Achievable

FINRA SERIES 10 DUMP SHEET

Supervision, products and markets

Registration (U4 / U5)

- **U4:** registers natural persons; filed to FINRA's **CRD**
  - Fingerprints → Sterling Identity → Attorney General
  - 10-year employment history (last **3 years verified**)
  - 5-year residential history (not verified)
  - Amend within **30 days** of any change
- **U5:** firm files within **30 days** of a rep leaving
  - Amend within 30 days of discovery
  - **Full** U5 = full termination; **partial** = specific SROs/states
- **2-year window:** reaffiliate without retesting
  - FINRA keeps jurisdiction for **2 years** after termination
  - Military service pauses the clock; it restarts on return
- **Statutory disqualification:** report within **10 days**
  - Expelled or barred by an SRO or the SEC
  - Any **felony** in the past **10 years**
  - **Misdemeanor** (past **10 years**) involving money, securities, fraud
  - Other misdemeanors do **not** disqualify

Registration categories

- **S9/10 — General Securities Sales Supervisor**
  - Supervises **sales** of corporate and municipal securities, options, investment companies, variable contracts, and DPPs
  - **Cannot** supervise underwriting, market making, custody, or financial/operations compliance

Principals	Representatives
S24 General Securities	**S7** General Securities
S27 Fin/Op (full-service)	**S6** Investment Co./Variable Contracts
S28 Fin/Op (introducing)	**S52** Municipal
S4 Registered Options	**S57** Securities Trader
S26 Investment Co./Variable Contracts	**S79** Investment Banking
S39 DPP	**S86/87** Research Analyst
S16 Supervisory Analyst	

- More than 1 associated person → **2+ registered principals**

KYC & suitability

- Build a full **investment profile** before recommending: age, finances, objectives, time horizon, risk tolerance, tax status
- **3 suitability obligations**
  - **Reasonable-basis:** suitable for some investors
  - **Customer-specific:** fits this client
  - **Quantitative:** a series of trades is not excessive (no **churning**)
- **Institutional exemption** (customer-specific): institution can evaluate risk independently and agrees to use its own judgment
- **Reg BI** (natural persons only)
  - 4 obligations: **Disclosure, Care, Conflicts of interest, Compliance**
  - **Form CRS** at the first recommendation, order or account opening

Supervision system

- **Written supervisory procedures (WSPs)** required (Rule 3110)
  - Designate a principal for each business line
  - **OSJ** (Office of Supervisory Jurisdiction) = highest oversight: order execution, offerings, custody, approval of accounts and retail communications
- **Supervisory controls**
  - Tested and verified regularly
  - **Annual report to senior management**
  - Over $200M revenue: tabulate complaints and investigations
- Office audits by **"arm's length" (independent)** supervisors; annual compliance meeting required
- **Discretion = the 3 A's** (Action, Asset, Amount)
  - Missing any one → a discretionary order
  - **Prior written authorization** (limited POA) required
  - Frequent principal review; mark orders discretionary
  - Approve promptly (same day)
- **Continuing education**
  - **Firm element:** annual, firm-created training
  - **Regulatory element:** annual FINRA exam due **Dec 31**; can't be failed
  - **MQP:** keeps registration up to **5 years**; $100/year fee; at least 1 year registered; apply within 2 years of leaving
- **Gift limit: $300** per person per year (excludes normal business expenses and branded promotional items)

Communications with the public

Type	Rule
Correspondence	**25 or fewer** retail investors in 30 days; no pre-approval; principal spot-checks
Retail	**26 or more** in 30 days; **principal pre-approval**; must include firm name
Institutional	Institutions only (not accredited, not retail); retail if shown to retail clients
Internal	No SRO oversight unless seen by clients

- **FINRA's name:** FINRA never "approves" anything
- **Filing retail communications**
  - Established firm: within **10 days after** first use
  - New firm (1 year or less): **prefile 10 days before** use
  - Firm-created tools: **always prefile**
- **Telemarketing: 8 a.m.—9 p.m.**, recipient's local time
  - Check the **national (FTC)** and **firm** do-not-call lists
  - Add to the firm list within **30 days**
  - Exempt: existing business relationship (**18 months**), client inquiry (**3 months**), personal relationship
- **Taping rule (3170):** hires from disciplined firms reach
  - 5—9 reps: **40%+**
  - 10—19 reps: **4+**
  - 20+ reps: **20%+**
- Implement taping within **60 days**, or cut staff below the threshold within **30 days** (then a **180-day** rehire wait)