

1. A trade surplus results from which of the following?

- (A) A country having a current account deficit.
- (B) A country exporting more than it imports.
- (C) A country exporting less than it imports.
- (D) None of the above are correct.

Correct Answer

2. Which of the following agreements specify that any unsold securities are retained by the underwriters?

- I. Firm commitment
- II. All or none
- III. Best efforts
- IV. Mini-max

- (A) I only
- (B) II only
- (C) I, II, and IV
- (D) II, III, and IV

Correct Answer

3. William, age 56, recently retired from Epsilon Inc., and would like to take a distribution from a retirement plan to pay for medical expenses. Which of the following plans would allow William to take a penalty free withdrawal?

- (A) Single premium deferred annuity
- (B) Traditional IRA
- (C) Money purchase plan from his employer before Epsilon Inc.
- (D) 401(k) from Epsilon Inc.

Correct Answer

4. All but which of the following are characteristics of a REIT?

- (A) It is a publicly traded open-end investment company.
- (B) A mortgage REIT is a specific type of REIT.
- (C) A REIT can sell at a premium or discount to its NAV.
- (D) All of the above are correct.

Correct Answer

5. All of the following are types of state securities registration EXCEPT:

- (A) filing
- (B) cooperation
- (C) qualification
- (D) coordination

Correct Answer

6. Which of the following can an investor sign which allows him or her to receive breakpoint discounts based upon a commitment to buy a specified number of mutual fund shares over a period of time, usually 13 months?

- (A) Investment advisory contract
- (B) Investment memorandum
- (C) Letter of intent

- (D) Prospectus

Correct Answer

7. An issuer is offering 1,000,000 shares of their common stock. 800,000 of the shares are from shares that have never been offered and 200,000 shares are treasury stock. What kind of offering is this?

- (A) An IPO
- (B) A primary offering
- (C) A secondary offering
- (D) A combined offering

Correct Answer

8. Which of the following is a type of exchange rate system in which a country ties its currency to a basket of other currencies or to another measure of value, such as gold?

- (A) Adjustable exchange rate system
- (B) Commodity exchange rate system
- (C) Fixed exchange rate system
- (D) Variable exchange rate system

Correct Answer

9. Which of the following will result if money distributed from a 529 plan is not used to pay for qualifying education expenses?

- (A) The gain is taxed at capital gains rates, and a 10% penalty is applied.
- (B) The gain is taxed at capital gains rates, and a 20% penalty is applied.
- (C) The gain is taxed as ordinary income, and a 10% penalty is applied.
- (D) The gain is taxed as ordinary income, and a 20% penalty is applied.

Correct Answer

10. Which of the following are exempt transactions?

- I. Private placements
- II. Securities issued by the US government
- III. Intrastate offerings
- IV. Commercial paper

- (A) I and III
- (B) I, II, and IV
- (C) II and IV
- (D) I, II, III, and IV

Correct Answer

11. An investor who believes that an economic recession is imminent should purchase which of the following type of stocks?

- (A) Defensive stocks because they tend to underperform during economic downturns.
- (B) Defensive stocks because they tend to outperform during economic downturns.
- (C) Cyclical stocks because they tend to outperform during economic downturns.

- (D) Cyclical stocks because they tend to underperform during economic downturns.

Correct Answer

12. The trading volume for BBB Corporation for the previous 5 weeks is as follows:

March 31: 50,000 shares

March 24: 38,000 shares

March 17: 44,000 shares

March 10: 40,000 shares

March 3: 42,000 shares

BBB Corporation is listed on an exchange and has 4,200,000 shares outstanding. What is the maximum number of shares an insider can sell under Rule 144 on April 4th of the following year?

- (A) 41,000
- (B) 42,000
- (C) 43,000
- (D) 44,000

Correct Answer

13. Which of the following is/are correct regarding dividends paid by growth stocks and value stocks?

(1) Because they are growing and expanding, growth stocks typically do not pay large dividends.

(2) Most of the earnings generated from value stocks are reinvested back into the company.

- (A) (1) only
- (B) (2) only
- (C) Both (1) and (2) are correct.
- (D) Neither (1) or (2) are correct.

Correct Answer

14. Bullbear Broker Dealer is offering an IPO that will not be on the NYSE, NASDAQ, or any exchange. How long after the effective date must Bullbear provide a final prospectus to all purchasers of the security?

- (A) 25 days
- (B) 40 days
- (C) 45 days
- (D) 90 days

Correct Answer

15. Which of the following is a type of broker that acts as a liaison between an investor and a clearing corporation by helping to ensure that trades are settled appropriately and transactions are successfully completed?

- (A) Carrying broker
- (B) Clearing broker
- (C) Executing broker
- (D) Introducing broker

Correct Answer

16. A preliminary prospectus would include which of the following?

- I. An SEC disclaimer
- II. The names of the officers of the issuing corporation
- III. The public offering price
- IV. An explanation of what the funds raised by the offering would be used for
 - (A) I and IV
 - (B) I, II, and IV
 - (C) II, III, and IV
 - (D) I, II, III, and IV

Correct Answer

17. Which of the following forms must broker-dealers, investment advisers, or issuers of securities fill out in order to terminate the registration of an individual in the appropriate jurisdiction? It is also known as the Uniform Termination Notice for Securities Industry Registration.

- A. Form U4
- B. Form U5
- C. Form U6
- D. Form U7

Correct Answer

18. Which of the following is an order to sell a stock at a price below the current market price?

- (A) Sell discount order
- (B) Sell limit order
- (C) Sell market order
- (D) Sell stop order

Correct Answer

19. Which of the following was adopted to update short sale regulations and to address concerns regarding potentially abusive naked short selling?

- (A) Regulation BTR
- (B) Regulation HFT
- (C) Regulation NMS
- (D) Regulation SHO

Correct Answer

20. The federal law which regulates the initial sale of stock to the public is:

- (A) the Securities Act of 1933
- (B) the Securities Exchange Act of 1934
- (C) the Trust Indenture Act of 1939
- (D) all of the above

Correct Answer

21. Which of the following may not be included in a tombstone advertisement?

- (A) the number of securities to be sold
- (B) the issuer's name
- (C) the final offering price
- (D) all underwriter's name

Correct Answer

22. Which of the following is a self-regulatory organization (SRO)?

- (A) FINRA
- (B) NYSE
- (C) SIPC
- (D) All of the above are correct.

Correct Answer

23. Which of the following is the largest options exchange in the U.S., and focuses on options contracts for individual equities and indexes?

- (A) AMEX
- (B) CBOE
- (C) NASDAQ
- (D) NYSE

Correct Answer

24. The cooling-off period usually lasts about:

- (A) 20 days
- (B) 30 days
- (C) 45 days
- (D) 90 days

Correct Answer

25. Which of the following is the formula to calculate an investment's real return?

- A. Real return = Nominal return – Inflation
- B. Real return = Nominal return + Inflation
- C. Real return = Nominal return ÷ Inflation
- D. Real return = Inflation ÷ Nominal return

Correct Answer

Answer Keys Link

<https://gotestprep.com/sie-practice-test-pdf/>