FINRA SERIES 7 DUMP SHEET

General information



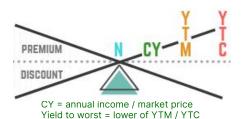


SL o BS BL i SS

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

Settlement

Cash = T (same day)



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

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

Dividend dates

D - declaration date E - ex-dividend date

R - record date

P - payable date

Accrued interest Regular-way = T+1

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 vield = corp vield 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 reg. Earnings per share (EPS) = net earnings / outstanding shares PE ratio = market price / earnings per share (EPS)