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by Steven M. Rice

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Series 7 Exam 2026-2027 For Dummies®

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, www.wiley.com

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Published simultaneously in Canada

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Library of Congress Control Number: 2025935561

ISBN 978-1-394-34243-3 (pbk); ISBN 978-1-394-34244-0 (EPUB); ISBN 978-1-394-34245-7 (EPDF)

Contents at a Glance

Introduction	1
Part 1: Gearing Up for the Series 7 Exam	5
CHAPTER 1: Introducing the Series 7 Exam	7
CHAPTER 2: Preparing for the Series 7 Exam	19
CHAPTER 3: Examining and Mastering Question Types	33
CHAPTER 4: Surviving Test Day	45
Part 2: Mastering Basic Security Investments	51
CHAPTER 5: Underwriting Securities: Bringing New Issues to Market	53
CHAPTER 6: Corporate Ownership: Equity Securities	71
CHAPTER 7: Debt Securities: Corporate and U.S. Government Loans	87
CHAPTER 8: Municipal Bonds: Local Government Securities	111
Part 3: Delving Deeper into Security Investments	143
CHAPTER 9: Borrowing Money and Securities: The Long and Short of Margin Accounts	145
CHAPTER 10: Packaged Securities: Open- and Closed-End Funds and Such	167
CHAPTER 11: Direct Participation Programs: Partnerships	193
CHAPTER 12: Options: The Right to Buy or Sell at a Fixed Price	205
Part 4: Taking Care of Your Customers and Playing by the Rules	251
CHAPTER 13: Portfolio and Securities Analysis: Examining Companies and the Market	253
CHAPTER 14: Going to Market: Orders and Trades	275
CHAPTER 15: Taxes and Retirement Plans: Making Sure the IRS Gets Its Share	293
CHAPTER 16: Rules and Regulations: No Fooling Around	315
Part 5: A Couple Practice Exams	351
CHAPTER 17: Practice Exam 1	353
CHAPTER 18: Answers and Explanations to Practice Exam 1	373
CHAPTER 19: Practice Exam 2	393
CHAPTER 20: Answers and Explanations to Practice Exam 2	413
Part 6: The Part of Tens	431
CHAPTER 21: Ten Series 7 Exam Traps to Avoid	433
CHAPTER 22: Ten Ways to Start Your Career Off Right	437
Appendix: Important Figures and Formulas	441
Index	443

Table of Contents

INTRODUCTION	1
About This Book	1
Foolish Assumptions	2
Icons Used in This Book	2
Beyond the Book	2
Where to Go from Here	3
 PART 1: GEARING UP FOR THE SERIES 7 EXAM	 5
CHAPTER 1: Introducing the Series 7 Exam	7
What Is the Series 7 Exam, Anyway?	7
Profiling the Series 7 Exam-Taker	8
One's Not Enough: Tackling the Series 63 or Series 66	8
Series 63: Uniform Securities Agent State Law Exam	9
Series 66: Uniform Combined State Law Exam	9
Securing Sponsorship and Signing Up	9
Filling out an application to enroll	9
It's a date! Scheduling your exam	10
Planning ahead for special accommodations	10
Just in case: Cancelling as an option	11
Taking a Peek at the Tested Topics	12
Understanding the Exam Format and Other Exam Details	14
Exam basics	14
Ten additional trial questions	14
The computerized format and features	14
Exhibits	15
Receiving and Evaluating Your Score	15
You passed! Now what?	16
So you need a do-over: Retaking the exam	16
 CHAPTER 2: Preparing for the Series 7 Exam	 19
Courses and Training Materials: Determining the Best Way to Study	19
Back to school: Attending a prep course	20
Selecting prep material to study on your own	22
Outlining Your Series 7 Study Strategy	23
Sharpening your skills when you have 8 weeks to prepare	23
Hitting your stride with 4 weeks till exam day	24
Getting down to the wire . . . 2 weeks left to study	24
Feeling extra pressure when you only have 1 week left to study	25
Managing Your Study Time Wisely	25
Blocking out some time to study	25
It's a plan: Getting into a study routine	26
Give it a rest: Taking short breaks	27
Staying focused from day to day	27
Devoting time to practice tests	27
Avoiding study groups	28
Staying in shape	28
Exploring Study Strategies	28

