Career Employer

Series 7 Cheat Sheet

EQUITY

- Outstanding shares: Issued shares - Treasury shares
- Treasury shares: Issued shares - outstanding shares
- Dividends are payable as: Property, stock, or cash
- Annual dividend: Quarterly dividend (most recent) x 4 quarters
- Dividend/current yield: Annual dividend / shares current market value

Dividend dates for corporate securities

- Declaration date is determined by the board of directors (BOD). This is when the dividend is declared
- Ex-dividend date is determined by SRO (for example, FINRA), This is one business day before the record date
- Record date is declared by BOD. On this date, trade settles so the buyer can get the current dividend
- Payable date is declared by the BOD. The dividend is distributed on this date

Cash dividend

- Paid to shareholders
- On the ex-dividend date, the market price of the stock lowers by the amount of the dividend
- When received by investors, cash dividend is taxable

Stock dividend

- It is lower for the dividend that market price and cost basis will adjust
- Additional shares are received by the investor
- There is no change in the aggregate value
- When shares are sold, tax is applied

Here's an example: 1 share is $55. 100 shares then equals $5,550. The position becomes 110 shares @ $50 after a 10% dividend because 100 shares x 10% = 10 added shares.

Stock split adjustment

- Cost basis and market price lower for split
- Additional shares are received by the investor
- Aggregate value is unchanged
- When shares are sold, tax is applied

Reverse stock split adjustment

- For a reverse split, cost basis and market price adjusts upwards
- Less shares held by investors
- Aggregate value is unchanged

Preferred stock

- **Straight (noncumulative):** If dividends are missed, they are not payable in the future
- **Cumulative:** Missed dividends as well as current preferred dividends are paid out before common stock
- **Callable:** At a specified price and after a certain date, the shares may be bought back by the issuer
- **Participating:** Dividends could be paid in excess of the stated amount by the issuer
- **Adjustable rate:** It's to another rate that the dividend is tied (like a T-bill rate)

RIGHTS AND WARRANTS

Rights

- Rights are an option for existing shareholders
- Time frame = 30 to 4 days (short-term)
- The exercise price is below CMV when issued, therefore they allow purchases at a discount
- Non marginable

Warrants

- Offered as a sweeter with other securities and then sold as units, for example, a bond with a warrant
- 2-5 year time frame (long-term)
- The exercise price is above CMV when issued
- Marginable

American Depositary Receipts (ADRs)

- Provide access to foreign shares for US citizens
- Banks hold foreign shares and issue receipts for them
- Quoted in U.S. dollars, ADRs are traded on American markets and are U.S securities
- Foreign currency is used when declaring dividends. Payouts, however, are in dollars. This means there is currency risk

REAL ESTATE INVESTMENT TRUSTS (REITs)

- Traded OTC or on exchanges
- For real estate investors, REITs provide liquidity
- To qualify as a REIT, 75% of assets will have to be invested in income producing mortgages or real estate
- To avoid taxation as a trust, 90% of net operating income must be distributed

DEBT

Par Value

- Unless told otherwise, this is always $1,000

Coupon, stated, or nominal yield

- Annual interest rate / par value

Current yield

- Annual interest / current market value

Yield to maturity

- If held to maturity, this is the overall annualized return

Yield to call

- This is the return from early redemption as well as the acceleration of premium loss or discount gain

Bond quotes

- **Yield quote:** 0.1 of yield = 1 basis point
- **Price quote:** 1% of par = 1 bond point = $10

Price quote example: @81 is 81% of par = 0.81 ($1,000) = $810

Yield quote example: If a bond is trading to yield at 2.70, the YTM is therefore 2.7%

Callable bonds

- Before maturity, on a specific date and at a specific price, the issuer can buy back bonds
- If current interest rates might fall in the future, the issuer will call bonds
- The cost of borrowing can be lowered by the issuer
- Refunding facilitated. Here, at a lower net interest cost to the issuer, one issue is replaced with another

