

## Series 7 Securities Licensing Exam Cram

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*First Printing: April 2005*

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### First Printing Corrections

Pg	Error	Correction
131	2 <sup>nd</sup> paragraph under heading, 1 <sup>st</sup> sentence: The numbers after the colon in the bid and asked prices represent an additional <del>30 seconds</del> of a point in the...	The numbers after the colon in the bid and asked prices represent an additional <b>32nds</b> of a point in the...

276	1 <sup>st</sup> paragraph, last sentence: <del>Chapters 18 through 20 will describe the rules of options trading and some common strategies, and Chapters 21 through 23 will introduce options based on stock indexes, interest rates, and foreign currencies.</del>	delete the sentence
276	2 <sup>nd</sup> paragraph, 5 <sup>th</sup> sentence: <del>Chapter 17 covers the consequences of dividends and stock splits on option contracts.</del>	delete the sentence
323	2 <sup>nd</sup> paragraph, 2 <sup>nd</sup> sentence: He already has \$50 in his account from the premium, so he now needs to deposit another \$380.	He already has \$50 in his account from the premium, so he now needs to deposit another \$370.
425	Alert at the bottom of the page: A short margin account loses equity when the stock price rises above the <del>purchase price</del> .	A short margin account loses equity when the stock price rises above the <b>Sale Price</b> .
428	The equation after the 1 <sup>st</sup> sentence on page: <del>Rise without a margin call = xxx over 1.3 = \$5,000</del>	<b>Rise before a Margin Call = Credit Balance/1.3</b> <b>6750 divided by 1.3 = 5192</b> <b>5192 x 30% = 1558</b>
469	2 <sup>nd</sup> bullet: A long-term capital gain applies to shares held longer than <del>18</del> months. Long-term gains are taxed at a maximum rate of <del>20</del> %.	A long-term capital gain applies to shares held longer than <b>12</b> months. Long-term gains are taxed at a maximum rate of <b>15</b> %.
528	last line on the page: ...spouse could contribute \$10,000 plus a	...spouse could contribute \$10,000 plus a <b>\$1,000</b> catch-up for the 2006 tax year.

	\$2,000 catch-up for the 2006 tax year.	
595	7 <sup>th</sup> line: ...\$200,000). You can determine the multiplier by <del>diving</del> 100% by the reserve...	...\$200,000). You can determine the multiplier by <b>dividing</b> 100% by the reserve...
630	2 <sup>nd</sup> equation: Dividend per common share = \$30,000 ÷ \$35,000 = \$0.86	Dividend per common share = \$30,000 ÷ 35,000 = \$0.86

This errata sheet is intended to provide updated technical information. Spelling and grammar misprints are updated during the reprint process, but are not listed on this errata sheet.