Achievable

FINRA SERIES 10 DUMP SHEET

Supervision, products and markets

Products

- **Rights:** short-term (**60 days max**); exercise price **below** market
- **Warrants:** long-term (**3—5 years or perpetual**); exercise price **above** market; sweeteners on bonds and preferred stock
- **Options:** not marginable; can't be used as margin collateral
- **DPPs:** pass through gains and losses (limited partnerships)
  - Underwriting compensation capped at **10%** of the gross offering
  - **Rollup** solicitation compensation capped at **2%**
  - **MLPs:** publicly traded; **90%+** of income from qualifying sources
- **Variable annuities:** tax-deferred
  - **10% penalty** if withdrawn before **59½**
  - **1035 exchange** = tax-free transfer
  - Anything taxable is taxed as ordinary income

Margin accounts

- Documents
  - **Credit agreement** (required)
  - **Loan consent** (optional)
  - **Hypothecation** (required)
  - Margin disclosure

	Long	Short
Reg T initial (Federal Reserve)	50%	50%
Maintenance	25%	30%
Equity	LMV − DR	CR − SMV

- Reg T payment due **S+2 (T+3)**; unpaid → **90-day freeze**
- Cash accounts: 100% deposit required, no borrowing
- House requirements may be **higher, never lower**; failure → firm liquidates without consent or consultation
- **Non-marginable:** options, penny stocks, OTC stocks, IPOs (first 30 days), mutual funds (until held 30 days)
- **SMA** is built from excess equity; **buying power** = 2 × SMA

Settlement & delivery

- **Regular way** = **T+1** (equities, munis, governments, options — since May 2024)
- **Cash** = **same day**; mutual funds settle cash, at the next NAV
- **Dividend dates**
  - **Declaration:** the board declares the dividend
  - **Ex-date:** first day a buyer does **not** get the dividend; same day as the record date
  - **Record:** must be a shareholder of record to get the dividend
  - **Payment:** the dividend is paid
- **Good delivery:** stocks in 100-share lots; bonds in **$1,000** denominations (max $100,000 per certificate)
- Physical transfer needs a **Medallion Signature Guarantee**
- **DVP/RVP:** up to **35 days**; firm keeps agent and client information on file

Investment companies (Act of 1940)

Type	Features
Open-end (mutual fund)	Redeemable; common stock only
Closed-end	Fixed shares; exchange-traded
UIT	Fixed, unmanaged; no board
FACC	Face-amount certificate company

- Redemptions paid within **7 days**; **naming rule: 80%+** of assets match the name
- **12b-1 fee:** max **1.00%** (0.75% distribution + 0.25% service); board must be **40%+ uninterested** directors

Share class	Sales charge
A	Front-end load; breakpoints apply
B	Back-end (CDSC); converts to A
C	Level load; highest annual fees (short-term)
No-load	Max **0.25%**

- **Breakpoints:** same fund family only
  - **LOI:** backdate up to **3 months**; valid **13 months**; new money only
  - **ROA:** breakpoints reached through account growth
  - Max sales charge **8.5%** with breakpoints and ROA; **8%** without ROA

Markets, orders & confirmations

- **NASDAQ tiers:** Global Select (highest), Global Market, Capital Market (entry level)
- **NASDAQ levels**
  - **Level 1:** the inside quote
  - **Level 2:** all market-maker quotes
  - **Level 3:** Level 2, and market makers enter and modify quotes
- **OTC tiers:** OTCQX, OTCQB, OTCID, Pink Limited
- Trades reported within **10 seconds**
- **5% policy:** a FINRA *guideline*, not a rule, for markups and commissions on secondary-market trades
- **Order types**
  - Day
  - **Market:** top priority, FIFO
  - **Limit:** at the price or better
  - **IOC:** partial fill OK
  - **FOK:** all, immediately
  - **GTC:** expires end of Apr/Oct
  - **Stop:** → market when triggered
  - Stop-limit
  - **AON:** no partial fills
- **Confirmations:** required; can't be refused
  - MSRB shows the % markup/markdown; FINRA shows the reference price
  - Lost confirm: **5 business days** (trade under 30 days old), **15 business days** (older)