



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.pass4itsure.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

-  **Instant Download** After Purchase
-  **100% Money Back** Guarantee
-  **365 Days** Free Update
-  **800,000+** Satisfied Customers



**QUESTION 1**

A fund's 12b-1 fees may not be used to pay which of the following?

- A. printing prospectuses
- B. compensating brokers who sell shares of the fund
- C. mailing sales literature to existing and prospective customers
- D. administrative expenses of the fund's investment adviser

Correct Answer: D

Explanation: A fund's 12b-1 fees may not be used to pay the administrative expense of the fund's investment adviser. This would be part of the fund's management fees. SEC rule 12b-1 authorizes a fund to pay for distribution costs out of a fund's assets only if the fund has adopted a 12b-1 plan. The SEC defines these distribution costs to include the costs of marketing and selling the fund shares, including compensating brokers who help to sell the shares, and printing and mailing prospectuses and sales literature to existing and prospective customers.

QUESTION 2

After a registration statement has been filed with the SEC, no offers to sell the security to the public can be made for:

- A. a minimum of 30 days unless the SEC grants an exception.
- B. a maximum of 20 days.
- C. a maximum of 30 days.
- D. a minimum of 20 days unless the SEC grants an exception.

Correct Answer: D

Explanation: After a registration statement has been filed with the SEC, no offers to sell the security to the public can be made for minimum of 20 days unless the SEC grants an exception and declares the registration statement effective sooner. The security cannot be offered for sale until the SEC has declared the registration statement effective, and should the SEC find that it requires more information from the issuer, it may take longer than 20 days for it to declare the statement effective.

QUESTION 3

Sarah Bean is a registered representative with NewWave Investments, a family of mutual funds. She has recommended one of NewWave's funds to a client and given him a prospectus. The prospectus provides information about the fund's breakpoints and indicates that an investment of \$25,000 or more will lead to a reduced front-end load. The prospectus also clearly explains the details of a letter of intent. Sarah's client invests \$23,000 in the fund then and there without even opening the prospectus.

Has Sarah violated any of FINRA's rules of conduct?

- A. No. Sarah properly provided her client with a prospectus prior to selling him shares of the fund.



- B. Yes. Sarah is required to explain the concepts of breakpoints and letters of intent to her client.
- C. Yes. Sarah needed to tell her client that he would have to read through the prospectus to ensure he understood all aspects of the investment before she could take any money from him.
- D. Yes. Sarah is not permitted to accept funds from a client without the presence of her immediate supervisor.

Correct Answer: B

Explanation: Yes. Sarah is required to explain the concepts of breakpoints and letters of intent to her client and her failure to do so is a violation of FINRA's rules of conduct. A registered representative selling mutual fund shares is required to explain the salient facts contained in a fund's prospectus to a client before selling him the fund shares. Sarah's failure to do so is deemed "inconsistent with just and equitable principles of trade."

QUESTION 4

Rank the following funds in order of their relative risk, from highest to lowest:

- I. growth fund
 - II. high-yield bond fund
 - III. high-grade bond fund
 - IV. international fund
- A. IV, I, II, III
- B. I, IV, III, II
- C. II, IV, I, III
- D. IV, II, I, III

Correct Answer: A

Explanation: The funds ordered by their relative risk from highest to lowest are IV, I, II, III. The highest risk is an international fund that invests in foreign securities, which exposes the investor to more currency exchange risk and some social and political risk as well. Next is the growth fund that invests most of its funds in domestic stocks, which are riskier than bonds. The high-yield bond fund is a junk bond fund and, as such, is next in the list. The high-grade bond fund invests mostly in investment-grade bonds, which offer investors a moderate risk exposure and is the least risky of the choices listed.



QUESTION 5

Which of the following is not required to be included in a management company's prospectus?

- A. the various fees charged by the company
- B. the potential risks to which the company's investors are exposed
- C. a statement of the investment objective of the company
- D. the financial statements of the company

Correct Answer: D

Explanation: The financial statements of the investment company are not required to be included in a management company's prospectus. Management companies, otherwise known as closed-end or open-end investment companies, are required to have a "statement of additional information," however, that would include the financial statements of the company.

[Latest FINRA-SERIES-6 Dumps](#)

[FINRA-SERIES-6 PDF Dumps](#)

[FINRA-SERIES-6 Exam Questions](#)