Developing Solid Test-Taking Skills	29
Read the question carefully	29
Look for phrases that lead to the topic tested	29
Work with what you have	30
Don't obsess; mark for review	30
Keep track of time	30
Master the process of elimination	31
Maintain your concentration	31
Think carefully before changing your answers	31
Use the scrap paper wisely	32
Knowing When You're Ready	32
CHAPTER 3: Examining and Mastering Question Types	33
Familiarizing Yourself with Question Formats.	33
Working with the straight shooters: The straightforward types.	34
Encountering quirky questions with qualifiers	35
Roman hell: Complex multiple choice	36
Looking at exhibits: Series 7 diagram questions.	38
Shredding the Questions: Tips and Tricks	41
Focusing on key information	41
Answer me this: Picking the correct answer	41
Don't make the same mistake twice.	44
CHAPTER 4: Surviving Test Day	45
Composing Yourself the Day Before.	45
Making the Most of the Morning.	46
Arriving on the Scene	47
Taking advantage of one last chance to cram.	47
Signing in.	47
Getting seated	47
Taking the Exam.	48
Getting the Results: Drum Roll Please	49
PART 2: MASTERING BASIC SECURITY INVESTMENTS	51
CHAPTER 5: Underwriting Securities: Bringing New Issues to Market	53
Bringing New Issues to the Market.	53
Starting out: What the issuer does	53
Roll call: Introducing the team players.	57
Agreement among underwriters.	58
Selling group agreement	59
Stabilizing bids	59
Who gets what: Distributing the profits	59
Agreeing to sell your share: Western versus Eastern accounts	61
Getting the skinny on the issue and issuer: The prospectus	61
Reviewing Exemptions	63
Exempt securities	63
Exempt transactions	64
Testing Your Knowledge	67
Answers and Explanations.	70

CHAPTER 6:	Corporate Ownership: Equity Securities	71
	Beginning with the Basics: Common Stock	71
	Understanding a stockholder's voting rights	72
	Categorizing shares corporations can sell	73
	Considering the par value of common stock	74
	Sharing corporate profits through dividends	74
	Penny stocks	76
	Getting Preferential Treatment: Preferred Stock	77
	Considering characteristics of preferred stock	77
	Getting familiar with types of preferred stock	78
	Securities with a Twist	80
	Opening national borders: ADRs	80
	Rights: The right to buy new shares at a discount	81
	Warrants: The right to buy stock at a fixed price	82
	Testing Your Knowledge	83
	Answers and Explanations	85
CHAPTER 7:	Debt Securities: Corporate and U.S. Government Loans	87
	Tackling Bond Terms, Types, and Traits	87
	Remembering bond terminology	88
	Comparing secured and unsecured bonds	89
	Additional bond types	91
	Making Basic Bond Price and Yield Calculations	91
	Finding bond yields	92
	Using seesaw calculations for price and yields	93
	Calculating accrued interest	94
	Determining the Best Investment: Comparing Bonds	96
	Considering bond credit ratings	96
	Contrasting callable and put bonds	98
	Popping the top on convertible bonds	99
	Exploring U.S. Government Securities	100
	Understanding the types and characteristics of U.S. government securities	101
	Agency securities	102
	In the tranches: Delving into packaged mortgages (CMOs)	104
	CMO communications	105
	Backed by debt: Collateralized debt obligations (CDOs)	106
	Playing It Safe: Short-Term Loans or Money Market Instruments	106
	Structured Products	107
	Testing Your Knowledge	108
	Answers and Explanations	110
CHAPTER 8:	Municipal Bonds: Local Government Securities	111
	General Obligation Bonds: Backing Bonds with Taxes	112
	General characteristics of GOs	112
	Analyzing GO bonds	112
	Revenue Bonds: Raising Money for Utilities and Such	115
	General characteristics of revenue bonds	116
	Analyzing revenue bonds	116
	The Primary Market: Bringing New Municipal Bonds to Market	118
	Escrow requirements	120
	Call features	120
	Examining Other Types of Municipal Bonds on the Test	121
	Municipal bond diversity of maturities	123
	Specific types of municipal securities	123
	Taxable municipal bonds	124

Don't Forget Municipal Notes!	124
Municipal Fund Securities	126
Section 529 plans (529 savings plans)	126
ABLE accounts	127
Local government investment pools	127
Municipal fund securities advertisements	128
Understanding the Taxes on Municipal Bonds	128
Comparing municipal and corporate bonds equally	128
Scot-free! Taking a look at triple tax-free municipal bonds	129
Pricing of municipal securities and other mathematical calculations	130
Following Municipal Bond Rules	131
Confirmations	131
Advertising and record keeping	132
Commissions	132
"G" even more rules	132
Gathering More Municipal Bond Info	135
The bond resolution (indenture)	135
Legal opinion	135
Official statement (OS)	135
The Bond Buyer	136
Additional info	137
Testing Your Knowledge	137
Answers and Explanations	140

