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

QUESTION 1

Ms. Scatty is a registered representative with a well-known family of mutual funds. When selling one of the funds, she forgets to give her buyer a prospectus.

Which of the following statements is true?

A. Ms. Scatty can be held civilly liable under the Securities Act of 1933.

B. Ms. Scatty can be held criminally liable under the Securities Act of 1933.

C. Since mutual funds are not covered under the Securities Act of 1933, there is no liability in this instance.

D. Both A and B are true statements.

Correct Answer: A

Explanation: If Ms. Scatty forgets to give her buyer a prospectus when selling one of the funds, she can be held civilly liable under the Securities Act of 1933. Unless there was an intent to defraud, she is not subject to criminal penalties. The purchase and sale of mutual fund shares fall under the Securities Act of 1933.

QUESTION 2

Steel Dynamics (STLD) has a convertible bond issue that matures in four years. The bond has a face value of $1,000 and pays a coupon of 5.125%, with interest paid semiannually. The conversion ratio is 56.9801. If the stock of Steel Dynamics is currently priced at $15 a share, what is the conversion value of this bond, to the nearest cent?

A. $854.70

B. $569.80

C. $175.50

D. Until it matures, the conversion value of the bond is equal to its face value of $1,000

Correct Answer: A

Explanation: The conversion value of this bond $854.70. It is equal to its conversion ratio of 56.9801 times the current market price of its stock, $15. Thus, 56.9801 x $15 = $854.70.

QUESTION 3

Ralph has a traditional IRA from which he has yet to make any withdrawals. Ralph will be turning 70 ½ in June, 2011.According to the required minimum distribution rule associated with traditional IRAs, Ralph is required to start withdrawing funds from this account:

A. no later than the day after he turns 70 ½.

B. on April 15, 2011.

C. on April 1, 2012.

D. on April 15, 2012.

Correct Answer: C

Explanation: According to the required minimum distribution rule associated with traditional IRAs, Ralph is required to start withdrawing funds from this account on April 1, 2012. The rule states that he must begin making withdrawals on April 1st of the year following the year in which he turns 70 ½.

QUESTION 4

Which of the following would be the most suitable investment for a client who has retired and needs some current income to augment her social security check?

A. growth fund

B. variable life policy

C. money market fund

D. U.S. government bond fund

Correct Answer: D

Explanation: Of the choices provided, the most suitable investment for a client who has retired and needs some current income to augment her social security check would be a U.S. government bond fund. The growth fund is mostly invested in stocks that provide their return in the form of capital appreciation, not dividend income. The variable life policy would not offer her the current income she needs and may even have a surrender charge. Furthermore, these policies are insurance, not investments. A money market fund is good for capital preservation and some of her funds should be invested in a money market fund to meet this objective, but it will not provide her with current income. A U.S. government bond fund is less risky than other bond funds--although its value will fluctuate with interest rate changes-and will provide her with the supplemental income she requires.

QUESTION 5

In mid-September, the stock of Amazon.com, Inc. (AMZN) is selling for $147.A January call option on the stock is selling for $6.10 and has a strike price of $160. This call option is:

A. at the money.

B. in the money.

C. out of the money.

D. overpriced. No one should pay $6.10 for the right to buy a share of stock for $160 when its current market price is only $147.

Correct Answer: C

Explanation: If Amazon.com is selling for $147 and the strike price on the option is $160, the call option is said to be out of the money since, even if an investor were given the option free, he would not benefit from exercising it at this time. If he did so, he would be paying $160 for a stock that is selling for only $147 on the open market. Even so, the option is not necessarily overpriced at $6.10 because the option has what is known as "time value" on it. The stock of Amazon.com has several months during which it could rise well above the $160 strike price on the option.