Convertible bonds

- Par / conversion price = conversion ratio. For example, bond convertible @ $20. $1,000 / $20 = 50 convertible shares
- **Parity of price for common stock:** Market price of the bond / conversion ratio. For example, a bond trading $1,000 with a conversion ratio of 20 shares has a parity price of common stock = $50
- **Parity price per bond:** Conversion ratio x common stock price. So in the example above, the bond parity price is $1,000 (20 shares x $50)

Bond maturities

Term: On one date, the entire issue will mature
Serial: It's over a period of years that the issue matures
Balloon: This sees repayments over a number of years. It is on the final maturity date that most bonds will mature, however.

CORPORATE DEBT SECURITIES

Secured

- **Mortgage bond:** Real estate backing
- **Collateral trust bond:** Other securities the issuer owns back this bond type (e.g, government debt)
- **Equipment trust certificate:** This receives backing from the issuer's business and the equipment used by it. Mostly this involves rolling stock

Unsecured

- **Debenture:** It's by the full faith and credit of the issuer that this receives backing
- **Subordinated debenture:** Of all the debts an issuer defaults on, this will be paid last
- **Guaranteed bond:** Third party guaranteed, e.g, the debt of a subsidiary is guaranteed by its parent company
- **Income (adjustment) bond:** Only if it is earned will interest be payable. Because of higher risk, investors wanting income should not invest in this bond type

LIQUIDATION PRIORITY

The order is as follows:

- Secured bonds
- General creditors, debentures
- Subordinated debentures
- Preferred stock
- Common stock

ZERO-COUPON BONDS

- When issued, it is at discount
- Mature at par value
- Used often for target date goals
- Price easily affected by interest rate movement

TREASURY RECEIPTS

- Backed by BDs and issued at a discount
- Mature at par
- Accrete (add, cost basis adjusted upwards) discounts
- Amortize (subtract, cost basis adjusted downwards) premiums

Treasury STRIPS

- Backed by the U.S Treasury
- Issued at discount
- Mature at par
- Accrete (add, cost basis adjusted upwards) discounts
- Amortize (subtract, cost basis adjusted downwards) premiums

COLLATERALIZED MORTGAGE OBLIGATIONS (CMOs)

- Financial institutions sell CMOs
- A pool of mortgage securities provides backing
- Linked to prepayment and refinancing risk
- It is into tranches that securities are separated
- There are different risk characteristics linked to each tranche
- Investor chooses the tranche they want to invest in
- A suitability statement must be completed and signed by the investor

<u>GOVERNMENT SECURITIES</u>

- **T-bill:** Maturity is 52 weeks or less, and it is quoted at an annualized %, discount from par. It is not callable
- **T-note:** Maturity is 2 to 10 years. It is quoted in 32nds at a % of par. It is not callable
- **T-bond:** Maturity is 10 years or more. It is quoted at 32nds at a % of par. It is not callable.

<u>AGENCY SECURITIES</u>

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)

- U.S. government-backed (full faith and credit)
- Lenders who issue pass-through certificates are approved. These certificates come from a pool of VA and FHA-insured mortgages
- Both principal and interest are included in the monthly check an investor receives

FEDERAL FARM CREDIT SYSTEM

- Receives backing from the agency that issued it
- Provides farmers with loans
- Land purchases are financed through this system
- Farm equipment financed through the scheme
- Achieves economies of scale when buying goods for agriculture through the establishment of buying co-ops.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) AND FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC)

- Receives backing from the agency that issued it

- U.S. Treasury provides lines of credit
- Prepayment risks

<u>THEORIES, OBJECTIVES, AND RECOMMENDATIONS</u>

- **Modern portfolio theory:** MPT uses negative correlation of securities to provide portfolio diversification and in this way, eliminates unsystematic risk
- A score of -1.0 is a perfect negative correlation

CAPITAL ASSET PRICING MODEL (CAPM)

- On the basis of the systematic risk associated with an asset, CAPM is used to derive its expected return
- Note that diversification cannot make systematic risk disappear.

