<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA/Aaa rating, 50, 52, 76</td>
<td>Backdating, 102</td>
</tr>
<tr>
<td>Accelerated depreciation, 150</td>
<td>Back-end loads, 99</td>
</tr>
<tr>
<td>Access person, 304</td>
<td>Backing away, 259</td>
</tr>
<tr>
<td>Accredited investors, 305</td>
<td>Balanced funds, 94</td>
</tr>
<tr>
<td>Accumulation stage, 117, 118</td>
<td>Balance of payments, 175</td>
</tr>
<tr>
<td>Accumulation units, 118</td>
<td>Balance of trade, 175</td>
</tr>
<tr>
<td>Acid test/quick ratio, 151</td>
<td>Balance sheet, 146–151</td>
</tr>
<tr>
<td>Active portfolio management, 62–63</td>
<td>Annualized rate of return, 203</td>
</tr>
<tr>
<td>Active rebalancing, 204</td>
<td>Arnoldy bonds, 88</td>
</tr>
<tr>
<td>Adjustable rate preferred stock, 14</td>
<td>Annualized rate of return, 203</td>
</tr>
<tr>
<td>Adjustment bonds, 45–46</td>
<td>Arbitrage, 264</td>
</tr>
<tr>
<td>Administrative orders, 355–356</td>
<td>Arithmetic mean, 161</td>
</tr>
<tr>
<td>Administrative records, 357</td>
<td>At-the-money options, 279–280</td>
</tr>
<tr>
<td>ADRs (American depository receipts), 22–23, 260</td>
<td>At-the-money options, 279–280</td>
</tr>
<tr>
<td>ADSs (American depository shares), 22–23</td>
<td>At-the-money options, 279–280</td>
</tr>
<tr>
<td>Advance decline line, 160</td>
<td>Auction Rate Securities, 51</td>
</tr>
<tr>
<td>Advertising, 225, 228–231, 324</td>
<td>Auction Rate Securities, 51</td>
</tr>
<tr>
<td>Affiliated person, 88</td>
<td>Authorized stock, 51</td>
</tr>
<tr>
<td>Agency cross transaction, 326</td>
<td>Average cost, 208–209</td>
</tr>
<tr>
<td>Agency issues, 74–78</td>
<td>Average rate of return, 203</td>
</tr>
<tr>
<td>Agency securities, 74, 75</td>
<td>Average return, 203</td>
</tr>
<tr>
<td>Agents(s):</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>changes in employment of, 319</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>defined, 301</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>registration of, 315–320</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>specialist/DMM as, 248–249</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>AIR (assumed interest rate), 120–121</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>All-or-none orders, 246</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Alpha, 198</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Alternative minimum tax (AMT), 55, 214</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>American depository receipts (ADRs), 22–23, 260</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>American depository shares (ADs), 22–23</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>American Stock Exchange (Amex), 253, 272</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Amortization, of bond premium, 41, 60</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>AMT (alternative minimum tax), 55, 214</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Analysis:</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>fundamental, 145–155</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>of limited partnerships, 28</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>of municipal bonds, 60–61</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>technical, 155–161</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Annualized rate of return, 203</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Annuities, 113–122</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>mutual funds vs., 122</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>payment size of, 120</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>payout options with, 119–120</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>pretest, 141–143</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>purchase options with, 117–118</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>types of, 113–117</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Annuity units, 117, 118, 120–121</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Arbitrage, 264</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>&quot;A&quot; shares, 98</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Assets, 146–147. See also Residual assets, shareholders’ claims to</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Asset allocation, 204</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Asset allocation funds, 94</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Asset rebalancing, 204</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Assumed interest rate (AIR), 120–121</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>At-the-money options, 279–280</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Auction Rate Securities, 51</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Authorized stock, 3</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Automatic reinvestment, 103</td>
<td>Average yield, 203</td>
</tr>
<tr>
<td>Average cost, 208–209</td>
<td>Average yield, 203</td>
</tr>
</tbody>
</table>
Bond funds, 94
Bond immunization, 63
Bonding, of key employees, 88
Bond ratings, 49–50
Bond ratio, 151
Bond swaps, 60
Bonus annuities, 115–116
Book entry bonds, 37
Book value, 4
Book value per share, 151
Borrowing from clients, 188
Bottom up analysis, 155
Breakpoints, 101–102
Breakpoint sales, 102
Breakpoint schedules, 101
Brochures, 325
Brokers, dealers vs., 261
Broker dealers:
defined, 300–301
and firewalls, 234
registration of, 315–320
regulation of, 223
and Rule 200 updates, 254–255
“B” shares, 99
Bullish option investors, 271
Business decision exception (to ERISA rules), 135
Buy-and-hold managers, 63
Buy limit orders, 244, 251
Buy stop orders, 245
Bypass trusts, 211

C
Calls, 269–271, 273–276, 279–280
Callable bonds, 62
Callable preferred stock, 17
Call-adjusted duration, 61
Call feature, 17, 52–53
Call protection, 17, 53
Call risk, 198
Canadian firms/agents, 320
Cancellation, of registration, 354
Capital asset pricing model (CAPM), 196
Capital gain, 59
Capital gains, 207–208, 212
Capitalization, 148
Capitalization weighted index, 162
Capital losses, 207–209
Capital preservation, 194–195
Capital risk, 196
CAPM (capital asset pricing model), 196
Capping, 184
Cap rate, 116
Cash accounts, 232
Cash assets ratio, 151
Cash dividends, 17–18
CBOE (Chicago Board Options Exchange), 272
C corporations, 193
CDs (certificates of deposit), 308
CDSCs (contingent diferred sales charges), 99. See also Back-end loads
Cease-and-desist orders, 361
Central registration depository (CRD) system, 319
Certificates of deposit (CDs), 308
Certificate of limited partnership, 25–26
Charitable donations, 210
Chicago Board Options Exchange (CBOE), 272
Churning, 183–184
Civil penalties, 358
Classical economics, 169
Client information, disclosure of, 188
Client profile, developing, 188–189
Closed-end companies, 83
Closed-end funds, 83
Closed-end indentures, 49
Closed-end mutual funds, 83–84, 98
Closing cross, 260
CMOs (collateralized mortgage obligations), 76–78
Coincident indicators, 168
Collateralized mortgage obligations (CMOs), 76–78
Collateral trust certificates, 45
College savings plans, 128
Combination annuities, 115
Combination (growth and income) funds, 93
Combination privileges, 103
Commissions, 261
Commission house broker, 253
Committee on Uniform Securities Identification Procedures (CUSIP), 11
Commodities contracts, 232, 291
Common stock, 2–14
authorized stock, 3
book value of, 4
converting bonds into, 47–48
corporate timeline for sale of, 2–4
income from, 11–12
issued stock, 3
outstanding stock, 3
par value of, 5
reasons for buying, 11–12
risks of ownership, 12
and stockholders’ rights, 5–9
transferability of, 9–10
treasury stock, 3–4
values of, 4–5
and voting rights, 8–9
and warrants, 21–22
Common stock ratio, 151
Communications, 225–231
Compensation, investment advisor, 325
Competitive tender, 70
Complaints, customer, 184–185
Consolidation, 156
Consumer Price Index (CPI), 73, 174
Contingent diferred sales charges (CDSCs), 99. See also Back-end loads
Continuous primary offering, 83, 91
Contracts, investment adviser, 328
Contraction, 166
Contractual plan (nonfixed UIT), 83
Contumacy, 307
Conversion price, 16
Conversion privileges, 103–104
Convertible bonds, 46–48
Convertible preferred stock, 16–17
Convertible securities, 150
Convexity, 62
Cooling-off period, 220
Coordination (simultaneous registration), 340–341
Coordination Act, see National Securities Market Improvement Act of 1996
Corporate bonds, 35–53
balance sheet and redemption of, 150
bearer bonds, 36
bond certificates, 37
in bond funds, 94
book entry/journal entry, 37
convertible, 46–48
convexity of, 62
discount, 38
fully registered, 36
indenture with, 49
maturities of, 43–44
par value of, 38
and portfolio management, 62–63
premium, 38
pretest, 65–67
pricing of, 37–38
and principal-only registration, 36
ratings of, 49–50
registered, 36
retirement of, 51–53
secured, 44–45
and Trust Indenture Act of 1939, 224
types of, 36–37, 44–46
unsecured, 45–46
warrants attached to, 21
yields on, 39–43

