

## 2023 Realistic ValidBraindumps Series-7 Dumps PDF - 100% Passing Guarantee [Q62-Q79]



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Free FINRA Series-7 Exam Questions and Answer

### How to study the FINRA Series 7 Certification Exam

There are two main types of resources for preparation of certification exams first there are the study guides and books that are detailed and suitable for building knowledge from ground up then there are video tutorials and lectures that can somehow ease the pain of through study and are comparatively less boring for some candidates yet these demand time and concentration from the learner. Smart Candidates who want to build a solid foundation in all exam topics and related technologies usually combine video lectures with study guides to reap the benefits of both but there is one crucial preparation tool as often overlooked by most candidates the practice exams. Practice exams are built to make students comfortable with the real exam environment. Statistics have shown that most students fail not due to that preparation but due to exam anxiety the fear of the unknown. ValidBraindumps expert team recommends you to prepare some notes on these topics along with it don't forget to practice **FINRA Series 7 exam dumps** which had been written by our expert team, Both these will help you a lot to clear this exam with good marks.

**NO.62** Initial margin deposit minimum requirements are set by the:  
\* NYSE

- \* FINRA
- \* FRB
- \* FDIC

Explanation/Reference:

Explanation: FRB. The Federal Reserve Board sets the initial margin deposit requirements. The NYSE set the ongoing minimum equity requirements.

**NO.63** A revenue bond is issued by a state agency. The state legislature is granted authority to apportion money to support the debt services if necessary, but is not legally obligated to do so.

What type of bond is this?

- \* limited tax
- \* double-barreled
- \* Series 8
- \* moral obligation

moral obligation. The lack of a legally binding obligation removes the issue from the general obligation category. Although defaults are possible, it is usually held that no state legislature would allow a moral obligation issue to default.

**NO.64** Which of the following will not result in termination of a limited partnership?

- \* transfer of ownership of a limited partnership interest
- \* sale or transfer of partnership assets
- \* majority vote of the limited partners to end the partnership
- \* arrival of the termination date established in the partnership agreement

transfer of ownership of a limited partnership interest. Transfer of ownership does not result in automatic termination.

**NO.65** Bubba Brokerage Corporation announces through its wire system that it has a large block of stock for sale.

Customers purchasing the stock will not pay a commission. The block is crossed on the NYSE floor and is printed on the NYSE tape. This is called a:

- \* special order
- \* exchange distribution
- \* secondary distribution
- \* specialist block purchase

Explanation/Reference:

Explanation: exchange distribution. An exchange distribution is a large block sold internally by one firm that is crossed on the floor of the exchange. The trade would print on the tape identified by the letters DIST;

**NO.66** In the offering of new securities, members of the syndicate are permitted to sell to other dealers less the reallowance. The amount of the reallowance is determined by:

- \* the FINRA
- \* the issuing corporation
- \* the syndicate manager
- \* the SEC

Explanation/Reference:

Explanation: the syndicate manager. The reallowance as well as the selling concession given to selling group members are determined by the managing underwriters.

**NO.67** Under which of the following was SIPC established?

- \* Securities Act of 1933
- \* Securities Exchange Act of 1934
- \* Securities Investor Protection Act of 1970
- \* Securities Exchange Reform Act of 1975

Securities Investor Protection Act of 1970. SIPC was established under this act.

**NO.68** Which of the following is normally the largest asset of a manufacturing company?

- \* sales
- \* inventory
- \* accounts receivable
- \* notes receivable

Inventory. A manufacturer will normally have more inventory than accounts receivable and notes receivable. Sales is not an asset category.

**NO.69** Which of the following does not describe an underwriting procedure?

- \* best efforts
- \* all or none
- \* standby
- \* fill or kill

fill or kill. Fill or kill is an order qualifier. It requests immediate execution of the whole order or immediate cancellation. A best efforts underwriting, frequently linked to all or none, is usually seen on small new issues. A standby underwriting is utilized to guarantee the success of a rights offering.

**NO.70** An investment company incapable of issuing a long-term debt instrument is:

- \* a face-amount certificate company
- \* a unit investment trust
- \* a closed-end investment company
- \* an open-end investment company

Explanation/Reference:

Explanation: an open-end investment company. By definition, open-end funds may not issue senior securities. They only issue [voting stock](#).

**NO.71** Smart Guys Securities Corporation has given a workable bid to Better Guys Securities Corporation. If market conditions change, Smart Guys may:

- \* not change the bid
- \* not change the bid unless first notifying the other dealer
- \* change the bid only with prior approval of the other dealer
- \* change the bid

change the bid. A workable bid indicates a price level where a dealer is willing to negotiate business. It is not a firm bid and may be changed before becoming firm.

**NO.72** Revenue bonds are least likely to provide constructions funds for:

- \* a toll highway
- \* an airport
- \* a public school
- \* a pollution control facility

a public school. Schools are typically financed by general obligation bonds. The other choices are examples of revenue bonds.

**NO.73** A corporation makes a rights offering to raise \$10 million of new capital by issuing one million shares of common stock. If it already has six million shares outstanding at the time of the offering.

How many rights will the corporation distribute to its shareholders?

- \* one million
- \* six million
- \* ten million
- \* sixteen million

six million. One right for each outstanding share is distributed.

**NO.74** Who is responsible for verifying that limited partners meet net worth and income requirements?

- \* the limited partners
- \* the general partner
- \* the sponsor
- \* the registered representative

the registered representative. Assuring that limited partners meet net worth and income requirements is the responsibility of the registered representative.

**NO.75** In June, Bubba bought 100 shares of XYZ at \$35. In November, he bought a listed put in XYZ with a \$35 strike price and a July expiration for a premium of \$600. In April, Bubba exercises the put option and uses his stock for delivery.

What is his resulting tax consequence?

- \* a \$600 capital loss
- \* neither profit nor loss
- \* cannot be determined without knowing the market price of XYZ upon exercise
- \* this is a wash sale and cannot be included in the investor's tax calculations

Explanation/Reference:

Explanation: a \$600 loss. The strike price and Bubba's purchase price are the same. He has a \$600 loss on the option for the premium he paid.

**NO.76** An employer profit sharing plan may be described as:

- \* an income tax deduction
- \* a retirement plan
- \* a tax deferral plan
- \* all of the above

Explanation/Reference:

Explanation: all of the above. A profit sharing plan has tax deductible contributions and is designed to provide a retirement plan for participants. Income in the plan is tax-free until withdrawn.

**NO.77** What Federal Reserve Board regulation governs the extension of securities-related credit by banks?

- \* Regulation G
- \* Regulation T
- \* Regulation U
- \* Regulation X

Regulation

U. Regulation T is the extension of credit by broker/dealers. Reg U relates to the extension of credit by banks on securities.

**NO.78** The FINRA markup policy applies to:

- \* agency sales OTC
- \* principal transactions in municipal bonds
- \* mutual fund sales
- \* new issues of corporate securities

agency sales OTC. Markup policy applies to basically all securities other than government and municipal offerings except where the security is offered under a current prospectus. Choices C and D are offered under a prospectus. Choice B involves municipal securities. Therefore, choice A is the only correct answer.

**NO.79** Bubba buys a municipal bond at 102 and holds it ten years to maturity.

For tax purposes, how is that premium treated?

- \* recorded as a long-term capital loss
- \* an ordinary loss taken as a deduction from taxable income
- \* amortized over the life of the bond resulting in no loss at maturity
- \* carried forward as a premium loss applied against profits realized on future municipal securities

amortized over the life of the bond resulting in no loss at maturity. For tax purposes, premiums are amortized over the life of the bond. Some amount is taken each year.

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