PART 3: DELVING DEEPER INTO SECURITY INVESTMENTS 143

CHAPTER 9: Borrowing Money and Securities: The Long and Short of Margin Accounts	145
Getting the Paperwork Out of the Way	146
Introducing Long and Short Margin Accounts	146
Playing by the Federal Reserve Board's Rules	147
Regulation T	147
Margin call	148
Opening a Margin Account: The Initial Requirements	148
Starting long accounts	149
Opening short accounts	150
Calculating Debit and Equity in Long Margin Accounts	150
Long market value	150
. . . Minus debit balance	150
. . . Equals equity	151
Putting it all together	151
Making Short Work of Calculations in Short Margin Accounts	152
Short market value	152
. . . Plus equity	152
. . . Equals the credit balance	152
Putting the equation together	153
Let the Good Times Roll: Handling Excess Equity	154
SMAs for long margin accounts	154
Loan value	156
SMAs for short margin accounts	156
Playing it SMA/RT: Using buying and shorting power for good	157
Buying power for pattern day trading accounts	158

Looking at Limits When the Market Goes the Wrong Way	158
Checking out restricted accounts	158
Keeping up with minimum maintenance.	160
Testing Your Knowledge	163
Answers and Explanations	165

CHAPTER 10: Packaged Securities: Open- and Closed-End Funds and Such	167
Diversifying through Management Investment Companies	168
Comparing open- and closed-end funds	168
Keeping your customer's investment objectives in mind	171
Dealing with discounts and methods of investing	175
Figuring the sales charge and public offering price of open-end funds	177
Considering Other Investment Company Options	180
Face-amount certificate companies	180
Unit investment trusts (UITs)	180
Exchange-Traded Funds (ETFs)	181
Reducing Real Estate Risk with REITs	181
Adding Annuities to a Portfolio	182
Looking at fixed annuities	183
Checking out variable annuities	183
Putting money into (and receiving money from) annuities.	184
Exploring Variable Life and Variable Universal Life Insurance	186
Variable life.	186
Variable universal life	186
1035 tax-free exchange	187
Investment Company Rules	187
Investment company sales literature	188
Advertisements by an investment company (section 10)	188
Investment company rankings in retail communication	188
Even more rules.	189
Testing Your Knowledge	190
Answers and Explanations	192

CHAPTER 11: Direct Participation Programs: Partnerships	193
Searching for Identity: What DPPs Are (and Aren't)	194
The DPP Characters: General and Limited Partners	194
Pushing through Partnership Paperwork	195
Partnership agreement.	195
Certificate of limited partnership	195
Subscription agreement.	196
Types of DPP Offerings	197
Private placements	197
Public offerings	197
Passive Income and Losses: Looking at Taxes on Partnerships	197
Evaluating Direct Participation Programs	198
Types of Partnerships	198
Real-estate partnership info	198
Equipment leasing.	200
Oil and gas	200
Testing Your Knowledge	202
Answers and Explanations	204

CHAPTER 12: Options: The Right to Buy or Sell at a Fixed Price	205
Brushing Up on Option Basics	206
Reading an option	206
Looking at call options: The right to buy	207
Checking out put options: The right to sell	207
Getting your money back: Options in-, at-, or out-of-the-money	208
Paying the premium: The cost of an option	209
Incorporating Standard Option Math	211
Buying or selling call options	211
Buying or selling put options	214
Trading options: Opening and closing transactions	216
Mastering Complex Option Calculations	218
Long straddles and combinations	218
Short straddles and combinations	220
Break-even points for straddles and combinations	222
Spreads	222
Got it covered: Stock/option contracts	226
Off the charts: Multiple option contracts	229
Spending time on LEAPS: Long-term options	231
Dividends and splits, more or less	232
Nonequity Options	233
Index options	234
Yield-based (interest rate) options	234
Foreign currency options	235
Gaining Additional Option Info	236
Clearing through the OCC	236
Getting the go-ahead: Registered options principal	236
That's ODD: Options disclosure document	236
Special statement for uncovered option writers	237
OAA: Options account agreement	237
Last trade, last exercise, and expiration of an option	237
Exercise and assignment	238
Margin on options	238
Taxes on options	239
Some additional option rules	241
Testing Your Knowledge	243
Answers and Explanations	247

PART 4: TAKING CARE OF YOUR CUSTOMERS AND PLAYING BY THE RULES 251

CHAPTER 13: Portfolio and Securities Analysis: Examining Companies and the Market	253
Knowing Your Customer: Portfolio Analysis	253
Investment objectives	254
Factors that influence your client's investment profile	255
Asset allocation	257
Modern portfolio theory	257
Capital Asset Pricing Model (CAPM)	258
Strategizing with portfolio management policies	259
Knowing Your Securities and Markets: Securities Analysis	259
Regarding risk	259
Mitigating risk with diversification	261
Fundamental analysis	262