ALPHA

- As defined by CAPM, this is the actual return generated by a portfolio manager that's in excess of returns that are risk-adjusted.
- For example, an Alpha of 1 means that expected returns of 7% saw actual returns of 8%, as an example. This means that the return was greater for an investor than the overall risk taken

BETA

- Compared to the market as a whole, beta measures the overall volatility of a security
- 1.0 is the beta of the market
- If a security has a beta greater than that, then compared to the market, it is more volatile
- A beta less than 1.0 means it is less volatile when compared to the market

<u>MUNICIPAL SECURITIES</u>

Let's look at the two classifications of municipal securities.

- **General Obligation Bonds (GOs):** The municipality issuing will back these through taxation although before they are issued, voter approval is required. In terms of limits, statutory debt limits may apply while generally, a competitive bid is used for underwriting. Analysis for GOs is based on debt ratios, debt statements, and overall tolerance to debt
- **Revenue bonds:** Backing comes from user fees, making these bonds self supporting. There is no need for voter approval at all while additional bonds tests might be used to determine limits. Underwriting is usually negotiated while analysis when it comes to these bonds is based on debt service coverage ratio feasibility studies.

Types of GO bonds include:

- **Unlimited tax bond:** To meet debt service, issuers will pledge all of their unrestricted resources.
- **Limited tax bond:** When the issuer's ability to raise taxes is limited to a specific tax, these bonds are issued

Types of revenue bonds:

- **Industrial development revenue bonds:** Lease back payments are made to the issuer in these bonds that are backed by corporations
- **Special tax bonds:** These receive backing from taxes (but not real estate). Examples of these taxes include those applied to alcohol and tobacco
- **Special assessment bonds:** Here, the property of owners who will benefit from the issue of these bonds have property assessed
- **Public and new housing authority bonds:** Aimed as a way to provide finance, specifically for low-and moderate income housing. Receives U.S. government backing in terms of full faith and credit
- **Anticipation notes:** In advance of receiving funds from long-term debt, this is a short-term borrowing option.

MUNICIPAL INDICES AND RATIOS

- **GO index:** These are GO bonds (20 in number) that have a maturity period of 20 years
- **Revdex:** These are revenue bonds (25 in number) that have a maturity period of 30 years
- **30-day visible supply:** Over the next 30 days, this is the total par value for all new municipals
- **Placement ratio:** From the previous week, this is the total par value of all municipals sold/total par value of all municipals offered

MUNICIPAL TAXATION

- Federal level – exempt
- State level (in the state of the investor) – exempt
- State level (outside the state of the investor) – taxable
- Local level (for a local municipality investor) – exempt
- Local level (for an out-of-municipality investor – taxable)

Bonds from territories like Puerto Rico are exempt at every level.

Capital gains

- This is taxable with cost basis compared to proceeds gained

Premiums amortize

- Cost basis adjusts downwards

Discounts accrete

- Cost basis adjusts upwards

For example, a bond sold at $950 will mature in 10 years.

$1,000 par value - $950 = $50 discount

Accretion annually is $50 discount / bond period of 10 years till maturity = $5

The cost basis for each year is as follows:

- Year 1: Cost = $950. Accretion $5. Cost basis = $955
- Year 2: Cost = $950. Accretion $5+$5. Cost basis is = $960
- Year 3. Cost = $950. Accretion $10+$5. Cost basis = $965

Over a 10-year period, adding accretion sees the cost basis reach par value ($1,000)

If held to maturity, there is no gain

Tax equivalent yield

- Municipal yield / (100% - investor's tax bracket)

- Corporate yield x (100% - investor's tax bracket)

