



Up-to-date Practice Test with Latest Questions and Answers covering latest syllabus and topics of the exam. Makes you ready to face actual exam.



Series7 Practice Questions  
Series7 Practice Test  
Series7 Practice Exam  
Series7 Exam Questions  
Series7 Study Guide



[killexams.com](http://killexams.com)

**FINRA**

# Series7

General Securities Representative - Series 7

ORDER FULL VERSION

<https://killexams.com/pass4sure/exam-detail/Series7>



**QUESTION: 305**

Which of the following trading sequences contains a zero-plus tick?

- A. 27.28.27.26.27.26.25.27
- B. 31.31.30.29.30.30.29.28
- C. 38.39.40.41.40.41.39.40
- D. 43.42.42.41.42.41.41.40

**Answer: B**

**Explanation:**

A zero-plus tick occurs when there are two or more trades at the same price, but the most recent change was a plus tick. In the following sequence: 31.31.30.29.30.30.29.28, when the stock trades at 30, just after the 29, that is a plus tick. The next transaction is also at 30 which creates a zero-plus tick

**QUESTION: 306**

When securities are registered with the various states under the “Blue Sky Laws,” by which of the following methods may they be registered?

- I. Notification
- II. Coordination
- III. Administration
- IV. Qualification

- A. I, II, IV
- B. II, III, IV
- C. I, II, III
- D. I, II, III, IV

**Answer: A**

**Explanation:**

The three methods by which securities may be registered with the states are; Notification, Coordination, and Qualification. The term “Blue Sky Laws” refers to the Uniform Securities Act. Notification is the simplest method—also known as filing—but is not available in all states. Coordination is the most common—coordinating registration at the state with the SEC registration. Qualification is the most time-consuming and difficult—the last resort in most cases

**QUESTION: 307**

Which of the following types of underwriting commitments by an Investment Banker could not be made in an IPO?

- A. Firm Commitment
- B. Standby
- C. Mini-max
- D. Mini-max

**Answer:** B

**Explanation:**

A standby underwriting is a form of firm commitment underwriting used in a preemptive rights offering. The underwriter is “standing by” until after the rights offering has expired and will purchase, for distribution, any unsubscribed shares. Since preemptive rights are only offered to existing shareholders, this could not be done in an Initial Public Offering

**QUESTION:** 308

What information may be found by a RR when looking at “Pink Sheets”?

- A. Quotations on municipal bonds in the secondary market
- B. Quotations on non-NASDAQ OTC stocks
- C. Quotes on penny stocks
- D. Daily quotations on corporate bonds

**Answer:** B

**Explanation:**

Pink Sheets is a daily publication showing quotations on non- NASDAQ Over-The-Counter stocks. The Yellow Sheets are a similar publication for corporate bonds. Pink Sheet stock is not necessarily “penny stock,” it is simply stock of companies that are not quoted on the NASDAQ system. Pink Sheets are being supplanted by the OTC Bulletin Board (OTCBB), an electronic service

**QUESTION:** 309

After the receipt of a written complaint from a customer who has lost money in his account and before the matter reaches any level of hearing, the broker-dealer settles with the customer and pays him \$20,000. After settlement, which of the following are required of the broker-dealer?

- A. Give notice to the Federal Reserve Board
- B. Apply to the SEC for special arbitration procedures
- C. Dismiss the registered representative who handled the customer's account
- D. Inform the appropriate SRO

**Answer:** D

**Explanation:**

Although the firm might fire the RR, it is not a requirement. Informing the SRO—Self Regulatory Organization—such as the NYSE or NASD is a requirement. The SEC does not get involved in arbitration and the FRB has no function in these proceedings.

**Section 6:** Sec Six (310 to 314)

**Details:**

**Options Contracts**

**QUESTION:** 310

A client opens the following options positions when MML stock is trading at 49: Long 1 MML Dec 50 call@4

Short 1 MML Dec 60 call @1

Just prior to the end of the trading day, on the last business day before the contracts expire, MML stock is trading at 59 and both open positions are closed. What is the profit/loss to the investor?

- A. Profit of \$900
- B. Loss of \$300
- C. Profit of \$600
- D. Loss of \$900

**Answer:** C

**Explanation:**

When the two contracts are closed, they are closed at their intrinsic value, because there is no remaining time value. To close an open long position, the investor makes a closing sale. In this case, the investor sells the 50 contract for its intrinsic value of 9. The 60 contract is out-of-the money—has no intrinsic value— and will expire worthless. The investor, as noted above, has a net debit of 3 and sells for 9.  $9 - 3 = 6$ , or \$600 profit.

**QUESTION:** 311

An investor opens the following options positions: Sell 1 MML May 50 Call and Long 1 MML Aug 50 Call This strategy is defined as which of the following?