Technical analysis	268
Showing the work: Research reports	271
Testing Your Knowledge	271
Answers and Explanations	274
CHAPTER 14: Going to Market: Orders and Trades	275
Shopping at Primary and Secondary Markets	275
Buying new in the primary market	275
Buying used in the secondary market	276
Making the Trade	276
Auctioning securities at securities exchanges	276
Negotiating trades over-the-counter	277
Understanding the Role of a Broker-Dealer	279
Firm versus subject quotes	280
Traders	280
Receiving Orders from Customers	280
Recommending OTC equity securities	280
Talking about order types	281
Handling limit and stop orders	283
Factoring in order features	284
Designated Market Maker and the Universal Trading Platform (UTP)	285
Adjusting orders for dividends and splits	288
Trade reporting systems	289
Regulation NMS (National Market System)	290
Trading halts: NYSE Rule 7.12 - market-wide circuit breakers (MWCB)	290
Testing Your Knowledge	291
Answers and Explanations	292
CHAPTER 15: Taxes and Retirement Plans: Making Sure the IRS Gets Its Share	293
Everything in Its Place: Checking Out Tax and Income Categories	294
Touring the tax categories	294
Looking at types of income	294
Noting Taxes on Investments	295
Interest income	295
Alternative minimum tax	295
Dividends	295
At the sale: Capital gains and losses	296
Return of capital	301
Cost basis adjustments on bonds: Accretion and amortization	301
Presenting Gift and Estate Tax Rules	303
Gift taxes	303
Estate taxes	304
Exploring Retirement Plans	305
Tax-qualified plans	305
Employee Retirement Income Security Act (ERISA)	305
Nonqualified plans	307
IRA types and contribution limits	308
Transfers and rollovers	310
Coverdell Education Savings Accounts (Coverdell ESA)	310
Testing Your Knowledge	310
Answers and Explanations	313

CHAPTER 16: Rules and Regulations: No Fooling Around	315
The Market Watchdogs: Securities Regulatory Organizations	315
The Securities and Exchange Commission	315
Self-regulatory organizations	316
Following Protocol When Opening Accounts	317
Filing the facts on the new account form	317
Closing customer accounts	319
Selecting the appropriate type of account	320
Account registration types	321
Standards and required approvals of public communications	325
Financial exploitation of specified adults	326
Regulation S-P	327
Reporting requirements	327
Trading by the Book When the Account Is Open	328
Filling out an order ticket	328
Checking your calendar: Payment and settlement dates	330
Confirming a trade	332
Meeting the requirements for good delivery	333
Following up with account statements	335
Keeping your dividend dates straight	336
Handling complaints	337
Transferring accounts	338
Committing Other Important Rules to Memory	339
The Telephone Consumer Protection Act of 1991 (Telephone Act of 1991)	339
The 5 percent markup policy	340
Other violations	341
Regulation FD	342
Record keeping	342
Negotiable instruments drawn from a customer's account	343
Disclosure of control relationships	343
Customer protection rule	344
Networking arrangements	344
Uniform Practice Code (UPC)	344
Supervision	344
Testing Your Knowledge	344
Answers and Explanations	349
 PART 5: A COUPLE PRACTICE EXAMS	351
 CHAPTER 17: Practice Exam 1	353
Practice Exam 1 Answer Sheet	355
 CHAPTER 18: Answers and Explanations to Practice Exam 1	373
Making the Grade	391
Answer Key for Practice Exam 1	392
 CHAPTER 19: Practice Exam 2	393
Practice Exam Part 2 Answer Sheet	395
 CHAPTER 20: Answers and Explanations to Practice Exam 2	413
Knowing the Score	429
Answer Key for Practice Exam 2	430

PART 6: THE PART OF TENS	431
CHAPTER 21: Ten Series 7 Exam Traps to Avoid	433
Easing Up on the Studying	433
Assuming the Question's Intent	434
Reading into the Question	434
Becoming Distracted When Others Finish	434
Not Dressing for Comfort	434
Forgetting to Breathe	435
Trying to Work Out Equations in Your Head Instead of Writing Them Down.	435
Spending Too Much Time on One Question	435
Changing Your Answers for the Wrong Reasons	436
Calculating Your Final Score Prematurely	436
CHAPTER 22: Ten Ways to Start Your Career Off Right	437
Win at the Numbers Game	437
Be an Apprentice	438
Do Your Homework	438
Treat the Minnow like a Whale	438
Smile When You Dial	438
When a Security Goes the Wrong Direction, Don't Be a Stranger	439
Put In the Hours	439
Broaden Your Horizons	439
Pay Yourself First	439
Set Some Goals: The Brass Ring	440
APPENDIX: IMPORTANT FIGURES AND FORMULAS	441
INDEX	443

Introduction

So you want to be a stockbroker (registered representative)? The good news is that a career in the securities field can be extremely lucrative and rewarding. The not-so-good news is that anyone who plans to become a stockbroker and sell securities in any of the 50 states must first pass the Series 7 exam (Series 7 Top-Off Exam), which is no joke. And to accomplish this, you have to commit time and effort.

