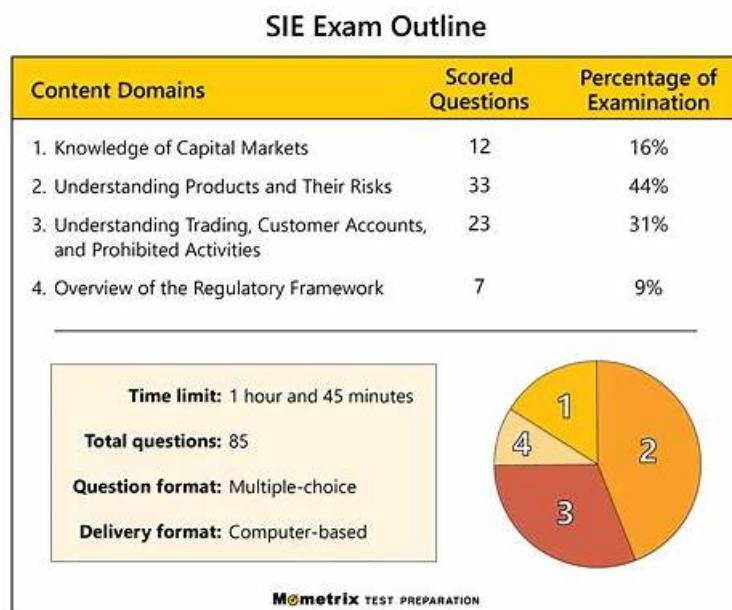


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FINRA SIE Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none">Understanding Trading, Customer Accounts, and Prohibited Activities: This section of the exam measures the skills of Securities Traders and focuses on different trading strategies, settlement processes, and corporate actions. Candidates must demonstrate knowledge of order types, including market, limit, stop, and good-till-canceled orders, as well as bid-ask spreads and discretionary versus non-discretionary trading.
Topic 2	<ul style="list-style-type: none">Market Structure: This section of the exam measures the skills of Equity Market Specialists and covers the classification of financial markets, including the primary, secondary, third, and fourth markets. Candidates must demonstrate knowledge of electronic trading, over-the-counter (OTC) markets, and physical exchanges. One specific skill tested is differentiating between various market types and their operational mechanisms.
Topic 3	<ul style="list-style-type: none">Understanding Products and Their Risks: This section of the exam measures the skills of Investment Analysts and examines different financial products and associated risks. Candidates must understand equity securities, including common stock, as well as debt instruments such as Treasury securities and mortgage-backed securities.

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FINRA Securities Industry Essentials Exam (SIE) Sample Questions (Q151-Q156):

NEW QUESTION # 151

Which of the following statements is true regarding 529 savings plans?

- A. The account beneficiary has control over the assets in a 529 savings plan.
- B. Assets are transferable to another 529 savings plan tax-free if the new beneficiary is a family member of the current beneficiary.
- C. 529 contributions are tax deductible in all states.
- D. There are income limitations for contributing to a 529 savings plan.

Answer: B

Explanation:

529 savings plans are state-sponsored education savings accounts that offer tax-advantaged growth. Key features include:

- * Contributions are not federally tax deductible (some states offer state-level deductions).
- * No income limitations for contributions.
- * The account owner, not the beneficiary, controls the plan.
- * Assets can be transferred tax-free to another family member's 529 plan.
- * D is correct because tax-free rollovers are allowed for family members of the current beneficiary.
- * A is incorrect as contributions are not universally tax deductible.
- * B is incorrect as there are no income limitations for contributing.
- * C is incorrect because the account owner, not the beneficiary, controls the assets.

NEW QUESTION # 152

For a customer thinking about purchasing a high-income bond mutual fund, which of the following is considered the primary risk of the underlying securities in the portfolio?

- A. Political risk
- B. Taxability risk
- C. Purchasing power risk
- D. Credit risk

Answer: D

Explanation:

High-income bond mutual funds typically invest in lower-rated (junk) bonds that offer higher yields. These bonds are exposed to significant credit risk, as issuers may default on their payments.

- * A is correct because credit risk is the primary concern with high-yield bonds.
- * B is incorrect as political risk is more relevant for international investments.
- * C is incorrect because taxability risk is not specific to bond mutual funds.
- * D is incorrect because purchasing power risk is more relevant for fixed-income investments during inflationary periods but is not the primary risk here.

NEW QUESTION # 153

A customer writes a call for XYZ stock with a strike price of \$35 and receives a premium of \$7. The stock is currently trading at \$40. What is the time value of this option?

- A. \$2
- B. \$7

- C. \$5
- D. \$0

Answer: A

Explanation:

An option's premium consists of intrinsic value and time value:

* Intrinsic value= Current stock price - Strike price = \$40 - \$35 = \$5.

* Time value= Total premium - Intrinsic value = \$7 - \$5 = \$2.

* B is correct because \$2 represents the time value.

* A,C, and D are incorrect because they miscalculate the time value based on the option's total premium.

NEW QUESTION # 154

A retail investor owns shares of Mutual Fund ABC that paid a \$0.25 dividend on September 1 and closed at \$10.00. What is the opening price once this fund trades on the ex-dividend date?

- A. \$9.75
- B. \$10.25
- C. \$10.00
- D. \$9.25

Answer: A

Explanation:

Step by Step Explanation:

* Ex-Dividend Date Pricing: On the ex-dividend date, the mutual fund's price is adjusted downward by the amount of the dividend.

* Closing Price: \$10.00

* Dividend: \$0.25

* Adjusted Opening Price: \$10.00 - \$0.25 = \$9.75.

* Incorrect Options:

* A: \$9.25 subtracts more than the dividend amount.

* C: \$10.00 does not reflect the dividend adjustment.

* D: \$10.25 adds to the price rather than subtracting the dividend.

References:

* SEC Guidance on Mutual Fund Pricing: SEC Mutual Funds.

NEW QUESTION # 155

A customer wants to establish an account for the benefit of his grandchildren. He states to his registered representative that he wants to be able to control the distribution of the assets and direct how the account will be invested. Which of the following account types is most appropriate?

- A. Trust
- B. UTMA
- C. Certificate of deposit (CD)
- D. 529 savings plan

Answer: A

Explanation:

Step by Step Explanation:

* Trust Accounts: Provide the account owner (trustee) full control over distributions and investment decisions. Suitable for complex estate planning needs.

* Incorrect Options:

* UTMA: Transfers control to the minor upon reaching the age of majority.

* 529 Plan: Used for educational savings, with limited control over distributions.

* CD: A fixed-term deposit, not an account type for managing distributions.

References:

* SEC and FINRA Guidelines on Trusts: FINRA Trust Accounts.

NEW QUESTION # 156

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