Corporate bond funds, 94
Corporate dividends, 214
Corporations, as investment clients, 193
Correlation, 291
Correspondence, 228
Cost base, 207–210
coterminous debt, 54
Coupon return, 62
Coverdell IRA, 128
Covered calls, 283–285
CPI (Consumer Price Index), 73, 174
CRD (central registration depository) system, 319
Credit risk, 50, 69, 197
Criminal penalties, 358
Crossing stock, 250–251
“C” shares, 99
Cum-rights formula, 7
Cumulative preferred stock, 16
Cumulative voting method, 8–9
Currency markets, 291
Currency risk, 22–23, 50–51
Currency transactions, 236–238
Currency values, 175
Current assets, 146
Current liabilities, 147
Current ratio, 151
Current yield, 12, 39–40
CUSIP (Committee on Uniform Securities Identification Procedures), 11
CUSIP numbers, 11
Custodian banks, 23, 89
Customer complaints, 184–185
Customer losses, 232
Cyclical industries, 154

D
Day orders, 243
Death:
- of IRA owner, 127–128
- of minor, 192
Debentures, 75
Debt securities, see Bonds
Debt service ratio, 153
Debt-to-equity ratio, 151
Declaration date, 19
Dedicated portfolio management, 63
Default risk, 69
Defeasance, 52
Defensive industries, 154
Deferred compensation plans, 132
Defined benefit plans, 133
Defined contribution plans, 133–134
Deflation, 174
Depreciation, 150
Depression, 167
Designated examining authority, 222
Designated market maker (DMM), 247–250
Directed transactions, 329
Direct investment, 115
Direct participation programs, 23–24, 27–28. See also Limited partnerships
Direct participation programs (DPPs), 260
Disbursement of dividends, 21
Disclosure, 188, 224, 326–327
Discount bonds, 38, 41
Discount rate, 171
Disintermediation, 172
Dissolving a partnership, 29
Distributions, 18–20, 89, 90, 103
Diversification, 63
Diversified mutual funds, 84–85
Dividends:
- and balance sheet, 150
- on cumulative preferred stock, 16
- disbursement process for, 21
- distribution of, 18–20
- on preferred stock, 15
- on REITs, 23
and risks of common stock ownership, 12
selling, 20, 186
on straight preferred stock, 16
taxation of, 20
types of, 17–18
Dividend discount model, 155
Dividend growth model, 155
Dividend payout ratio, 153
Dividend yield, 12
DMM (designated market maker), 247–250
DNR (do not reduce), 251
Dodd Frank Wall Street Reform Act of 2010, 321–322
Dollar cost averaging, 104–106
Donations, charitable, 210
Do not reduce (DNR), 251
Double-barreled bonds, 56
Double-entry bookkeeping, 148
Double ETFs, 98
Downward trend lines, 156, 158
DPPs (direct participation programs), 260
“D” shares, 99
Dual-auction markets, 247
Durable power of attorney, 307
Duration (bonds), 61

E
Earnings available to common, 152
Earnings per share fully diluted, 153
Earnings per share primary, 153
ECNs (electronic communication networks), 257
Economics, 165–179
domestic policy, 170–174
GDP, 165–167
international monetary considerations, 175
pretest, 177–179
schools of economic thought, 169–170
Economic indicators, 167–169
Economic policy, 170–173
Educational IRA, 128
EE Bonds, 69
Effective duration, 61
Efficient frontier, 204
Efficient market theory, 160
Electronic communication networks (ECNs), 257
Electronic trading, 253–254
Emergency withdrawal, 104
Employees, bonding of, 88
Employee stock options, 134–135
Employers, 401K plans and, 134
Equipment, cash purchases of, 150
Equipment trust certificates, 45
Equities, 1–34
ADR/ADSs, 22–23
in balanced funds, 94
book value of, 4
defined, 2
direct participation programs, 23–24, 27–28
dividends on, 17–21
limited partnerships, 23–29
preferred stock, 14–17
pretest, 31–34
REITs, 23
Equity funds, 92
Equity income funds, 93
Equity-indexed annuities, 116
Equity-linked notes, 50
ERISA 404C Safe Harbor, 136–137
Estate taxes, 213
ETFs (exchange-traded funds), 98
ETNs (exchange-traded notes), 50
Eurobonds, 50–51
Euromarket bonds, 51
Examinations, for investment advisers, 323
Exchange member broker dealers, 89
Exchange (conversion) privileges, 103–104
Exchange-traded funds (ETFs), 98
Exchange-traded notes (ETNs), 50
Ex-dividend date (ex date), 19–20
Execution system, Nasdaq, 259
Exempt issuers, 344
Exempt securities, 339, 343–344, 349–352
Exempt transactions, 344–347
Exercised option, 271
Exercise price, 272
Expansion, 166
Expected return, 199–200
Expired option, 272
Ex-rights date, 7–8
Extension risk, 78
F
Face-amount certificates, 82
Face-amount companies, 82
Family limited partnerships, 193
Federal Farm Credit System, 76
Federal Home Loan Mortgage Corporation (Freddie Mac), 75
Federal Housing Administration (FHA), 74
Federal Intermediate Credit Bank, 76
Federal Land Bank, 76
Federally covered exemptions, 307, 343–344
Federally covered investment advisers, 307
Federally covered securities, 307
Federal Open Market Committee (FOMC), 171
Federal Reserve Board, 13, 170–171, 173, 223
Fee-based management, 122
Fidelity bond, 233
Fiduciaries, 345
Fiduciary accounts, 189–191
FIFO (first-in, first-out) method, 208
Final Amendment, 361
Fill or kill orders, 246
Final prospectus, 220–221
Financial Crimes Enforcement Network (FinCEN), 238
Financial Industry Regulatory Authority (FINRA), 223–231
Fiscal policy, 173–174
Five percent markup policy, 262–264
529 plans, 128
Fixed annuities, 114, 116–117
Fixed assets, 147
Fixed unit investment trusts, 82–83
Floor rate, 116
FOMC (Federal Open Market Committee), 171
Footnotes (balance sheet), 154
Foreign securities, taxes on, 214
Form ADV, 303
Forwards, 291
401k plans, 134
403B (public educational institutions), 130
Fourth market, 261
Fraud, 185
Free services, 231
Friedman, Milton, 170
Front-end loads, 98
Front running, 184
Furciles fees, 329
Full discretion, 190, 323
Full power of attorney, 190, 307
Fully registered bonds, 36
Fundamental analysis, 145–155
balance sheet, 146–151
capitalization, 148
dividend valuation models, 155
income statements, 152–153
pretest, 163–164
top down/bottom up analysis, 154–155
and type of industry, 154
Funded debt, 147
Futures, 291
G
GDP (Gross Domestic Product), 165–167
General obligation bonds (GOs), 54–55, 61
General partners, 24–25
General securities principal, 230
Index