<u>INVESTMENT COMPANY PRODUCTS</u>

MANAGEMENT COMPANY

- It's towards a specific objective that the portfolio is managed. This includes growth, income, or specialized (like technology)

- **Mutual fund (open-end) vs. management (closed-end) companies:**
  - Mutual fund (open-end): Every share is an IPO because they offer a continuous primary offering. A prospectus is necessary while they can only issue common shares which the company must redeem. These shares won't be traded on the secondary market. A formula is

used to price the shares: NAV + $SC = POP (net asset value + $ sales charge = public offering price). Sales charges can be 8.5% maximum
   - Management (close-end) company: Offer a fixed number of shares, while after the IPO a prospectus is not necessary. Can issue debt instruments, common and preferred shares but no shares are redeemable. Following the IPO, shares will trade on the secondary market both OTC and on exchanges with price determined by supply and demand and commissions paid

Net asset value (NAV) per share

- Fund assets – fund liabilities / number of outstanding shares
- Public offering price (POP) per share NAV + $ sales charge (SC) or NAV / 100% - SC%

VARIABLE ANNUITIES

- A product of insurance companies
- Much like a mutual fund in terms of pricing. So NAV + SC = POP
- Maximum sales charges do not apply
- Fees charged for early redemption
- Earnings, both capital gains, and dividends are reinvested
- Tax deferred growth on earnings
- Unless stated otherwise, they are non-qualified

PAYOUT OPTIONS

- **Lumpsum:** Taxation on all earnings above cost basis. Tax-free return of cost basis
- **Random:** Last-in, first-out. Taxed earnings which are withdrawn first. Cost basis returned tax free when earnings are withdrawn
- **Annuitize:** Monthly income for life. With each payment, part of the cost basis is being returned and they also represent part earnings which are the only partly taxed. Tax-free return of cost basis

THE MOST COMMON WAYS OF ANNUITIZATION

Life only

- Payments monthly
- When the life annuitant dies, payments end

Period certain

- Provides protection for heirs
- The length of the period certain is found in the contract
- Even if the annuitant dies, for the length of the period certain, payments will continue
- If the period certain length is outlived by the annuitant, payments continue till they die

Joint and last survivor

- Annuity covers more than one life
- Until the last annuitant dies, payment will continue

ASSUMED INTEREST RATE (AIR)

This looks at the separate account and is a conservative estimate of its return on investment.

The actual earnings are compared to the separate account each period.

- When it is above AIR that the separate account performs, the payout the following month is higher than the current month
- When it is below AIR that the separate account performs, the payout the following month is lower than the current month

<u>DIRECT PARTICIPATION PROGRAMS (DPPs)</u>

DPPs

- With the business structure, IRS reporting is necessary although taxation is not as a business entity
- It is to the partners that all tax consequences flow
- Investors receive passive income from net operating income and the same is true for net operating loss
- Because they are not easily transferred, partnership interests are seen as illiquid
- If the partnership is dissolved, this will happen with a predetermined event, or on a predetermined date. Proceeds are distributed to partners following the liquidation of assets

PARTNERS

- **General partners (GP):** Management role. Other parties could be brought in to manage assets. GPs have unlimited liability, so stand to lose more than invested. GPs can be sued and have an overall fiduciary responsibility. Interest in other businesses that are direct competition is against the law
- **Limited partners (LP):** Passive investors with no management responsibility. Cannot lose any more than they have invested, therefore limited liability and no fiduciary responsibility. When it comes to other investments, no limits are imposed

TYPES OF PROGRAMS

Real estate: Raw land

- The only objective is appreciation potential
- Extremely speculative
- Raw land does not receive depreciation deductions

Real estate: New construction

- Cash flow is not immediate
- Estimated rental income potential
- When compared to older properties, usually offers faster appreciation
- Allowance for depreciation deductions

Real estate: Existing properties

- Cash flow is immediate
- Because cash flow is known, this is safer than new construction
- Allowance for depreciation deductions

