



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.geekcert.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

-  **Instant Download** After Purchase
-  **100% Money Back** Guarantee
-  **365 Days** Free Update
-  **800,000+** Satisfied Customers





QUESTION 1

When the U.S. dollar appreciates relative to other world currencies,

- I. the prices of all domestic stocks and bonds can be expected to increase.
- II. the prices of securities offered by manufacturers that import a lot of their parts can be expected to increase.
- III.
an increase in the purchase of U.S. securities by foreign investors can be expected.

A.

I, II, and III

B.

I and II only

C.

II only

D.

III only

Correct Answer: C

Explanation: When the U.S. dollar appreciates relative to other world currencies, the prices of securities offered by manufacturers that import a lot of their parts can be expected to increase. This is because the dollar will buy more, so the parts will cost these firms less. All else equal, a decrease in expenses leads to increased cash flow, which leads to an increase in the prices of the securities offered by these firms. Not all domestic companies will benefit from the appreciation of the dollar. In particular, firms that export their products overseas may be hurt since their products will now cost the foreign consumer more in terms of their own country's currency, and they may seek another supplier. A similar argument exists for why Selection III is not correct. U.S. securities will be more expensive to foreign investors, who may decide to invest in other foreign markets.

QUESTION 2

Ms. Newbie is a newly-minted registered representative. Mr. Oldman saunters into her office, becomes infatuated with her, opens an account, and signs a document giving Ms. Newbie discretionary authority over the account. Mr. Oldman is 68 years old, retired, lives on a fixed income, and pays taxes at the lowest marginal tax rate available. His stated investment objectives are capital preservation and income. Ms. Newbie invests $\frac{1}{4}$ of his investment monies in a periodic-payment, deferred, variable annuity. Based on these facts:

A. Ms. Newbie has done a remarkable job as a newly-minted representative of allocating at least a fourth of Mr. Oldman's funds appropriately.

B. Ms. Newbie may lose her license before she gets started in the business for making an unauthorized transaction.

C. Ms. Newbie has a reasonable sexual harassment case against Mr. Oldman for putting her in such a position.



D. Although Ms. Newbie's asset allocation for Mr. Oldman is less than optimal, she is in no danger of losing her license or any other penalty, given that she has been given discretionary authority over the account.

Correct Answer: B

Explanation: If Ms. Newbie invests $\frac{1}{4}$ of Mr. Oldman's investment monies in a periodic payment, deferred, variable annuity, given his age and his investment objectives, she may lose her license before she gets started in the business for making an unauthorized transaction. Even though she has discretionary authority over the account, she must still ensure she selects investments that are suitable for her client. A deferred, variable annuity clearly does not match Mr. Oldman's investment objectives. The value of the contract fluctuates, for one thing, and for another, there will be no income from it initially since it is a deferred annuity, and it probably has a surrender charge as well.

QUESTION 3

Mr. Big of HiGrow Corporation needs more money to support the exceptional growth rate that his firm is enjoying. He meets with BigFee Investment Banker, who agrees to handle the IPO for HiGrow. Subsequently, InTheLoop Brokerage is tapped to be part of the selling group that will handle the sale of the new stock to the public. In this example, the issuer is:

- A. Mr. Big
- B. HiGrow Corporation
- C. BigFee Investment Banker
- D. InTheLoop Brokerage

Correct Answer: B

Explanation: HiGrow Corporation is the issuer in this example. The issuer is the firm that is receiving the proceeds from the IPO.

QUESTION 4

Your cousin has recently attended a seminar on the benefits of diversification. Based on what he learned, he decided to sell the shares he had in a large stock growth fund and put 50% of his money in hotel stocks and 50% in airline stocks. Based on this information, you can tell him:

- A. that he's wise beyond his years.
- B. that he's less diversified than he was before.
- C. that he's less diversified than he was before, but can expect a higher rate of return.
- D. none of the above.

Correct Answer: B

Explanation: If your cousin sold his shares in a large stock growth fund and put 50% of his money in hotel stocks and 50% in airline stocks, you can tell him that he's less diversified than he was before. The large stock growth fund was invested in many more industries than two-industries whose returns are less likely to move together than stocks in the hotel and airline industries. His expected return will not necessarily be higher and may even be lower; he's just exposed to more risk. The return that can be expected from an investment is based on its non-diversifiable, or market,



risk. An investor cannot expect a higher return by putting all his eggs in one (or in this case, two) baskets.

QUESTION 5

You have a young client whose primary investment objective is to be able to retire early. Really early. She's thinking 40. She has more than sufficient income to meet her current needs for cash.

Which of the following types of stock funds would be most suitable for her?

- A. balanced
- B. value
- C. growth
- D. All of the above. All stock funds invest in stocks, which can be expected to appreciate in value.

Correct Answer: C

Explanation: The most suitable stock fund for your young client who is targeting an early retirement is the growth fund. Growth funds are primarily invested in stocks that pay no dividends since growth firms reinvest their earnings to support their higher-than-average growth rates. Your client doesn't need dividend income and will have to pay taxes on any dividends she receives even if she reinvests them. Both balanced funds and value funds can be expected to pay higher dividends.

[FINRA-SERIES-6 PDF Dumps](#)

[FINRA-SERIES-6 VCE Dumps](#)

[FINRA-SERIES-6 Braindumps](#)