Generational skipping transfer tax (GSTT), 211–212
Generational skipping trust, 211–212
Generic advertising, 229
Gifted securities, 210
Gifts (UGMA accounts), 192
Gift taxes, 212–213
Ginnie Mae, see Government National Mortgage Association (Ginnie Mae)
Globalization, 175
Good 'til cancel (GTC), 243, 251–252
GOs (general obligation bonds), 54–55, 61
Government bond funds, 95
Government debt securities, 83
Government National Mortgage Association (Ginnie Mae), 74–75, 95
Government securities, 69–78
agency issues, 74–78
pretest, 79–80
TIPS, 73–74
Treasury bills, notes, and bonds, 70–72
Treasury receipts, 72–73
Treasury STRIPs, 72
Grantor retained annuity trust (GRAT), 212
Gross Domestic Product (GDP), 165–167
Growth, as investment objective, 194
Growth and income (combination) funds, 93
Growth funds, 92
Growth industries, 154
GSTT (Generational skipping transfer tax), 211–212
GTC (good 'til cancel), 243, 251–252
Guam, 59
Guarantees, 187, 306
Guaranteed bonds, 46

H
Head-and-shoulders bottom, 159
Head-and-shoulders reversal, 158
Hedge, options as, 281
Hedge funds, 328–329
HH Bonds, 70
Highly leveraged company, 148
Holding period return, 203
Immediate or cancel (IOC) orders, 246
Incentive stock option plans, 135
Income, 11–12, 194
Income bonds, 45–46
Income statements, 152–153
Indenture, 49
Index funds, 93
Indexing, 63
Index-linked notes, 50
Indirect investment, 115
Individual retirement accounts (IRAs), 123–128
Individual retirement plans, 123–131
Industrial development bonds, 55
Industrial revenue bonds, 55
Inflation, 43, 73, 174
Inherited securities, 210
Initial public offerings (IPOs), 21, 83, 340–341
Inside information, 234
Inside market, 249, 258
Insider Trading and Securities Fraud Enforcement Act of 1988, 233–234
INSTITNET, 261
Institutional communications, 227–228
Institutional investors, 304–305
Insurance companies, 63, 114
Intangible assets, 147
Interest income, taxation of, 209–210
Interest-only CMOs, 77–78
Interest rates:
and bond yields, 43
and CMOs, 76–77
and convexity, 62
and general obligation bonds, 61
and reserve requirement, 171
and zero-coupon bonds, 46
Interest rate risk, 197
Interest rate sensitivity, 15
Internal rate of return (IRR), 202–203
Interpretive opinions, 356–357
Inter vivos trusts, 211
In-the-money options, 279
Intrinsic value of options, 280–281
Inverse relationships, 15
Investigations, 357
Investment advisers:
capital requirements for, 323
capital requirements for, 328
defined, 302
and 401K plans, 134
for investment companies, 88
registration process for, 320–330
role of, 325
Investment adviser representatives, 304, 322
Investment Advisers Act of 1940, 182, 224, 358
Investment banks, firewalls for, 234
Investment companies. See also Mutual funds
components of, 87–89
for mutual funds, see Mutual funds
philosophy of, 81–82
pretest, 109–111
registration requirements for, 85–87
types of, 82–83
Investment Company Act of 1940, 138, 224–225
and asset allocation model, 84
board of directors requirements, 87–88
investment company regulation under, 82, 85
nonissuer transactions, 347
notice filing, 341
75-5-10 test, 84
variable annuity company registration, 115
Investment grade bonds, 50
Investment objectives:
and client profile, 188–189
with mutual funds, 92–94
ways to achieve, 194–195
IOC (immediate or cancel) orders, 246
IPOs, see Initial public offerings
IRAs (individual retirement accounts), 123–128
IRR (Internal rate of return), 202–203
Irrevocable trusts, 211
Isolated nonissuer transactions, 347
Issued stock, 3
Issuer (defined), 301

J
Joint annuity with last survivor, 119–120
Journal entry bonds, 37
Jumbo certificate of deposit, 308
Junk bonds, 50
Jurisdiction of state securities administrator, 358–361

K
Keogh (HR-10) plans, 129
Key employees, bonding of, 88
Keynes, John Maynard, 169, 173
Keynesian economics, 169

L
Lagging indicators, 168–169
Large capitalization, 162
Last in, first out (LIFO), 121
Leading indicators, 168
Lease rental bonds, 56
Legal list, 190
Legislative risk, 29, 197
Letters of intent, 101–102
Level-load funds, 99
Liabilities, 9, 146, 147
Life insurance, 137–139
universal life, 138
variable life, 138
variable universal life, 139
whole life, 137–138
Life only (straight life) annuity, 119
Life with period certain annuity, 119
LIFO (last in, first out), 121
Limited discretion, 190
Limited liability, of common stockholders, 9
Limited liability companies (LLCs), 193
Limited partnerships, 23–29
analysis of, 28
dissolution of, 29
as investment clients, 193
structuring/offer of, 25–26
tax considerations with, 28–29
types of, 26–27
Limited power of attorney, 190
Limit orders, 246, 259
Liquidity, 195
Liquidity risk, 29, 198
Listed securities, 247
LLCs (Limited liability companies), 193
Loans, 29, 188