Real estate: Government-assisted housing

- Provides tax credits
- Rental income can generate a questionable cash flow
- Minimal appreciation

Equipment leasing

- Usually computer, railroad or airline equipment
- Because they can become obsolete, there is high depreciation potential for this equipment

Oil and gas drilling: Exploratory

- Drilling takes place in previously undrilled areas
- Risk and reward = high

Oil and gas drilling: Developmental

- This is choosing an area where resources have previously been found
- Less risk

Oil and gas drilling: Developmental

- This takes in both developmental and exploratory drilling

Oil and gas income

- Buys of wells that are already producing oil
- Production and income is immediate
- Very little risk

RETIREMENT PLANS

QUALIFIED VS. NONQUALIFIED

- **Qualified:** Approval from the IRS necessary. Tax deductible contributions and no discrimination from the plan itself while tax on accumulation is deferred. Withdrawals will be taxed with the plan set up with a trustee
- **Nonqualified:** IRS approval is not necessary and there are non-deductible tax contributions. There is provision to allow participation from only certain employees while tax on accumulation can be deferred. At the time of a withdrawal only the excess over cost basis will be taxed. These plans don't require a trustee.

Tax favored (individuals)

- IRAs (both traditional and Roth) – individual retirement accounts

Qualified plans (employer sponsored)

- SEPs – Simplified employee pension plans
- Tax-sheltered annuities (TSAs) including 403 (b) and 501 (c) (3)
- SIMPLEs – Savings incentive match plans for employees
- 401 (k) plans (traditional and Roth)

Nonqualified plans

- Section 457
- Deferred compensation
- Payroll deduction

<u>MARGIN</u>

REGULATION T

- Initial margin of 50%
- Federal reserve sets this

LONG ACCOUNT

- Equity = long market value (LMV) – debit
- Equity = LMV – Dr

Example: If 100 ABC shares are bought at $24 then

- LMV = $2,400 ($24 x 100)
- Dr = $1,200 (50% LMV)
- LMV – Dr = Equity of $1,200

SHORT ACCOUNT

- Equity = credit – short market value (SMV)
- Equity = Cr – SMV

Example: 100 ABC sold short @$30

- SMV = $3,000 ($30 x 100)
- Cr = $4,500 (SMV + 50%SMV, $3,000 + $1,500)
- Equity = $1,500 or CRV ($4,500) – SMV ($3,000)

COMBINED ACCOUNT

- Equity = LMV – Dr + Cr

MINIMUM MAINTENANCE LONG ACCOUNT

- Before a maintenance call, how low can LMV fall?
- Debit / (1 - .25) = Dr / .75

So if LMV = $35,000 and Dr = $20,000, the account will be at minimum maintenance @ $26,666.67 (Dr / 75 = $20,000 / .75)

MINIMUM MAINTENANCE SHORT ACCOUNT

- Before a maintenance call, how high can SMV rise?
- Credit / (1 +30) = Cr / 1.30

So if SMV = $45,000 and Cr = $60,000, the account will be at minimum maintenance @ $46,153.85 using the above equation

SPECIAL MEMORANDUM ACCOUNT (SMA)

- Relevant to short and long accounts
- Provides a line of credit for purchases or loans in the future
- 2 x SMA = Buying power
- 1 x SMA = Loan value
- Increase in market value, sale of stock (50% to SMA), interest, and dividends all generate this
- Cash withdrawal or buying securities will lead to a decrease

MARGIN ACCOUNT AGREEMENTS

- Required: Credit agreement which includes a Truth in Lending Statement as well as details of the requirements and obligations for margin accounts
- Required: Hypothecation agreement: Here collateral (in the form of securities) is pledged to the BD by the investor
- Optional: Loan consent: Securities from the investor can be lent by the BD to other investors

<u>TRADING</u>

- **Exchange market:** Listed. Auction market with a physical location
- **Over-the-counter market:** Unlisted. Negotiated market