- I. A debit call spread
- II. A diagonal spread
- III. A credit call spread
- IV. A horizontal spread

- A. I, IV
- B. III, IV
- C. I, II
- D. II, III

**Answer:** A

**Explanation:**

This is a calendar or horizontal spread because the only difference in the contracts is the expiration date. It is a debit spread because the time value for the August contract will be greater than the May contract. The contracts have the same intrinsic value because they share the same strike price

**QUESTION:** 312

An options investor establishes the following positions: Short 1 LTP Nov 35 Put @5 and Writes 1 LTP Nov 35 Call @ 3. Which of the following statements regarding this strategy is/are true?

- I. The maximum loss is \$800
- II. This strategy is a straddle
- III. The maximum loss is unlimited
- IV. The investor expects no movement in the market

- A. II, III, IV
- B. I, II
- C. I, II, IV
- D. II, IV

**Answer:** A

**Explanation:**

This strategy is a short straddle. This investor has sold (short/write) a call and a put on the same stock with the same expiration and the same strike price. Since the investor has sold a call, and we cannot assume he/she owns the covering stock, the call is naked and exposes the investor to unlimited upside risk. An investor establishing a short straddle expects little or no movement in the market for the underlying stock

**QUESTION:** 313

An investor who is bullish on AQS stock would establish which of the following options positions?

- A. Short 1 AQS Jan 50 call. Short 1 AQS Jan 60 call
- B. Long 1 AQS Jan 50 call. Short 1 AQS Jan 60 call
- C. Long 1 AQS Jan 60 call. Short 1 AQS Jan 50 call.
- D. Short 1 AQS Jan 50 put. Long 1 AQS Jan 60 put.

**Answer:** B

**Explanation:**

This question requires that, first; you recognize that the spread in choice “C” is bullish without premiums being provided. The call with the lower strike price and the same expiration on the same stock will always be more expensive. The investor will pay more for the 50 call than he receives for the 60 call, thus establishing a debit, or bull, spread. Note that choice “D,” is not a spread and that is very bearish

**QUESTION:** 314

A client opens the following options positions when MML stock is trading at 49:

Long 1 MML Dec 50 call@4

Short 1 MML Dec 60 call @1

If the investor who established the strategy did not close the positions, what would happen at expiration if the market had closed on the final trading day at 51?

- A. The 60 call would not be exercised, but the 50 call would.
- B. Both contracts would be exercised
- C. Both contracts would expire worthless.
- D. The exchange would close both contracts at intrinsic value

**Answer:** A

**Explanation:**

When a customer has not given instructions to close the contract(s) the OCC (Options Clearing Corporation) will automatically exercise contracts that are .75 or more in-the-money for a customer. The automatic exercise for a member firm is .25 in-the-money

Killexams.com is a leading online platform specializing in high-quality certification exam preparation. Offering a robust suite of tools, including Exam Questions, practice tests, and advanced test engines, Killexams.com empowers candidates to excel in their certification exams. Discover the key features that make Killexams.com the go-to choice for exam success.



## Practice Exam Questions Based on Current Exam Objectives

Killexams.com provides practice exam questions aligned with the latest official exam objectives and latest syllabus. Our content is reviewed and updated regularly to reflect recent changes announced by certification vendors. By studying these practice questions, candidates will cover the structure, difficulty level, and topics of the actual exam, helping them prepare more effectively and efficiently.

## Comprehensive Practice Exams (PDF Format)

Killexams.com offers multiple-choice questions (MCQs) in easy-to-read PDF format, covering all major domains of the exam. Each PDF contains a structured collection of practice questions and verified answers designed to support focused study. These MCQs help candidates reinforce key concepts, identify knowledge gaps, and improve exam readiness through consistent practice.

## Realistic Practice Tests (Online Test Engine & Desktop Test Engine)

To support hands-on preparation, Killexams.com provides practice tests through both an Online Test Engine and a Desktop Test Engine. These tools are designed to simulate a real exam environment, allowing candidates to practice under exam-like conditions, with latest syllabus and topics of the exam. Performance tracking, test history, and result analysis help users evaluate their progress and focus on areas that need improvement.

## Risk-Free Purchase Policy

Killexams.com follows a transparent and customer-friendly purchase policy. If users are not satisfied with the study materials, they may request assistance or a refund in accordance with our published terms and conditions. This policy reflects our commitment to customer satisfaction, fairness, and confidence in our preparation resources.

## Regularly Updated Content

Our practice question bank is reviewed and updated on an ongoing basis to stay aligned with the latest exam outlines and vendor updates. This ensures candidates are studying up-to-date, relevant material, and preparing with content that reflects current exam expectations, helping them stay confident and well-prepared.