M
Long calls, 273–274
Long positions, 254–255
Long puts, 276–277
Long stock long puts/married puts, 281–283
Long stock short calls/covered calls, 283–285
Long straddles, 290
Long-term liabilities, 147
Low-income housing, 57
Lump sum withdrawal (annuity), 121
M1/M2/M3 money supply, 172
Maloney Act of 1938, 223
Margin accounts, 232
Markdown, 262–263
Market arbitrage, 264
Market capitalization, 162
Market indexes, 162
Market indicators, 159–160
Market makers, 257, 258
Market on close orders, 246
Market on open orders, 246
Market orders, 244, 259
Market risk, 196–197
Market theories, 159–160
Markup, 262–263
Married puts, 281–283
Master limited partnerships (MLPs), 26
Material facts, omitting, 187
Material information, 233–234
Maturities, 43–44
Median, 161
Mergers and acquisitions, 319
Middle capitalization, 162
MIG ratings, 57
Misleading communications, 231
Misrepresentations, 186–187, 221
MLPs (master limited partnerships), 26
Mode, 161
Modern portfolio theory, 199, 204
Monetary economics, 169–170
Money laundering, 236–238
Money market funds, 95–96
Money supply, 169–170, 172
Moody's, 49–50, 57
Moral obligation bonds, 56–57
Moral suasion, 173
Mortgage-backed bonds, 62, 74–75
Mortgage-backed securities, 62, 74–78, 346
Mortgage bonds, 44
MSRB (Municipal Securities Rule Making Board), 233
Municipal bonds, 53–62
analysis of, 60–61
in bond funds, 94, 95
convexity of, 62
and IRAs, 127
premium amortization with, 60
and Securities Acts Amendments of 1975, 233
taxation of, 58–59
types of, 54–57
Municipal bond funds, 94, 95
Municipal Securities Rule Making Board (MSRB), 233
Mutual funds, 83, 89–104, 187
automatic reinvestment of distributions from, 103
breakpoint sales of, 102
conversion privileges with, 103
diversified vs. nondiversified, 84–85
dollar cost averaging with, 104–106
and financial advisers' recommendations, 187
investment companies for, 83
investment company philosophy for, 81–82
investment objectives with, 92–94
investor voting rights with, 106–107
pretest, 109–111
prospectus for, 90–91
rights of accumulation with, 102
sales charges on, 97–103
share distribution from, 89, 90
share valuation of, 96–97
30-day emergency withdrawal of, 104
variable annuity vs., 122
yields on, 107

WILEY SERIES 65 Exam Review 2015
**Index**

<table>
<thead>
<tr>
<th>N</th>
<th>Naked calls, 274, 275</th>
</tr>
</thead>
<tbody>
<tr>
<td>NASD (National Association of Securities Dealers), 223</td>
<td></td>
</tr>
<tr>
<td>Nasdaq, 256–261</td>
<td></td>
</tr>
<tr>
<td>execution systems of, 259</td>
<td></td>
</tr>
<tr>
<td>fourth market, 261</td>
<td></td>
</tr>
<tr>
<td>market makers and, 257</td>
<td></td>
</tr>
<tr>
<td>nominal quotes and, 259</td>
<td></td>
</tr>
<tr>
<td>opening cross of, 260</td>
<td></td>
</tr>
<tr>
<td>and OTCBB, 260</td>
<td></td>
</tr>
<tr>
<td>and Pink Sheets, 260</td>
<td></td>
</tr>
<tr>
<td>subscription levels for, 257–258</td>
<td></td>
</tr>
<tr>
<td>third market, 260–261</td>
<td></td>
</tr>
<tr>
<td>Nasdaq closing cross, 260</td>
<td></td>
</tr>
<tr>
<td>Nasdaq Market Center Execution System (NMCES), 259</td>
<td></td>
</tr>
<tr>
<td>Nasdaq official opening price (NOOP), 260</td>
<td></td>
</tr>
<tr>
<td>Nasdaq opening cross, 260</td>
<td></td>
</tr>
<tr>
<td>Nasdaq TotalView, 258</td>
<td></td>
</tr>
<tr>
<td>National Association of Securities Dealers (NASD), 223</td>
<td></td>
</tr>
<tr>
<td>National Association of Securities Dealers Quotation System, see Nasdaq</td>
<td></td>
</tr>
<tr>
<td>Negative convexity, 62</td>
<td></td>
</tr>
<tr>
<td>Negotiable certificate of deposit, 308</td>
<td></td>
</tr>
<tr>
<td>Net asset value (NAV), 89, 95–97</td>
<td></td>
</tr>
<tr>
<td>Net capital, 232</td>
<td></td>
</tr>
<tr>
<td>Net income after taxes, 152</td>
<td></td>
</tr>
<tr>
<td>New housing authority (NHA) bonds, 57</td>
<td></td>
</tr>
<tr>
<td>New York Stock Exchange, 96, 246, 247, 253</td>
<td></td>
</tr>
<tr>
<td>NMCES (Nasdaq Market Center Execution System), 259</td>
<td></td>
</tr>
<tr>
<td>No-load mutual funds, 90</td>
<td></td>
</tr>
<tr>
<td>Nominal interest rate, 43</td>
<td></td>
</tr>
<tr>
<td>Nominal quotes, 259</td>
<td></td>
</tr>
<tr>
<td>Nominal yield, 39</td>
<td></td>
</tr>
<tr>
<td>Noncompetitive tenders, 70</td>
<td></td>
</tr>
<tr>
<td>Noncumulative preferred stock, 16</td>
<td></td>
</tr>
<tr>
<td>Nondiversified mutual funds, 84–85</td>
<td></td>
</tr>
<tr>
<td>Nonestablished issuers, 341–342</td>
<td></td>
</tr>
<tr>
<td>Nonfixed unit investment trust, 83</td>
<td></td>
</tr>
<tr>
<td>Noninterested person, 88</td>
<td></td>
</tr>
<tr>
<td>Nonissuer, 302</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O</th>
<th>Nonissuer transactions, 347</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Nasdaq OTCBB, 260</td>
<td></td>
</tr>
<tr>
<td>Nonprofit organizations/tax-exempt organizations (501C3), 130–131</td>
<td></td>
</tr>
<tr>
<td>Nonpublic material information, 233–234</td>
<td></td>
</tr>
<tr>
<td>Nonqualified retirement plans, 123, 124, 131–132</td>
<td></td>
</tr>
<tr>
<td>Nonqualified stock option plan, 134–135</td>
<td></td>
</tr>
<tr>
<td>Nonrecourse loan, 29</td>
<td></td>
</tr>
<tr>
<td>Nonsystematic risk, 197</td>
<td></td>
</tr>
<tr>
<td>Nonvoting stock, 15</td>
<td></td>
</tr>
<tr>
<td>NOOP (Nasdaq official opening price), 260</td>
<td></td>
</tr>
<tr>
<td>Not held orders, 246</td>
<td></td>
</tr>
<tr>
<td>Notice filing, 341</td>
<td></td>
</tr>
</tbody>
</table>

