may have relationships with unaffiliated people that refer clients to KIA for a fee. All referring parties sign an agreement with KIA. The referring parties will not provide investment advisory or supervisory services to you. The referring party must provide you with a copy of KIA's Firm Brochure. Also, the referring party must provide you with a copy of KIA's referring party disclosure statements and client acknowledgement.

The referring party may receive a referral fee that is a portion of the annual investment advisory fee that you pay KIA. The fee to you is not greater than it would have been without a referring party.

Item 15

Custody

Under no circumstances does KIA maintain custody of client's funds. All client funds are held with one of our authorized custodians.

Item 16

Investment Discretion

KIA may accept discretionary authority to manage securities accounts on behalf of clients. This discretionary authority is limited to trading. Prior to KIA accepting discretionary authority, you must sign the appropriate KIA discretionary agreement.

Item 17

Voting Client Securities

KIA may forward proxy solicitation materials to you for response and voting. KIA does not offer legal or tax advice. It is your responsibility to consult with a legal or tax advisor as you see fit. Unless otherwise mutually agreed in writing, KIA may respond to proxies that are solicited with respect to annual or special meetings of shareholders securities held in the account(s) on a best efforts basis.

Item 18

Financial Information

This section is used to disclose certain financial information if KIA requires clients to pay advisory fees six months or more in advance. KIA does not require or solicit prepayment of more than \$1200 in fees more than six months in advance. KIA has not been the subject of a bankruptcy petition at any time in the past ten years.

Item 19

Requirements for State-Registered Advisers

KIA is an SEC Registered Investment Advisor.