



Finra Series-7 Practice Questions

Shared by Flores on 14-10-2026

For More Free Questions and Preparation Resources

Check the Links on Last Page



Question 1

Question Type: MultipleChoice

Which of the following is not found in the final prospectus?

Options:

- A- a statement as to possible stabilization by the manager
- B- the public offering price
- C- a copy of the underwriting agreement
- D- a statement that the SEC neither approves nor disapproves of the issue

Answer:

C

Explanation:

a copy of the underwriting agreement. The underwriting agreement is "not" in the final prospectus. This is a contract between the issuer and the underwriting syndicate.

Question 2

Question Type: MultipleChoice

Bubba buys a ten-year municipal and at 102 and sells it five years later at 101.

What is tax treatment?

Options:

- A- a \$10 long-term capital loss is realized
- B- the \$10 loss is applied as a reduction against ordinary income
- C- no capital loss or income deduction is realized
- D- the \$10 loss is applied against future profits in municipal securities

Answer:

C

Explanation:

no capital loss or income deduction is realized. The \$20 premium is amortized over the ten-year life of the bond. After five years, half of the premium has been written down. The remaining premium is the same as the premium received upon selling the bond. The sale at 101 results in no loss or gain.

Question 3

Question Type: MultipleChoice

Bubba Corporation issued bonds that pay interest on January 15 and July 15 each year until maturity. An investor purchasing these bonds on Monday, April 12, must pay the contract price plus accrued interest for:

Options:

- A- 87 days
- B- 89 days
- C- 93 days
- D- 90 days

Answer:

D

Explanation:

90 days. Interest accrues from the coupon date to the settlement date. A regular way purchase on April 12 will settle on April 15. corporate bonds are figures on 30-day months, regardless of the actual number of days in the month. The year is considered 360 days. Therefore, interest is calculated for 16 days in January plus 30 each for February and March plus 14 for April.

Question 4

Question Type: MultipleChoice

Maintaining a fair and orderly market and acting as a broker's broker are dual functions of the:

Options:

- A- competitive trader
- B- odd-lot dealer
- C- specialist
- D- two-dollar broker

Answer:

C

Explanation:

specialists. This description defines the function of the specialists.

Question 5

Question Type: MultipleChoice

What is the name for the rate of discount from the list price that is paid to a municipal securities underwriting group member for its sales participation?

Options:

- A- commission
- B- concession
- C- spread
- D- takedown

Answer:

D

Explanation:

takedown. The takedown is an additional allowance on bonds sold by a member.

Question 6

Question Type: MultipleChoice

Bubba buys a 5% municipal bond maturing in 15 years that is trading at a market price of 85.

What is the yield to maturity using the "rule of thumb" method?

Options:

- A- 5.00%
- B- 5.88%
- C- 5.10%
- D- 6.49%

Answer:

D

Explanation:

6.49%. Divide the discount from par value of \$150 (\$1,000 - \$850) by the number of years to maturity (15) to determine the annual discount. Add the result of \$10 to the annual interest (\$50) to determine the total annual return. Divide the result of \$60 by the average of the current price (85) and par (100). The result is 60 divided by 92.5, which equals 6.49%.

Question 7

Question Type: MultipleChoice

Which of the following are not flat rate taxes?

Options:

- A- excise tax

- B- gasoline tax
- C- gift tax
- D- general income tax

Answer:

C

Explanation:

gift tax. By definition, gift tax is a progressive tax. All of the others are a level percentage.

P2P
exams

P2P
exams

To Get Premium Files for Series-7 Visit

<https://www.p2pexams.com/products/series-7>

For More Free Questions Visit

<https://www.p2pexams.com/finra/pdf/series-7>

20%
DISCOUNT

P2P
exams