I passed the Series 7 exam (back when 250 questions counted toward your score) the first time with a very high score, but it required weeks of study and sacrifice. Those who aren't totally prepared on exam day are in for an unpleasant wake-up call. I always had a few students in every class who enrolled after they already failed the exam the first (or second) time they took it. Most of them initially expected the same easy ride that they'd experienced in high school or college. Not only were they wrong, but they also had to pay hundreds of dollars to reregister for the exam and wait another 30 days (a mandatory FINRA rule) before they could retake the exam. For those unlucky (or unprepared) enough to fail the exam three times, there is a 180-day waiting period.

Back to the good news again. You're obviously interested in doing well, so you probably won't be one of those people. This book can help you pass the Series 7 and achieve your goal.

About This Book

This book has all you need to pass the exam, although I certainly encourage you to view other materials and take whatever exams you can get your hands on.

I cover the topics that appear on the test, offer formulas, provide definitions, and go over the foundational information you need to know. I also include lots of tips and a few memory tricks. But the real benefit of this book is finding out how to study and think through problems as well as you possibly can. That's why I help you choose a study program, explain how to handle specific question types, warn you about common mistakes, connect concepts, and show you how to pull questions apart and get to the bottom of what's being asked. You then get to apply this knowledge in two full-length practice tests that appear in this book and online, as well as four additional online tests, so you get a taste of the Series 7 experience. (To find instructions for accessing the online practice exams, see the upcoming section, "Beyond the Book.")

This is a reference book, and most sections are self-contained. In other words, you can read a section and understand it without looking over the text that comes before it. When some background information is helpful, I give cross-references to related topics. Therefore, you can pretty much jump in and out whenever you find topics you like (and when you find those you don't). And like all good tour guides, I also point you to some other sites of interest — topics you can explore further on your own.

I've scattered sample questions throughout this book so you can test your understanding of new info and get a feel for Series 7 exam questions. I've also added a quiz and detailed answer explanations at the end of each chapter in Parts 2, 3, and 4 (which cover the subject matter of the

exam). And, of course, for those sections that don't include questions, remember that the practice tests that come with this book deal with all kinds of subjects.

I also use the language and lingo of FINRA. That means you see official names (like the Federal Reserve Board), nicknames (the Fed), and acronyms galore (like the FRB). That way, during the test, understanding the POPs, YTM's, TEYs, NAVs, EPSs, ADRs, LMVs, DRs, and so on, shouldn't be too much of a hassle.

If you're short on time, you can skip the sidebars, which are those little gray boxes that contain interesting but nonessential information.

Foolish Assumptions

While writing this book, I made a few assumptions about you and why you picked up this book. For starters, I assume that you're looking for a no-nonsense study guide that provides you with the meat and potatoes you need to pass the Series 7 along with a ton of example questions and some sample exams. Well, look no further! Whether you're preparing to take the test for the first time, retaking the test after a less-than-stellar performance, or looking for a refresher before you recertify, this is the book for you!

Icons Used in This Book

To make this book easier to read and use, I include some icons to help you find and fathom key ideas and information.



EXAMPLE

This icon highlights example Series 7 test questions (which I follow with helpful answer explanations).



TIP

This icon is attached to shortcuts and insider advice for studying for and passing the Series 7 exam.



REMEMBER

This icon points to information that's especially important to remember in order to do well on the test.



WARNING

This icon warns you away from actions that can harm your work and drop your score.

Beyond the Book

In addition to what you're reading right now, this book comes with a free access-anywhere Cheat Sheet that includes tips to help you prepare for the Series 7 exam. To get this Cheat Sheet, simply go to www.dummies.com and type **Series 7 For Dummies Cheat Sheet** in the Search box.

You also get access to six full-length online practice tests. To gain access to the online practice, all you have to do is register. Just follow these simple steps:

1. **Go to www.dummies.com/go/getaccess.**
2. **Create a new account or log in to an existing account.**

If you create a new account, you'll receive an email confirmation. Click through to finish creating a new account.

Note: If you do not receive a confirmation email after creating your account, please check your spam folder before contacting us through our Technical Support website at <http://support.wiley.com> or by phone at 877-762-2974.
3. **After you've logged into your new or existing account, select "Dummies" under the "Select the brand for your product" header.**
4. **Select your title from the drop-down list. Choose "Series 7 Exam 2026-2027 For Dummies."**
5. **Answer a validation question about the product, and then click "Redeem."**



REMEMBER

You must choose the correct title and edition from the drop-down list. Select the option that says "Series 7 Exam 2026-2027 For Dummies."