| OCC (Options Clearing Corporation), 272 |
|---|-----------------------------|
| Odd lot trading theory, 159 |
| Offer (to sell/to buy), 306, 360 |
| Office of Foreign Assets Control (OFAC), 237 |
| OID (original issue discount), 59 |
| Open-end indentures, 49 |
| Open-end mutual funds, 83–84, 91–92 |
| Opening cross, 260 |
| Operating income, 152 |
| Opportunity risk, 198 |
| Options, 269–295 |
| calls, 269–271, 273–276, 279–280 |
| characteristics of, 272 |
| classification of, 269–270 |
| and correlation, 291 |
| futures and forwards, 291 |
| as hedge, 281 |
| and managing a position, 272–273 |
| possible outcomes for, 271–272 |
| pretest, 293–295 |
| tombstone advertisement approval with, 230 |
| Option premiums, 279–281 |
| Options Clearing Corporation (OCC), 272 |
| Option series, 270 |
| Order shredding, 259 |

| Original issue discount (OID), 59 |
| OTC bulletin board (OTCBB), 260, 341 |
| OTC market, see Over-the-counter market |
| Out-of-the-money options, 280 |
| Outside solicitors, 328 |
| Outstanding stock, 3 |
| Overlapping debt, 54–55 |
| Over-the-counter (OTC) market, 83, 223, 256–261. See also Nasdaq |

