

Contents

ABOUT THE SERIES 10 EXAM	xi
ABOUT THIS BOOK	xv
ABOUT THE TEST BANK	xvii
ABOUT THE SECURITIES INSTITUTE OF AMERICA	xix
CHAPTER 1	
SUPERVISION OF BROKERAGE OFFICE PERSONNEL	
AND PROCEDURES	1
Hiring New Employees	1
Resignation of a Registered Representative	2
Registration Exemptions	4
Retiring Representatives/Continuing Commissions	4
Persons Ineligible to Register	5
Disciplinary Actions Against a Registered Representative	5
Termination for Cause	6
Outside Employment	6
Private Securities Transactions	6
Gift Rule	7
Communications with the Public	8
FINRA Rule 2210 Communications with the Public	9

Broker Dealer Websites	12
Sharing in a Customer's Account	13
Borrowing and Lending Money	13
Order Tickets	13
Executing an Order	14
Becoming a Stockholder	15
Accrued Interest	19
Close Outs	20
Customer Confirmations	20
Rules for Good Delivery	22
Rejection of Delivery	22
Reclamation	23
Marking to the Market	23
Customer Account Statements	24
Carrying of Customer Accounts	24
Dividend Distribution	25
Proxies	27
Box Counts	28
Missing and Lost Securities	28
The Customer Protection Rule	29
Broker Dealer Books and Records	31
Pretest	35

CHAPTER 2

GENERAL SUPERVISION AND CUSTOMER RECOMMENDATIONS

39

The Role of the Principal	39
Supervisor Qualifications and Prerequisites	40
Continuing Education	41
Tape Recording Employees	43
Information Obtained from an Issuer	43
Customer Complaints	44
Mediation	44
Code of Arbitration	45

Investor Information	47
Member Offices	47
Recommendations to Customers	50
Research Reports	55
Regulation FD (Fair Disclosure)	58
The Insider Trading & Securities Fraud Enforcement Act of 1988	59
Firewall	60
Pretest	61

CHAPTER 3**SUPERVISION OF CUSTOMER ACCOUNTS****63**

Opening a New Account	63
Holding Securities	65
The Depository Trust Company (DTC)	66
Mailing Instructions	67
Types of Accounts	67
Trading Authorization	70
Retirement Plans	74
Accounts for Employees of Other Broker Dealers	87
Numbered Accounts	88
Prime Brokerage Accounts	88
Account Transfers	89
Margin Accounts	90
Special Memorandum Account (SMA) for a Long Margin Account	97
Wrap Accounts	107
Regulation S-P	107
Currency Transactions	108
The Patriot Act	108
Isolated Sales Account	110
Securities Investor Protection Corporation Act of 1970 (SIPC)	110
The Penny Stock Cold Call Rule	111
Pretest	113

CHAPTER 4	
SALES SUPERVISION OF NEW ISSUES	117
<hr/>	
The Securities Act of 1933	117
Freeriding and Withholding/FINRA Rule 5130	120
Underwriting Corporate Securities	121
Exempt Securities	125
Exempt Transactions	126
Rule 137 Nonparticipants	131
Rule 138 Nonequivalent Securities	132
Rule 139 Issuing Research Reports	132
Rule 415 Shelf Registration	133
Regulation M, Rule 104	133
Underwriting Direct Participation Programs	135
Investment Company Registration	135
Mutual Fund Distribution	137
Pretest	143
CHAPTER 5	
SUPERVISION OF THE SECONDARY MARKET	147
<hr/>	
The Securities Exchange Act of 1934	147
Listing Requirements for the NYSE	152
Types of Orders	155
The Exchanges	158
Limit Up Limit Down (LULD)	170
The Nasdaq Market	171
Pink Sheets	182
Trade Reporting and Comparison Service (TRACS)	182
Advanced Computerized Execution System (ACES)	183
The Order Audit Trail System (OATS)	183
Electronic Communication Networks (ECNs)	184
Third Market	185
Nasdaq Market Center for Listed Securities	185
Fourth Market	185

SEC Regulation ATS	186
FINRA 5% Markup Policy	186
Markups and Markdowns When Acting as a Principal	187
Riskless Principal Transactions	188
Proceeds Transactions	189
Dominated and Controlled Markets	189
ACT/TRF Trade Scan	190
Pretest	193
CHAPTER 6	
MSRB RULES AND REGULATIONS	197
<hr/>	
Municipal Bonds	197
Issuing Municipal Securities	198
Municipal Fund Securities	209
Variable Rate Securities	210
Municipal Bond Trading	210
Recommending Municipal Bonds	214
Municipal Bond Advertising	215
Municipal Bond Insurance	215
Political Contributions	215
Registration Requirements for Municipal Securities Professionals	217
MSRB Overview	219
Pretest	223
ANSWER KEYS	227
<hr/>	
GLOSSARY OF EXAM TERMS	233
<hr/>	
INDEX	299
<hr/>	

<http://www.pbookshop.com>