TYPES OF ORDERS

- **Day order:** If there is any unexecuted portion, it will be canceled at the end of the day
- **Good till cancel order (GTC):** Unless renewed, any portion of these orders that is unexecuted will remain in working till the last trading day in April or October

MARKET, LIMIT, AND STOP ORDERS

- Market (buy and sell): Entered at the market. At the next available price the order is executed
- Buy limit: Entered below CMV. It's at the limit price or better that this is bought. No guaranteed execution
- Sell limit: Entered above CMV. It's at the limit price or better that this is sold. No guaranteed execution
- Buy stop: Entered above CMV. It is at or above the stop price that it will be triggered. Execution is immediate at the next available price
- Buy stop limit: Entered above CMV. It is at or above the stop price that it will be triggered. Execution (not guaranteed) is at the limit price or better
- Sell stop: Entered below CMV. It is at or below the stop price that this is triggered. Execution is immediate at the next available price
- Sell stop limit: Entered below CMV. It is at or below the stop price this is triggered. Execution (not guaranteed) is at limit price or better

SPECIALIZED TIME SENSITIVE ORDERS

- **Fill or kill (FOK):** The entire order is canceled unless it is executed immediately and in its entirety
- **Immediate or cancel (IOC):** Any potion that is available can be executed immediately with any balance remaining then canceled
- **All or none (AON):** if available, this order is executed. When no execution of

the entire order is possible, it is held as a GTC

- **Market at open:** At or near the opening of the day, this order will be executed but the exact opening price is not guaranteed
- **Market on close:** At or near the close of the day, this order will be executed but the exact closing price is not guaranteed

BROKERAGE SUPPORT SERVICES

Order tickets

- After execution, they are promptly approved by the principal
- Any ticket changes must be approved as well

SETTLEMENT DATES

- **Regular way:** For both corporate and municipal bonds - T+2 (trade day + 2 business days)
- **Regular way:** For government bonds - T+1 (trade day + 1 business day)
- **Cash:** While BD approval is required, cash settlements are same day settlements
- **Receipt or delivery vs.** Payment RVP or DVP: 35 calendar days maximum
- **Seller's option/buyer's option:** No before the first day after regular way (for corporate or municipal, this is the 3rd business day; no later than the settlement contract's specified date

INVESTMENT ANALYSIS

ANALYSIS FORMULAS

- **Net worth:** Assets – liabilities
- **Book value:** Net worth – (intangibles and preferred)
- **Book value per share:** Book value / outstanding common shares
- **Current assets:** inventory + accounts receivable + cash and equivalents
- **Current liabilities:** Taxes payable + accrued wages + accounts payable
- **Working capital:** Current assets – current liabilities
- **Current ratio:** Current assets / current liabilities
- **Total capitalization:** Net worth + long-term debt
- **Debt ratio:** Long-term debt / total capitalization
- **Earnings per share (EPS):** Earnings available to common / total outstanding common shares
- **Price-to-earnings (P/E) ratio:** CMV / EPS
- **Dividend payout ratio**: Common dividends / EPS

REGULATORY ACTS

- **Securities Act of 1933:**
  - Prospectus and paper act
  - New issues are regulated through this act and it requires that securities are registered

- **Securities and Exchange Act of 1933:**
  - This act governs people and places
  - BDs are regulated through it as well as associated persons. Registration is required
  - It defines inside information and has antifraud provisions

- **Trust Indenture Act of 1939:**
  - For corporate bond offerings bigger than $50 million in 12 months
  - For the bondholder's benefit, this establishes a contract between the issuer and the trustee

- **Investment Company Act of 1940**
  - The three types of ICs are classified and regulated through this act

- **Employee Retirement Income Security Act of 1974 (ERISA)**
  - Stops the misuse of pension funds
  - It is to private-sector retirement plans that this applies
  - Guidelines for plans include participation, vesting, beneficiaries, nondiscrimination, communication, and funding