<table>
<thead>
<tr>
<th>P</th>
<th>PAC (planned amortization class) CMOs, 78</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting the tape, 184</td>
<td></td>
</tr>
<tr>
<td>Parity price, 47–48</td>
<td></td>
</tr>
<tr>
<td>Participating preferred stock, 16</td>
<td></td>
</tr>
<tr>
<td>Partnership agreements, 25</td>
<td></td>
</tr>
<tr>
<td>Partnerships, see Limited partnerships</td>
<td></td>
</tr>
<tr>
<td>Par value, 5, 14, 38</td>
<td></td>
</tr>
<tr>
<td>Passive portfolio management, 63</td>
<td></td>
</tr>
<tr>
<td>Patriot Act, 237–238</td>
<td></td>
</tr>
<tr>
<td>Payment date, 13, 19</td>
<td></td>
</tr>
<tr>
<td>Payout, annuity, 119–120</td>
<td></td>
</tr>
<tr>
<td>Payroll deduction plans, 132</td>
<td></td>
</tr>
<tr>
<td>Peak, 166</td>
<td></td>
</tr>
<tr>
<td>Pegging, 184</td>
<td></td>
</tr>
<tr>
<td>Penalties, civil/criminal, 358</td>
<td></td>
</tr>
<tr>
<td>Penny stocks, 260</td>
<td></td>
</tr>
<tr>
<td>Pension consultants, 302</td>
<td></td>
</tr>
<tr>
<td>Pension fund managers, 63</td>
<td></td>
</tr>
<tr>
<td>Pension plans, 135–136</td>
<td></td>
</tr>
<tr>
<td>Performance-based compensation, 328–329</td>
<td></td>
</tr>
<tr>
<td>Periodic payment deferred annuities, 117</td>
<td></td>
</tr>
<tr>
<td>Periodic payment plans, 187–188</td>
<td></td>
</tr>
<tr>
<td>Perpetual income accounts, 205–206</td>
<td></td>
</tr>
<tr>
<td>Person (defined), 299–300</td>
<td></td>
</tr>
<tr>
<td>PHA (public housing authority) bonds, 57</td>
<td></td>
</tr>
<tr>
<td>Pink OTC Market, 260</td>
<td></td>
</tr>
<tr>
<td>Pink Sheets, 260, 341</td>
<td></td>
</tr>
<tr>
<td>Plan administrators/trustees, 134</td>
<td></td>
</tr>
<tr>
<td>Planned amortization class (PAC) CMOs, 78</td>
<td></td>
</tr>
<tr>
<td>Pledges of securities, 346</td>
<td></td>
</tr>
<tr>
<td>POP (public offering price), 89–90, 100</td>
<td></td>
</tr>
</tbody>
</table>
Portfolio income, 204–206
Portfolio management, 62–63
Portfolio turnover rate, 107
Positive convexity, 62
Power of attorney, 190, 307
PPNs (principal protected notes), 50
Preemptive rights, 5–6
Preferred stock, 14–17
Preferred stock ratio, 151
Preliminary prospectus, 220
Premiums, 279–281
Premium bonds, 38, 40, 60
Premium enhancement, 115–116
Preopening orders, 253–254
Preorganization certificates, 346–347
Prepaid tuition plans, 128
Prerefunded bonds, 52
Preservation of capital, 194–195
Price earnings ratio, 153
Price return, 62
Price weighted index, 162
Pricing:
  of bonds, 37–38
  of mutual fund shares, 96
of Treasury bonds/notes, 71–72
Primary dealers, 70
Principal, specialist/DMM as, 248
Principal-only bond registration, 36
Principal-only CMOs, 77
Principal protected notes (PPNs), 50
Private investment companies, 306, 328–329
Private-label CMOs, 78
Private placements, 26, 344–345
Proceeds transactions, 264
Professional conduct, 182–187, 215, 217, 218
Profit-sharing plans, 133
Progressive taxes, 206
Property taxes, 34, 40, 60
Proprietary trading systems, 261
Prospectus, 90–91, 220
Prudent man rule, 190
Public educational institutions (403B), 130
Public housing authority (PHA) bonds, 57
Public offerings, 26
Public offering price (POP), 89–90, 100
Public Utilities Holding Company Act of 1935, 223
Puerto Rico, 59
Q
Qualification, 341–342
Qualified purchasers, 305
Qualified retirement plans, 123, 132
Quantitative analysis, 161
Quick assets, 151
Quick ratio, 151
R
Random walk theory, 160
Random withdrawal, 121
RANs (revenue anticipation notes), 57
Ratings, 49–50
Real estate investment trusts (REITs), 23
Real GDP, 174
Real interest rate, 43
Realized compound yield, 42
Rebalancing, 204
Recession, 167
Reciprocal immunity, 58
Recommendations, 181–206
  and alpha, 198
  and beta, 198–199
  blanket, 185–186
  and CAPM, 196
  and client profile, 188–189
  dividends as basis for, 186
  and expected return, 199–200
  and investment objectives, 194–195
  misrepresentation in, 186–187
  and modern portfolio theory, 204
  of mutual funds, 187
  of periodic payment plans, 187–188
  and portfolio income predictions, 204–206
  pretest, 215–218
  and report contents, 181–182
  risk vs. reward, 196–198
  and weighted returns, 202–203
Record date, 19
Recourse loan, 29
Redemption of corporate bonds, 52
Red herrings, 220
Reductions of sales charges, 100–101
Referrals, 328
Refunding of corporate bonds, 52
Registered traders, 253
Registrars, 10–11
Registration of firms/personnel, 315–330
agents, 315–320
broker dealers, 315–320
cancellation of, 354
investment advisers, 320–330
pretest, 333–337
withdrawal of registration, 355
Registration of securities, 339–352
exempt securities, 339, 343–344
exempt transactions, 344–347
federally covered exemptions, 343–344
pretest, 349–352
through coordination, 340–341
through notice filing, 341
through qualification, 341–342
Registration statements, 219–220, 340
Regressive taxes, 207
Regulation D, 344–345
Regulation Filing Application (RFA), 256
Regulation SHO, 254
Regulation T, 13
Reinvestment of distributions, 103
Reinvestment return, 62
Reinvestment risk, 197
REITs (real estate investment trusts), 23
Renewals, registration, 319
Rescission, 361–362
Research, 329
Research reports, 230
Reserve requirement, 170–171
Residual assets, shareholders’ claims to, 11, 12, 15
Resistance, 156
Retail banking, 318
Retail communications, 226–227
Retail trading departments, 234
Retirement of corporate bonds, 51–53
Retirement plans, 122–137
corporate plans, 131–135
individual plans, 123–131
IRAs, 123–128
Keogh plans, 129
pretest, 141–143
TSAs/TDAs, 129–131
Revenue anticipation notes (RANs), 57
Revenue bonds, 55
Reversals, 156, 158–159
Reverse churning, 183–184
Revocable trusts, 211
Rewards, risk vs., 196–198
RFA (Regulation Filing Application), 256
Right cum rights, 7
Right ex rights, 7–8
Rights of accumulation, 102
Rights of common stockholders, 5–9, 11
Rights of rescission, 361–362
Rights offerings, 5–7
Risk, 12, 29, 196–198. See also specific types, e.g.: Currency risk
Risk arbitrage, 264
Risk aversion, 204
Riskless principal transactions, 263–264
Risk premium, 196, 199
Rollover, 127, 134
Roth IRAs, 124–125
Round lot, 272
Rule 200, 254–255
Rule 203, 255–256
Rule 2210, 226–228
Rules and regulations, 219–241. See also specific rules and regulations
FINRA, 223–231
Insider Trading and Securities
Fraud Enforcement Act of 1988, 233–234
Investment Advisers Act of 1940, 224
Investment Company Act of 1940, 224–225
National Securities Market Improvement Act of 1996, 235–236
Patriot Act, 237–238
pretest, 239–241
SEC, 222–223
Securities Act Amendments of 1975, 233
Securities Act of 1933, 219–221
Securities Exchange Act of 1934, 221–223
SIPC, 231–233
Trust Indenture Act of 1939, 224
USA, 236
Rule changes, by state securities administrators, 355
Rule of 72, 206
S
"Safe Harbor" (ERISA 404C), 136–137
Sale (defined), 306
Sales charges, 89, 97–103, 122
SAR (Suspicious Activity Report), 237
S corporations, 27, 193
SDBK (super display book system), 253–254
SEC, see Securities and Exchange Commission
SEC disclaimer, 221
Secondary markets, 22, 59, 74, 222
Sector funds, 93
Secured bonds, 44–45
Securities: defined, 1–2, 297–299
registration of, see Registration of securities
trading of, see Trading securities
types of, 1–2
Securities Act Amendments of 1975, 233
Securities Act of 1933, 82, 85, 219–221, 339
Securities Acts Amendments of 1975, 233
Securities and Exchange Commission
(SEC), 222–223
creation of, 222
FOK/IOC order rules, 246
investment adviser registration with, 321
investment company registration with, 85–87
IPO registration with, 340
and registration statements, 219–220, 340
Regulation SHO, 254
and soft dollars, 329–331
transaction regulations, 219–221
Securities Investor Protection Corporation Act of 1970 (SIPC), 231–233
Securities transactions, 358–361
Self-directed 401K plans, 134
Self-incrimination, 361
Self-regulatory organizations (SROs), 222
Sell (defined), 306
Selling: calls, 274–276
dividends, 20, 186
puts, 277–278
Selling group members, 89–90
Sell limit orders, 244
Sell stop orders, 245, 251
Semi-strong-form efficiency, 160
SEP (simplified employee pension) IRA, 125–126
Serial bonds, 44
Serial maturity, 44
Series EE Bonds, 69
Series HH Bonds, 70
Series issue, 44
Services, free, 231
Settlement dates, 13
Settlor function, 135
75–5–10 test, 84–85
Share identification, 208
Sharpe ratio, 198–199
Short calls, 274–276