Now you're ready to go! You can come back to the practice material as often as you want — simply log on with the username and password you created during your initial login.

Your registration is good for one year from the day you redeem your product.

Where to Go from Here

Although you can read this book from start to finish, you can certainly work your way through in more creative ways. Where you start is up to you, though please, please don't start with the tests! Give yourself a good grounding in the content here, and then use the tests to evaluate your understanding and show you where to focus your studies. You can flip to the topics you think you understand fairly well to boost your confidence or skip directly to whatever's giving you trouble — let the index and the table of contents be your guides. If you have a good understanding of how to take the Series 7 exam, from how it's structured to how to tackle questions, then you can go directly to the chapters in Parts 2 or 3, which address types of securities. If you're feeling shaky on the legal aspects, check out the FINRA rules and regulations in Part 4. Everyone, however, can probably benefit from Part 1's test-taking basics and info on study plans. Wherever you go, feel free to take detours to your textbooks, flash cards, FINRA websites, and any other resources for more information. Just remember to come back so you don't miss anything here!

1

Gearing Up for the Series 7 Exam

IN THIS PART . . .

Review the computerized exam format and the procedures for registering to take the Series 7 exam.

Select the right study course and materials to prepare yourself for exam day.

Understand how to organize your study time efficiently and effectively.

Learn test-taking tips to improve your chances of scoring well.

Discover what to expect on test day.

- » Introducing the Series 7
- » Taking a look at companion tests
- » Getting a sponsor and registering to take the exam
- » Uncovering topics tested on the Series 7
- » Mastering the computerized exam format

Chapter 1

Introducing the Series 7 Exam

Congratulations on your interest in becoming a stockbroker (or registered representative, to use the parlance of our times). But before you can lose yourself in the energy of the office, the eager voices of your clients, and the warm glow of success, you have to face the Series 7. In this chapter, I give you an overview of the Series 7 exam, including its purpose, structure, format, scoring, and some helpful tips to guide you through the registration procedure. By this point, you, like many others, have probably already taken and passed the co-requisite Securities Industry Essentials (SIE) exam, so you should be somewhat familiar with the effort taken to pass a securities exam. If you studied for the SIE exam using *The SIE Exam For Dummies*, much of the first four chapters of this book regarding how to take the exam, study procedures, test-taking tips, and so on will look familiar. If so, please feel free to gloss over the information you have a handle on. If you've not taken the SIE or have studied the SIE using something other than the "Dummies" book, the first few chapters become that much more valuable.

What Is the Series 7 Exam, Anyway?

The Series 7 exam (Series 7 top-off exam) qualifies you to hold the title General Securities Registered Representative (stockbroker), to sell many different types of securities, and to hopefully make stacks of money for your clients (and a bit for yourself). Individuals who earn their license by passing the Series 7 exam are qualified to solicit, purchase, and/or sell securities products, including:

- » Corporate stocks and bonds
- » Municipal bonds

- » U.S. government bonds
- » Options
- » Direct participation programs (limited partnerships)
- » Investment-company securities
- » Variable contracts

The exam's purpose is to protect the investing public by ensuring that the registered reps who sell securities have mastered the skills and general knowledge that competent practicing stockbrokers need to have.

The Series 7 itself is a computer-based exam given at Prometric (www.prometric.com/finra) test centers throughout the United States. The 125-question exam, administered by the Financial Industry Regulatory Authority (FINRA), is three hours and 45 minutes in duration. A score of 72 percent or better gets candidates a passing grade and puts big smiles on their faces.

The sections later in this chapter explain the setup of the Series 7 and give a rundown of how to register for the exam. If you have other questions, contact the FINRA Support Team at (240)386-4040 or visit www.finra.org/industry/qualification-exams.

Profiling the Series 7 Exam-Taker

The Series 7 exam is for people who want to

- » Enter the securities industry
- » Become registered representatives
- » Work for a securities broker-dealer

Although some less-prestigious exams (for example, the Series 6 – Series 6 Top-Off Exam) can qualify you to sell some securities, most broker-dealers want their rising stars (that's you) to have the Series 7 license. That way, you can work with almost the whole kit and caboodle — corporate stocks and bonds, municipal and U.S. government bonds, options, direct participation programs, investment companies, variable contracts, and so on.

One's Not Enough: Tackling the Series 63 or Series 66

Several years ago, FINRA upset the applecart by dividing the Series 7 into the Securities Industry Essentials exam (SIE) and the Series 7 (Series 7 top-off) exam. Because you don't need a sponsor to take the SIE exam, you've probably already taken it. So, after tackling the SIE and Series 7 exams, you'll have to take one of the state licensing exams, such as the Series 63 or Series 66. You'll need to pass one of these exams to be able to work in the securities industry because these exams and the Series 7 are co-requisites in most states. Most people start studying for the Series 63 or 66 right after they've taken the Series 7.