RULES AND REGULATIONS

REGULATION S-P

- Put in place by the SEC as a way to ensure customer information is private
- Requires simple opt-out methods for customers as well as initial and annual privacy notices in which the privacy policies of the member firm are described

REGULATION SHO

- This holds a local requirement that before a short sale, securities must be sold short

FINRA RULE 2330

- It is for recommended purchases, 1035 exchanges of deferred securities, and initial subaccount allocations that this applies
- Features, costs, and surrender charges must be disclosed
- If a 1035 exchange of variable securities has taken place in the last 36 hours, this must be noted

REGULATION A+

- Without the need for full registration, this allows small and medium offering exempt transactions. Over a 12-month period, issuers can raise $75 million
- Two tiers: Tier 1 (offerings up to $20 million) and Tier 2 (offerings up to $75 million)

REGULATION D

- Exempt private placement transaction
- For 506 (c) – all accredited investors
- For 506 (b) – up to 35 nonaccredited investors
- Minimum annual income or net worth criteria are applied to all accredited investors

COMMUNICATIONS WITH THE PUBLIC

Any written communication that is made available or distributed to institutional investors is called institutional communication.

Any written communication made available or distributed over any 30-day calendar period to 25 or more retail investors is retail communication. This includes electronic communication.

Any electronic or written communication that is distributed over any 30-day calendar period to 25 or fewer retail investors is correspondence.

PERCENTAGES IMPORTANT FOR THE EXAM

0.25%

- A no load fund's highest maximum 12b-1 fee

1%

- Bonds: 100 basis points
- Sale volume limit – Rule 144
- Maximum asset-based fee

5%

- Guideline for markup policy
- No more than 5% of total assets invested in a single company of the 75% of a diversified management company's assets

6%

- Guideline for markup policy

- Excess IRA contribution penalty

8.5%
- Open-end (mutual) fund's maximum sales charge

10%
- Premature IRA distribution penalty
- Public limited partnerships maximum sales charge
- No single holding of more than 10% of the voting control of a single company of the 75% of a diversified management company's assets

25%
- Long stock position's minimum maintenance

30%
- Short stock position's minimum maintenance

40%
- Lowest percentage of noninterested members that can be on a mutual fund board

50%
- Regulation T
- Insufficient IRA distribution after 72 penalty
- In a margin account, the amount of sales proceeds credited to SMA
- When withdrawing stock from a margin account, this is the required deposit
- Corporate dividend exclusion

75%
- For IC to be classified as diversified, this is the minimum amount of assets that must be invested in other issuers' securities
- Number of identified limited partnership assets for a specified program

90%

- A mutual fund must distribute this as a minimum net investment income by year end, according to Subchapter M
- A REIT must distribute this as a minimum amount of net operating income by year-end

100%

- When purchasing new issues, mutual fund shares, or options, this is the required equity
- SMA margin accounts credited with nonrequired cash deposits

DATES, DAYS AND MONTHS TO REMEMBER

SAME BUSINESS DAY

- Cash transaction settlement date

1 BUSINESS DAY

- U.S. government securities and options regular way settlement
- Ex-dividend date for stock record date

2 BUSINESS DAYS

- Corporate and municipal securities regular way settlement (T+2)

4 BUSINESS DAYS

- Regulation T: Paid in full for cash purchases. T+2 for regular way settlements and S+2 for Regulation T payments

15 CALENDAR DAYS

- Before the signed option agreement is needed, this is the maximum length of time options orders can be placed

30 CALENDAR DAYS

- Before and after a trade, this is the IRS wash sale period

60 CALENDAR DAYS

- No penalty applied if roll over holdings are moved from one qualified plan to another during this period

90 CALENDAR DAYS

- A letter of intent can be back dated by up to 90 days
- Cash accounts can be frozen for nonpayment for this length of time

13 MONTHS

- A letter of intent covers this period of time