Short interest theory, 159
Short puts, 277–278
Short sales, 254–256
Short stock long calls, 285–288
Short stock short puts, 288–291
Short straddles, 290–291
Short-term municipal financing, 57
Shredding, 259
Simplified employee pension (SEP) IRA, 125–126
Single payment deferred annuity, 117
Single payment immediate annuity, 117
"Sin" taxes, 56
SIPC (Securities Investor Protection Corporation Act of 1970), 231–233
SLP (supplemental liquidity provider), 253
Small capitalization, 162
Soft dollars, 329–331
Sold option, 272
Solicitors, 304, 328
S&P (Standard & Poor’s), 49–50
S&P 500, 93, 116, 329
Special assessment bonds, 56
Specialists/DMMs, 247–250
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist bills</td>
<td>249</td>
</tr>
<tr>
<td>Specially Designated Nationals</td>
<td>237</td>
</tr>
<tr>
<td>Special tax bonds</td>
<td>56</td>
</tr>
<tr>
<td>Specified program</td>
<td>28</td>
</tr>
<tr>
<td>Speculation as investment objective</td>
<td>195</td>
</tr>
<tr>
<td>Speculative rate bonds</td>
<td>50</td>
</tr>
<tr>
<td>Spread (defined)</td>
<td>257</td>
</tr>
<tr>
<td>SROs (self-regulatory organizations)</td>
<td>222</td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
<td>see S&amp;P</td>
</tr>
<tr>
<td>State regulation</td>
<td></td>
</tr>
<tr>
<td>broker dealer registration</td>
<td>315–316</td>
</tr>
<tr>
<td>and coordination</td>
<td>340–341</td>
</tr>
<tr>
<td>and exempt securities</td>
<td>343–344</td>
</tr>
<tr>
<td>State securities administrators</td>
<td>353–362</td>
</tr>
<tr>
<td>actions by</td>
<td>353–358</td>
</tr>
<tr>
<td>broker dealer registration with</td>
<td>317</td>
</tr>
<tr>
<td>and civil/criminal penalties</td>
<td>358</td>
</tr>
<tr>
<td>jurisdiction of</td>
<td>358–361</td>
</tr>
<tr>
<td>notice filing with</td>
<td>341</td>
</tr>
<tr>
<td>pretest</td>
<td>363–368</td>
</tr>
<tr>
<td>and right of rescission</td>
<td>361–362</td>
</tr>
<tr>
<td>and statute of limitations</td>
<td>362</td>
</tr>
<tr>
<td>Uniform Securities Act and</td>
<td>236</td>
</tr>
<tr>
<td>Statistical analysis</td>
<td>161</td>
</tr>
<tr>
<td>Statute of limitations</td>
<td>362</td>
</tr>
<tr>
<td>Statutory debt limit</td>
<td>54</td>
</tr>
<tr>
<td>Statutory voting method</td>
<td>8–9</td>
</tr>
<tr>
<td>Stocks, see Common stock; Equities;</td>
<td></td>
</tr>
<tr>
<td>Preferred stock</td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td></td>
</tr>
<tr>
<td>Stock dividends</td>
<td>18</td>
</tr>
<tr>
<td>Stock exchanges</td>
<td>247</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>148</td>
</tr>
<tr>
<td>Stockholders’ rights</td>
<td>5–9</td>
</tr>
<tr>
<td>Stock splits, 48, 151, 251–252</td>
<td></td>
</tr>
<tr>
<td>Stop limit orders</td>
<td>246</td>
</tr>
<tr>
<td>Stop loss orders</td>
<td>244–245</td>
</tr>
<tr>
<td>Stop orders, 244–245</td>
<td></td>
</tr>
<tr>
<td>Stopping stock, 252–253</td>
<td></td>
</tr>
<tr>
<td>Stop price</td>
<td>245</td>
</tr>
<tr>
<td>Straddles, 290–291</td>
<td></td>
</tr>
<tr>
<td>Straight life annuity</td>
<td>119</td>
</tr>
<tr>
<td>Straight line depreciation</td>
<td>150</td>
</tr>
<tr>
<td>Straight preferred stock</td>
<td>16</td>
</tr>
<tr>
<td>Strategic asset allocation</td>
<td>204</td>
</tr>
<tr>
<td>Street name</td>
<td>21</td>
</tr>
<tr>
<td>Strike price</td>
<td>272</td>
</tr>
<tr>
<td>STRIPS, 72</td>
<td></td>
</tr>
<tr>
<td>Strong-form efficiency</td>
<td>160</td>
</tr>
<tr>
<td>Subchapter S corporations</td>
<td>27, 193</td>
</tr>
<tr>
<td>Subordinated debentures</td>
<td>45</td>
</tr>
<tr>
<td>Subscription price, 6, 21</td>
<td></td>
</tr>
<tr>
<td>Suitability obligation</td>
<td>118</td>
</tr>
<tr>
<td>Summary order</td>
<td>356</td>
</tr>
<tr>
<td>Super display book system (SDBK)</td>
<td>253–254</td>
</tr>
<tr>
<td>Supplemental liquidity provider (SLP)</td>
<td>253</td>
</tr>
<tr>
<td>Supply side economics</td>
<td>169</td>
</tr>
<tr>
<td>Support (technical analysis)</td>
<td>156</td>
</tr>
<tr>
<td>Suspicious Activity Report (SAR)</td>
<td>237</td>
</tr>
<tr>
<td>Systematic rebalancing</td>
<td>204</td>
</tr>
<tr>
<td>Systematic risk</td>
<td>196–197</td>
</tr>
<tr>
<td>T+3 (settlement date)</td>
<td>13</td>
</tr>
<tr>
<td>T+5 (payment date)</td>
<td>13</td>
</tr>
<tr>
<td>Targeted amortization class (TAC)</td>
<td></td>
</tr>
<tr>
<td>CMOs, 78</td>
<td></td>
</tr>
<tr>
<td>Tax and revenue anticipation notes (TRANs)</td>
<td>57</td>
</tr>
<tr>
<td>Tax anticipation notes (TANs)</td>
<td>57</td>
</tr>
<tr>
<td>Taxation</td>
<td>207–214</td>
</tr>
<tr>
<td>AMT, 214</td>
<td></td>
</tr>
<tr>
<td>and annuities, 121</td>
<td></td>
</tr>
<tr>
<td>and charitable donations, 210</td>
<td></td>
</tr>
<tr>
<td>corporate dividend exclusion, 214</td>
<td></td>
</tr>
<tr>
<td>and cost base of multiple purchases, 208–209</td>
<td></td>
</tr>
<tr>
<td>and direct participation programs, 27–28</td>
<td></td>
</tr>
<tr>
<td>of dividends, 20</td>
<td></td>
</tr>
<tr>
<td>estate taxes, 213</td>
<td></td>
</tr>
<tr>
<td>as fiscal policy, 173</td>
<td></td>
</tr>
<tr>
<td>and foreign securities, 214</td>
<td></td>
</tr>
<tr>
<td>gains and losses, 207–209</td>
<td></td>
</tr>
<tr>
<td>and inherited/gifted securities, 210–213</td>
<td></td>
</tr>
<tr>
<td>of interest income, 209–210</td>
<td></td>
</tr>
<tr>
<td>and Keogh plans, 129</td>
<td></td>
</tr>
<tr>
<td>and municipal bonds, 58–59</td>
<td></td>
</tr>
<tr>
<td>of partnerships, 25</td>
<td></td>
</tr>
<tr>
<td>pretest, 215, 217</td>
<td></td>
</tr>
<tr>
<td>and SEP IRAs, 126</td>
<td></td>
</tr>
<tr>
<td>of trusts, 211–212</td>
<td></td>
</tr>
<tr>
<td>of TSA/TDA distributions, 131</td>
<td></td>
</tr>
<tr>
<td>of UGMA accounts, 192</td>
<td></td>
</tr>
<tr>
<td>and wash sales, 209</td>
<td></td>
</tr>
<tr>
<td>withholding tax, 213–214</td>
<td></td>
</tr>
<tr>
<td>Tax benefits, as investment objective</td>
<td>195</td>
</tr>
<tr>
<td>Tax credits</td>
<td>28</td>
</tr>
<tr>
<td>Tax deductions</td>
<td>28</td>
</tr>
<tr>
<td>Tax-deferred accounts (TDAs)</td>
<td>129–131</td>
</tr>
<tr>
<td>Tax-equivalent yields</td>
<td>58</td>
</tr>
<tr>
<td>Tax-exempt organizations (501C3)</td>
<td>130–131</td>
</tr>
<tr>
<td>Tax-sheltered annuities (TSA)</td>
<td>129–131</td>
</tr>
<tr>
<td>Technical analysis</td>
<td>155–161</td>
</tr>
<tr>
<td>and efficient market theory</td>
<td>160</td>
</tr>
<tr>
<td>market theories/indicators</td>
<td>159–160</td>
</tr>
<tr>
<td>pretest, 164</td>
<td></td>
</tr>
<tr>
<td>and statistical analysis, 161</td>
<td></td>
</tr>
<tr>
<td>Telemarketing</td>
<td>234–235</td>
</tr>
<tr>
<td>Tender offers</td>
<td>53</td>
</tr>
<tr>
<td>Term bonds</td>
<td>43</td>
</tr>
<tr>
<td>Term definitions under USA</td>
<td>297–313</td>
</tr>
<tr>
<td>Testamentary trusts</td>
<td>211</td>
</tr>
<tr>
<td>Testimonials</td>
<td>230–231</td>
</tr>
<tr>
<td>Third market</td>
<td>260–261</td>
</tr>
<tr>
<td>Third-person accounts</td>
<td>189–191</td>
</tr>
<tr>
<td>30-day emergency withdrawal, 104</td>
<td></td>
</tr>
<tr>
<td>3C7 funds, 328–329</td>
<td></td>
</tr>
<tr>
<td>Thrift plans</td>
<td>134</td>
</tr>
<tr>
<td>Time value</td>
<td></td>
</tr>
<tr>
<td>of money, 200–202</td>
<td></td>
</tr>
<tr>
<td>of options, 280–281</td>
<td></td>
</tr>
<tr>
<td>Timing risk</td>
<td>197</td>
</tr>
<tr>
<td>TIPS (Treasury inflation protected</td>
<td></td>
</tr>
<tr>
<td>securities), 73–74</td>
<td></td>
</tr>
<tr>
<td>Tombstone advertisements</td>
<td>229–230</td>
</tr>
<tr>
<td>Top down analysis</td>
<td>154–155</td>
</tr>
<tr>
<td>Total return</td>
<td>203</td>
</tr>
<tr>
<td>Trading ahead</td>
<td>184</td>
</tr>
<tr>
<td>Trading securities</td>
<td>243–267</td>
</tr>
<tr>
<td>arbitrage, 264</td>
<td></td>
</tr>
<tr>
<td>brokers vs. dealers, 261</td>
<td></td>
</tr>
<tr>
<td>crossing stock, 250–251</td>
<td></td>
</tr>
<tr>
<td>DNR, 251</td>
<td></td>
</tr>
<tr>
<td>FINRA 5 percent markup policy,</td>
<td></td>
</tr>
<tr>
<td>262–264</td>
<td></td>
</tr>
<tr>
<td>over the counter/Nasdaq, 256–261</td>
<td></td>
</tr>
<tr>
<td>pretest, 265–267</td>
<td></td>
</tr>
<tr>
<td>regulation of, 254–256</td>
<td></td>
</tr>
<tr>
<td>by specialists/DMMs, 247–250</td>
<td></td>
</tr>
<tr>
<td>state securities administrator’s</td>
<td></td>
</tr>
<tr>
<td>jurisdiction over, 358–361</td>
<td></td>
</tr>
<tr>
<td>stock exchanges, 247</td>
<td></td>
</tr>
</tbody>
</table>
Index