Note: Even if you live in a state that doesn't require either of these licenses, you still need to obtain one if you want to sell securities to someone who lives in a state that does require it. Just figure that your firm will require you to obtain the 63 or 66 to sell securities — your firm should tell you which one to take. The following sections explain what the two state-licensing exams cover.

Series 63: Uniform Securities Agent State Law Exam

The Series 63 is a 65-question test that the North American Securities Administrator Association (NASAA) developed, and it's designed to qualify candidates as securities agents. The Series 63 exam covers state securities regulation rules as well as rules prohibiting unethical and dishonest business practices (not that you'd do anything like that). The Series 63 used to be the most common test taken along with the Series 7 and SIE. Judging by class sizes, however, now, many more students are taking the Series 66 as compared to the Series 63.

Series 66: Uniform Combined State Law Exam

The Series 66 is a 100-question NASAA exam that combines the Series 63 and the Series 65 (Uniform Investment Adviser). The Series 66 is designed to qualify candidates as both securities agents and investment adviser representatives (IARs). The Series 65 portion of the Series 66 allows you to collect a fee for providing investment advice. This license is typically required if you work for one of the bigger broker-dealers. More and more firms are requiring the Series 66 because it gives their registered reps an additional service to provide for their clients and an additional way for you (and your firm) to make money.

Securing Sponsorship and Signing Up

Unlike the SIE, all candidates (that's you) must have a sponsoring brokerage firm in order to register for the Series 7 exam. After passing the exam, your license will be in your own name; however, you have to be working for a firm in order for your license to be active. Generally, a firm hires you and then acts as your sponsor.

The following sections explain the basic exam requirements and help you navigate your way through the exam registration process.

Filling out an application to enroll

For you to obtain admission to the Series 7, your sponsoring firm has to file an application form (called a U-4) and pay the required processing fees with the Central Registration Depository (CRD). The U-4 is an annoying form with too many pages (actually, around 40) that requires you to remember where you were ten years ago. You're also required to submit your fingerprints, and you have to complete this step through an approved facility. Your firm will likely recommend the place it uses — often the local police precinct. (Be advised that your sponsoring firm will probably frown upon your fingerprints if they're attached to your mug shot.)

If you want to see a preview of the U-4 registration form that you're responsible for filling out and that your firm has to submit, go to www.finra.org/sites/default/files/form-u4.pdf.

It's a date! Scheduling your exam

After your firm files the application with the CRD and receives your enrollment notification, you can schedule an appointment to take the exam by contacting the Prometric Testing Center. Locate the test center nearest you by calling the Prometric center (800-578-6273) during business hours. Or you can visit www.prometric.com/test-takers/search/1finra to schedule to take your exam at a Prometric testing center or to schedule for online delivery to take the test at your location (click the link “Option 2: Schedule your exam for online [remote] delivery”).



REMEMBER

Online testing at your desired location became increasingly popular during the pandemic when many of the testing centers were closed. At the end of this chapter, I discuss what you need to do to take the exam online. Check out the sidebar “Can You Take the Test at Your Location?”

Your Series 7 exam enrollment is valid for 120 days — you have to take the exam within this time frame (window). If you happen to fail your exam, you need to open a new window (one attempt per window). When scheduling your exam appointment, be ready to provide the exam administrators with

- » Your name and Social Security number and/or FINRA number
- » The name of your firm
- » A telephone contact to reach you and your employer
- » The name of the securities exam you're registering to take
- » Your desired test date, which must be chosen from available test dates

Getting an appointment usually only takes a week or two, depending on the time of year (summer's usually a little busier). Your appointment will be confirmed via phone or email.



TIP

I suggest putting pressure on yourself and scheduling the exam a little sooner than you think you may be ready to take it; you can always move the test date back. (There will be a charge if you cancel within ten business days of your test date.) You know yourself best, but I think most students study better when they have a target test date.

You have a choice of locations to take the exam. If you don't mind traveling, you may want to schedule your exam at a location far away (maybe even in a different state) to get the test date that you want.

If you find that you'll be ready sooner or later than your scheduled appointment, the exam center administrators are usually pretty accommodating about changing appointments and/or locations as long as you call before noon at least two business days before your test date, but there may be a fee involved. If you're too late to cancel your exam and don't show, it will not be considered an attempt, but you will be charged for the exam.

You can get an extension from the 120-day enrollment only if you call within ten days of your enrollment expiration and if no earlier test dates are available.

