FINRA-SERIES-6 Q&As

FINRA Investment Company and Variable Contracts Products Representative Examination (IR)

Pass FINRA FINRA-SERIES-6 Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

https://www.passapply.com/finra-series-6.html

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by FINRA Official Exam Center

QUESTION 1

What did the Howey Decision?

A. provided for fixed annuities to be excluded from the definition of a security.

B. defined an investment contract as any investment of money in a common enterprise with the expectation of earning a profit from the efforts of others.

C. stipulated that all general partnerships were investment contracts and, therefore, securities, as defined by the Securities Exchange Act of 1934.

D. determined that certificates of deposit issued by a bank and insured by the FDIC did not qualify as securities, as defined by the Securities Exchange Act of 1934.

Correct Answer: B

Explanation: The Howey Decision defined an investment contract as any investment of money in a common enterprise with the expectation of earning a profit from the efforts of others. General partnerships do not fall under the definition of investment contracts since the general partners are actively involved in the business operations. Although both fixed annuities and bank CDs are excluded from the definition of a security, this was not part of the Howey Decision.

QUESTION 2

Mr. Bashful, Mr. Sleepy, Mr. Doc, Mr. Grumpy, Mr. Sneezy, and Mr. Happy are all employees of S. White Investment Advisers. Mr. Doc, Mr. Sneezy, and Mr. Happy give investment advice to the firm\\'s clients and manage their portfolios. Mr. Sleepy greets clients and makes cold calls to solicit more business for the firm. Mr. Bashful performs general clerical services, such as filing. Mr. Grumpy is the office manager and is the direct supervisor of the other five employees.

Which of S. White\\'s employees must register as investment adviser representatives under the Investment Advisers Act of 1940?

A. only Mr. Grumpy

B. Mr. Grumpy, Mr. Doc, Mr. Sneezy, and Mr. Happy

C. Mr. Grumpy, Mr. Doc, Mr. Sneezy, Mr. Happy, and Mr. Sleepy

D. All of them must register as investment adviser representatives.

Correct Answer: C

Explanation: Mr. Grumpy, Mr. Doc, Mr. Sneezy, Mr. Happy, and Mr. Sleepy must register as investment adviser representatives under the Investment Advisers Act of 1940. Only Mr. Bashful need not register since he performs only clerical duties. Any employee who makes investment recommendations and/or manages client portfolios and any employee who solicits or offers investment advisory services must register. Anyone who is a supervisor to those performing these duties must also register.

QUESTION 3

Giant Investments mass mails a single-page, glossy flyer that lists the types of mutual funds it offers, along with a general explanation of what the investment objective of each type of fund is. The flyer also prominently provides Giant\\'s contact information. Given these facts:

A. Giant Investments must submit a copy of this brochure within 10 days of its initial distribution date to FINRA.

B. a principal of Giant Investments must sign (or initial) and date the brochure, giving it his official approval.

C. the brochure will be subject to spot checks by FINRA and will need to be kept on file.

D. None of the above statements is true.

Correct Answer: D

Explanation: Given the facts about the content of the flyer, none of the statements is true. If Giant Investments mass mails a flyer that only lists the types of mutual funds it offers along with a general explanation of what the investment objective of each type of fund is and Giant\\'s contact information, it has issued only a generic advertisement as defined by Rule 135A of the Securities Act of 1933. As such, it is not considered an offer to sell and does not have to meet the requirements to which more specific advertising material is subject.

QUESTION 4

Your 53-year-old client, Ms. Antsy, just inherited $80,000 from her aunt and has decided to retire immediately. She wants to invest in something that will allow her to begin making withdrawals immediately, and she wants to be certain that she will continue to receive payments at least until she turns 62 ½ and begins drawing social security. You should recommend Ms. Antsy invest in:

A. a single-payment deferred annuity.

B. a periodic-payment deferred annuity.

C. a single-payment immediate annuity.

D. none of the above.

Correct Answer: D

Explanation: If Ms. Antsy is 53 years old and wants to invest in something that will allow her to begin making immediate withdraws and continue to make withdrawals until she turns 62 ½, you should recommend none of the choices provided. They are all annuities, and Ms. Antsy will be subject to a 10% penalty for withdrawing any amount prior to turning 59 ½.

QUESTION 5

Private placements may be sold to whom?

A. only to institutional investors.

B. only to accredited investors.

C. to as many as 35 non-accredited investors.

D. to only 35 investors.

Correct Answer: C

Explanation: Private placements may be sold to as many as 35 non-accredited investors. Non-accredited investors must have a purchaser representative to help them evaluate the investment. There is no restriction on the number of accredited investors to whom the securities can be sold. Accredited investors include wealthier, more sophisticated individual investors as well as institutional investors.