FINRA SERIES 7 DUMP SHEET

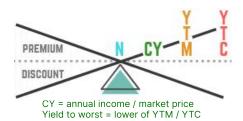
General information



Long call (right to buy) Short call (obl to sell) Bullish Bearish MG = unlimited MG = premium Call spread **ML** = unlimited **ML** = premium **B/E** = strike + premium B/E = strike + premium Hedge for short stock Income w/ long stock Debit = widen / exercise Credit = narrow / expire Short put (obl to buy) Long put (right to sell) Bearish Bullish **MG** = strike - premium **MG** = premium Put spread **ML** = premium **ML** = strike - premium **B/E** = strike - premium **B/E** = strike - premium Hedge for long stock Income w/ short stock Regulations Securities Act of 1933 = primary market laws Securities Ex. Act of 1934 = secondary market laws Long straddle Shot staddle Investment Co. Act of 1940 = mutual fund, UIT laws (volatility) (flat/neutral

SL o BS
BL i SS

Market order = next available price / execution guaranteed
Limit order = at specified price or better / price guaranteed
Stop order = primarily used to protect / nothing guaranteed
Stop limit order = like a stop, but becomes limit after trigger



Taxes

Cost basis = cost of investment + commission
Sales proceeds = proceeds - commission
Earned income = salary, wages, commissions, bonuses
Passive Income = limited partnerships, investment property

Mayhammer

Corp/US gov't Muni
OID: Must Must
OIP: May Must
SD: May May
SP: May Must

Dividend dates

D - declaration date
E - ex-dividend date
R - record date

P - payable date

Settlement Everything = T+1 Accrued interest
Corp/muni/agency = 30/360
US gov't = Actual/365

Convertible formulas

Conv. ratio = par / conversion price Conv. = par / conversion ratio

Parity price formulas (bonds)

Parity price of bond = stock's mkt price x conv. ratio Parity price of stock = bond's mkt price / conv. ratio

Parity price formulas (preferred stock)

Parity price of preferred stock = common stock's mkt price x conv. ratio Parity price of stock = bond's mkt price / conv. ratio

Tax equivalent yields

Tax-free equivalent yield = corp yield x (100% - tax bracket)
Taxable equivalent yield = muni yield / (100% - tax bracket)

Margin (initial purchases)

Regulation T = 50% of initial purchase Minimum equity = \$2,000

Margin minimum maintenance

Long accounts = 25% Short accounts = 30%

Other margin formulas

Excess equity = equity - 50% MV (LMV or SMV) LMV at min. maint. = debit / 0.75 SMV at min. maint. = credit / 1.30 Every \$1 LMV goes up, \$0.50 SMA created Every \$1 SMV goes down, \$1.50 SMA created Equity % = equity / MV (LMV or SMV)

Mutual fund formulas

NAV = (assets - liabilities) / shares outstanding
POP = NAV + sales charge → if sales charge given in \$
POP = NAV / (100% - sales charge) → if sales charge given in %
SC% = (POP - NAV) / POP

Fundamental analysis

Net worth = assets - liabilities

Net working capital = current assets - current liabilities

Current ratio = current assets / current liabilities

Quick assets = current assets - inventory

Quick (acid test) ratio = (current assets - inventory) / current liabilities

Debt service coverage ratio = operating income / debt service req.

Earnings per share (EPS) = net earnings / outstanding shares

PE ratio = market price / earnings per share (EPS)