

Index

A

- Absentee ballot, 71
- ACAT (Automated Client Account Transfer), 177
- Acceptance waiver and consent (AWAC), 271
- Access equals delivery rule, 103
- Accounts:
 - bulk transfers of, 178–179
 - combined margin, 201–202
 - corporate, 171
 - customer, *See* Customer accounts
 - day trading, 181
 - discretionary, 172
 - for employees of other broker dealers, 176
 - error, 59–60
 - fiduciary, 172–174
 - foreign, 159
 - individual, 169
 - IRAs, 240–244
 - joint, 169
 - long margin, 190–195
 - margin, *See* Margin accounts
 - new customer, 165–167
 - numbered, 176
 - omnibus, 92
 - partnership, 170–171
 - portfolio margin, 202
 - prime brokerage, 176–177
 - short margin, 195–200
 - SMAAs, 193–194, 197–198
 - special reserve bank, 87–88
 - suspense, 78
 - TDAAs, 245–246
 - third party, 172–174
 - TOD, 170
 - trusts, 171
 - UGMA, 174–176
 - U.S., 159
 - wrap, 181–182
- Accredited investors:
 - LPs offered to, 39
 - and private placements, 109–110
- Accrued interest, 63–64
- Accumulation units, 235–236
- “The Act,” 281
- ACT (Automated Confirmation of Transaction), 137
- Additional issues, 107
- ADF (Alternative Display Facility), 138
- Adjustment bonds, 29
- ADRs (American Depositary Receipts), 20
- ADSs (American Depositary Shares), 20
- Advertising, 265–266
- Advertising and sales literature, 278–279
- Affiliated persons, 213
- Affirmative determination, 131
- Aftermarket prospectus requirements, 103
- Agency issues, 32–34
- Agents:
 - dividend disbursement, 70
 - registration of, 260–261
 - specialists/DMMs as, 127–128
 - transfer, 66, 215
- Agreements:
 - credit, 180
 - customer, 166
 - hypothecation, 180
 - loan consent, 180
 - partnership, 38, 170–171
 - repurchase, 36
 - subscription, 39
 - trust, 173
 - underwriting, 106, 107
- AIR (assumed interest rate), 237–238
- Allegations, resolving, 271
- All or none (AON) orders, 124–125
- Alternative Display Facility (ADF), 138
- Amendment, posteffective, 116
- American Depositary Receipts (ADRs), 20
- American Depositary Shares (ADSs), 20
- American exercise, 95
- Annual audit reports, 217
- Annual compliance review, 157
- Annual privacy notices, 182
- Annuities:
 - bonus, 233–234
 - combination, 233
 - equity indexed, 234
 - fixed, 232
 - periodic payment deferred, 235
 - single payment deferred, 235
 - single payment immediate, 235
 - TSAAs, 245–246
 - variable, 231–239
- Annuity units, 236