stock splits, 251–252
stopping stock, 252–253
types of orders, 243–246
Traditional IRAs, 124
Tranches, 76
TRANs (tax and revenue anticipation notes), 57
Transactions, see Trading securities
Treasury, U.S. Department of, 237
Treasury bills, 70–72
Treasury bonds, 71–72
Treasury inflation protected securities (TIPS), 73–74
Treasury notes, 71–72
Treasury receipts, 72–73
Treasury stock, 3–4
Treasury STRIPs, 72
Trend lines, 156
Trigger prices, 245
Troughs, 166–167
Trusts, 211–212
Trust accounts, 190
Trust indentures, 224
Trust Indenture Act of 1939, 49, 55, 224
TSAs (tax-sheltered annuities), 129–131
Two-dollar brokers, 253
Two-sided markets, 257

U
UGMA (Uniform Gift s to Minors Act), 191–192
UITs (unit investment trusts), 82–83
Ultra ETFs, 98
Unauthorized transactions, 185
Uncovered calls, 274, 275
Underwriters, transactions with, 345
Uniform Gift s to Minors Act (UGMA), 191–192
Uniform Prudent Investors act of 1994 (UPIA), 182–183
Uniform Securities Act (USA), 236
agent registration under, 316
civil/criminal penalties under, 358
and exempt financial institution transactions, 345
and exempt securities, 339
penalties under, 358
state administrator’s powers under, 358–359
State Securities Administrator pretest, 363–368
State Securities Administrator role/responsibilities, 353–362
term definitions, 297–313
term definitions pretest, 309–313
Units (common shares with warrants), 21
Unit investment trusts (UITs), 82–83
Universal life insurance, 138
Universal variable life insurance, 139
Unsecured bonds, 45–46
Unsolicited orders, 346
UPIA (Uniform Prudent Investors act of 1994), 182–183
Upward trend lines, 156, 157
USA, see Uniform Securities Act
USA PATRIOT Act, 237–238
Utility stocks, 93, 198

V
Valuation ratios, 151
Variable annuities, 114, 116–117, 122
Variable life insurance, 138
Variable Rate Demand Obligations (VRDOs), 51
Variable rate securities, 51
Variable universal life insurance, 139
Veterans Affairs, U.S. Department of (VA), 74
Voting rights, 8–9, 106–107
VRDOs (Variable Rate Demand Obligations), 51

W
Warrants, 21–22
Wash sales, 60, 209
Weak-form efficiency, 160
Websites, FINRA regulations for, 228–229
Weighted returns, 202–203
Whole life insurance, 137–138
Withholding tax, 213–214
Working capital, 151
Wrap accounts, 329

Y
Yankee bonds, 51
Yields, 39–43, 107
Yield spreads, 43
Yield to call, 42
Yield to maturity, 40–42

Z
Zero-coupon bonds, 46, 61, 72
Z tranches, 76