Planning ahead for special accommodations

If you require special accommodations when taking your Series 7 exam, you can't schedule your exam online. You have to contact the FINRA Special Conditions Team at 800-999-6647 or fill out

the special-accommodations form at www.finra.org/sites/default/files/SA-Eligibility-Questionnaire.pdf. Read on for info on what the test administrators can do if you have a disability or if English isn't your first language.



Depending on your testing center, you may have to receive authorization to bring medical devices and supplies — such as insulin pumps, eye drops, and inhalers — into the testing room. If you need authorization, call your local Prometric testing center, and they'll be able to guide you through the approval process, which typically takes about 10 business days advance notice prior to your test.

Americans with Disabilities Act (ADA) candidates

If you're disabled or learning impaired, FINRA provides testing modifications and aids in compliance with the provisions of the Americans with Disabilities Act (ADA). To qualify for ADA provisions, your disabilities have to permanently limit a major life activity, such as learning, speech, hearing, or vision.

To apply for special accommodations, you need to submit documentation from your physician or licensed healthcare professional to FINRA, along with a letter from your sponsoring firm requesting the special arrangements. Additionally, you have to submit the FINRA Special Accommodations Eligibility Questionnaire and Special Accommodations Verification Request Form for all special arrangement requests. (You can find links to the forms at www.finra.org/industry/special-accommodations.)

You may request the accommodations you want approved. Possible aids include but are not limited to extra time; a reader, writer, or recorder; a private testing room; a large-print exam booklet; or a wheelchair-accessible location.

FINRA reserves the right to make all final decisions about accommodations on a case-by-case basis.

English as a second language (ESL) candidates

If English is your second language, you can request additional time to take the exam when you schedule your SIE test date. If FINRA approves, you receive a little extra time to complete the exam. In general, it gives an extra 30 minutes for exams less than two hours and an extra hour for exams over two hours.

To qualify for extra time due to English being your second language (LEP — Limited English Proficiency), fill out the form at www.finra.org/sites/default/files/LEP-request-form.pdf.

Just in case: Cancelling as an option

If something comes up or if you feel you're just not ready, you can cancel your appointment to take the Series 7 exam without penalty if you do so at least ten business days before the exam date. For more information, you can visit www.finra.org/industry/reschedule-or-cancel-your-appointment.



If you cancel after the proscribed deadline, if you don't show up to take the exam, or if you show up too late to take the exam, you will be charged a cancellation fee equal to the Series 7 exam fee paid by your firm, and there is no hardship policy. "I forgot" will not work.

TEST CENTER AMENITIES

Series 7 test centers are required to comply with FINRA site guidelines; however, some of the older centers may not have the amenities that the newer ones do (such as lockers and earplugs). To protect yourself from a whole variety of unpleasant, unexpected site surprises on exam day, the FINRA website (www.finra.org) offers general information, including test center security guidelines (including candidate ID requirements, personal items allowed, and provided aids), test center rules of conduct, and so on. For more site-specific questions, like whether a cafeteria, vending machines, or lockers are on site, ask the center's administrator when you schedule your test date.

Fortunately testing centers that had closed during the pandemic are reopened, and masks or vaccination are no longer required. If concerned, I suggest you check the following link for the latest Prometric updates: www.prometric.com/corona-virus-update. In addition, FINRA in combination with NASAA, set up an online testing service.

Taking a Peek at the Tested Topics

As a practical exam, the Series 7 requires you to master vocabulary, handle customer accounts, understand the rules and regulations that govern the securities industry, and yes, work with some math formulas. For ease of use (and because humans have a limited life span), this book focuses on the most commonly tested topics on the Series 7 exam. Here's an overview of what to expect:

- » The underwriting process (how new securities come to market) (Chapter 5)
- » Common and preferred stock (Chapter 6)
- » Corporate bonds and U.S. government securities (Chapter 7)
- » Securities issued by local governments (municipal bonds) (Chapter 8)
- » Margin accounts (using money borrowed from broker-dealers to purchase securities) (Chapter 9)
- » Investment companies (including mutual and closed-end funds) (Chapter 10)
- » Direct participation programs (limited partnerships) (Chapter 11)
- » Options (Chapter 12)
- » Analyzing the benefits and risks associated with investments; making appropriate recommendations to customers (Chapter 13)
- » Following how new securities are brought to the market and how existing securities are traded in the market (Chapter 14)
- » Income-tax implications that stock market investors face as well as a look at certain retirement plans (Chapter 15)
- » Rules and regulations governing the purchase and sale of securities and the registered representative's responsibility for maintaining accurate record keeping (Chapter 16)

FINRA has released a listing of the distribution of questions on the Series 7 exam. See Table 1-1 for the number of questions devoted to each activity that a registered rep performs.