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Question 1

Question Type: MultipleChoice

Regulation T is set at 50%. Bubba's account contains long positions in the following securities with the prices listed:

100 ABC \$30

200 XYZ \$70

200 QBB \$40

200 KKK \$25

Total market value = \$30,000

Debit balance in the account = \$12,000

Net equity balance of the account = \$18,000

Bubba wants to buy 100 shares of DUM at \$30 per share and 100 shares of OUT at \$120. How much how much value of additional securities must Bubba deposit in lieu of depositing cash?

Options:

A- \$3,000

B- \$6,000

C- \$9,000

D- \$15,000

Answer:

C

Explanation:

\$9,000. Since the required cash to deposit is \$4,500 and Reg T is 50%, Bubba may deposit \$9,000 of securities.

Question 2

Question Type: MultipleChoice

Regulation T is set at 50%. Bubba's account contains long positions in the following securities with the prices listed:

100 ABC \$30

200 XYZ \$70

200 QBB \$40

200 KKK \$25

Total market value = \$30,000

Debit balance in the account = \$12,000

Net equity balance of the account = \$18,000

Bubba wants to buy 100 shares of DUM at \$30 per share and 100 shares of OUT at \$120. How much additional money must be deposited?

Options:

A- \$6,000

B- \$7,000

C- \$4,500

D- \$1,500

Answer:

C

Explanation:

\$4,500. The purchase of DUM will cost \$3,000 (100 x \$30) and the purchase of OUT will cost \$12,000 (100 x \$120). Both combined total a cost of \$15,000. Reg T requires 50% (\$7,500) and Bubba only has \$3,000. So he is \$4,500 short.

Question 3

Question Type: MultipleChoice

Regulation T is set at 50%. Bubba's account contains long positions in the following securities with the prices listed:

100 ABC \$30

200 XYZ \$70

200 QBB \$40

200 KKK \$25

Total market value = \$30,000

Debit balance in the account = \$12,000

Net equity balance of the account = \$18,000

If Bubba wants to buy 100 shares of DUM at \$30 per share, how much additional money must be deposited?

Options:

A- \$3,000

B- \$1,500

C- \$2,000

D- \$0

Answer:

D

Explanation:

\$0. The cost of Bubba's purchase is \$3,000 (100 x \$30). But Reg T only requires 50% in Bubba's account and he has that.

Question 4

Question Type: MultipleChoice

Regulation T is set at 50%. Bubba's account contains long positions in the following securities with the prices listed:

100 ABC \$30

200 XYZ \$70

200 QBB \$40

200 KKK \$25

Total market value = \$30,000

Debit balance in the account = \$12,000

Net equity balance of the account = \$18,000

What is the buying power in Bubba's account?

Options:

A- \$3,000

B- \$6,000

C- \$11,000

D- \$0

Answer:

B

Explanation:

\$6,000. Divide Bubba's excess equity by the Reg T margin requirement of 50%.

Question 5

Question Type: MultipleChoice

Regulation T is set at 50%. Bubba's account contains long positions in the following securities with the prices listed:

100 ABC \$30

200 XYZ \$70

200 QBB \$40

200 KKK \$25

Total market value = \$30,000

Debit balance in the account = \$12,000

Net equity balance of the account = \$18,000

What is Bubba's excess equity in the account?

Options:

A- \$3,000

B- \$18,000

C- \$12,000

D- \$0

Answer:

A

Explanation:

\$3,000. With Reg T at 50%, Bubba's equity should be half of the \$30,000 account value, which is \$15,000. Since his equity is \$18,000 Bubba has \$3,000 of excess equity.

Question 6

Question Type: MultipleChoice

How often must Investment companies issue financial statements to shareholders?

Options:

- A- monthly
- B- quarterly
- C- semi-annually
- D- annually

Answer:

C

Explanation:

semi-annually. Investment companies are required to issue financial report semi-annually. Many do so more frequently.

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