Achievable

Suitability

FINRA SERIES 7 DUMP SHEET

Preservation of capital

- Little to no risk of losing money
- Short-term, high-quality investment
- Typical securities:
  - Money market fund
  - Treasury bill
  - Certificates of deposit (CDs)

Safety of principal

- Willing to take a small amount of risk
- Longer-term, high-quality income investment
- Typical securities:
  - Treasury note
  - Treasury bond
  - TIPS

Aggressive growth

- Taking considerable risk in return for high growth
- Typical securities:
  - Small-cap / start-up common stock
  - Sector fund
  - Emerging market securities

Moderate income

- Taking some risk in return for higher income
- Typical securities:
  - Investment grade corporate bond
  - Preferred stock
  - Dividend-paying common stock

Moderate growth

- Taking some risk in return for higher growth
- Typical securities:
  - Large and mid-cap growth stock
  - Defensive stocks

Speculation

- Betting on price movement
- Significant risk involved
- Typical securities:
  - Option
  - Penny stock
  - Leveraged and inverse ETFs

Tax-advantaged income

- Income-based investments with tax benefit
- Typical securities:
  - Municipal bond
  - Preferred stock

High yield income

- Taking considerable risk in return for high yield
- Typical securities:
  - Speculative (junk) bond
  - Preferred stock

FINRA suitability standard

Reasonable basis	Customer-specific	Quantitative
Is the security suitable for any client?	Is the security suitable for this client?	How much of the security is suitable for this client?

Financial consideration

- Suitability factors directly relating to money
- Includes:
  - Annual income
  - Net worth
  - Tax status
  - Liquidity needs

Non-financial consideration

- Suitability factors not directly relating to money
- Includes:
  - Stage in life
  - Investment objective
  - Risk tolerance
  - Investment experience
  - Investment goals

Investor profile

20—30s	40—50s	60+
• High risk • Long-term growth	• Moderate risk • Sustained growth	• Low risk • Preservation of capital