- Anti-reciprocal rule, 218
- AON (all or none) orders, 124–125
- Arbitration, 272–274
- “A” shares, 220
- Assets:
 - on balance sheets, 3
 - junior claim on corporate, 9
 - preferred stock and distribution of, 10
 - residual claim to, 8
- Asset-based fee, 221
- Asset-to-debt ratio, 211
- Assets under management (AUM), 276–277
- Associated persons, 260–261
- Assumed interest rate (AIR), 237–238
- At the money options, 18–19
- Audit reports, annual, 217
- AUM (assets under management), 276–277
- Authorization, trading, 171–172
- Authorized stock, 3–4
- Automated Client Account Transfer (ACAT), 177
- Automated Confirmation of Transaction (ACT), 137
- AWAC (acceptance waiver and consent), 271
- Awards, under arbitration, 274
- B**
- Backdating (of letter of intent), 222–223
- Back-end loads, 220–221
- Backing away violations, 137
- Balance sheets:
 - available to customers, 89
 - to determine capitalization of company, 2–3
- Ballot, absentee, 71
- Banks:
 - clearing, 83
 - custodian, 214
 - special reserve, 87–88
- Bankers’ acceptances, 35
- Bearer bonds, 22
- Bearish investors, 16
- Beneficiaries, 250
- Bills, due, 70–71
- Blind pools (term), 42
- Blotters, 77
- Blue-sky laws, 281
- Board of directors, 212–214
- Bonds:
 - adjustment, 29
 - bearer, 22
 - book entry, 22–23
 - certificates for, 23
 - convertible, 29
 - corporate, 21
 - to cover key investment company employees, 214
 - as debt, 2
 - discount, 24
 - fidelity, 91
 - fully registered, 22
 - income, 29
 - journal entry, 22–23
 - mortgage, 28
 - municipal, 21–22, 34–35
 - premium, 24
 - pricing of, 23–25
 - principal-only registration of, 22
 - registered, 22
 - secured, 27–28
 - Treasury, 31–32
 - types of, 20–23
 - unsecured, 28–31
 - warrants attached to, 15
 - yields of, 25–27
 - zero-coupon, 29
- Bond certificates, 23
- Bond pricing, 23–25
 - corporate bonds, 24
 - municipal bonds, 25
 - Treasury bills, 25
 - Treasury bonds and notes, 24
- Bonus annuities, 233–234
- Book entry, 168
- Book entry bonds, 22–23
- Book inspection, 7–8
- Book value, 5
- Borrowing money, 55
- Borrowing securities, 133
- Box counts:
 - in custody departments, 57
 - and record keeping, 85–86
- Branch offices, 156–157
- Breakpoint sale violations, 223
- Breakpoint schedule, 222
- Brokers:
 - dealers vs., 141
 - prime, 176
- Brokerage office procedures, 49–75
 - for accrued interest, 63–64
 - for borrowing and lending money, 55
 - for clearly erroneous reports, 59
 - for close outs, 64
 - and covered persons, 71–72
 - for customer account statements, 68
 - for customer confirmations, 64–66
 - for delivery, 66–67
 - for disciplinary actions against registered representatives, 52
 - for dividend distribution, 68–71
 - for execution errors, 59–60
 - and gift rule, 54–55
 - for hiring new employees, 49–50
 - for marking to the market, 67
 - for order execution, 56–57
 - for order tickets, 55–56
 - for outside employment, 53
 - pretest, 73–75
 - for private securities transactions, 53–54
 - for proxies, 71
 - for purchasing stock, 57–59
 - for registration exemptions, 51
 - for registration ineligibility, 51–52
 - for resignation of registered representatives, 50–51
 - for securities settlement options, 61–63
 - for sharing in customers’ accounts, 55
 - for termination for cause, 53
 - for unconfirmed trades, 60
 - for when-issued securities, 62
- Broker dealers:
 - accounts for employees of other, 176
 - carrying, 82–83
 - clearing, 82–83
 - fully disclosed, 84
 - introducing, 82–84, 91
 - websites of, 264–265

- (k)(2)(A) broker dealer exemptions, 88
- (k)(2)(B) broker dealer exemptions, 88
- Broker transactions, 111–112
- “B” shares, 221
- Bulk account transfers, 178–179
- Bullish investors, 16
- Business continuity plan, 157
- Buyer’s option (settlement option), 61
- Buy in, 64
- Buy limit orders, 122
- Buy stop orders, 123
- C**
- Cage (term), 57
- Calls:
 - maintenance, 195, 199
 - margin, 195, 199–202
- Callable preferred stock, 12
- Call feature, 12
- Call options, 16
- Canadian small businesses, 114
- Canceled trades, 60
- Capital appreciation, as objective, 8
- Capitalization, 2–3
- Capital requirements, 277
- Cap rate, 234
- Carrying broker dealers, 82–83
- Carrying firms, 91–92
- Cash:
 - as dividend, 12
 - as settlement option, 61
- Cashiering department, 57
- Caucuses, in mediation, 272
- CDs (certificates of deposit), negotiable, 35–36
- CDSC (contingent deferred sales charge), 220
- Central Registration Depository (CRD):
 - communications filed with, 262–263
 - Form U4 filed with, 50
- Certificates:
 - collateral trust, 28
 - equipment trust, 28
 - face-amount, 208
 - of limited partnership, 38–39
 - negotiable CDs, 35–36
 - right, 14
- Certificates of deposit (CDs), negotiable, 35–36
- The Characteristics and Risks of Standardized Options (OCC), 94
- Claims on assets:
 - junior, 9
 - residual, 8
- Clearing, 91–94
 - American vs. European exercise, 95
 - and carrying of customer accounts, 91–92
 - and DTCC, 92–94
 - expiration and exercise, 95
 - and OCC, 94
 - pretest, 99
- Clearing banks, 83
- Clearing broker dealers, 82–83
- Clearly erroneous reports, 59
- Closed-end companies, 209–210
- Close outs, 64
- CMOs (collateralized mortgage obligations), 34
- COD, 62
- Code of Arbitration, 258–259
- Code of Procedure, 258
- Collateralized mortgage obligations (CMOs), 34
- Collateral trust certificates, 28
- College savings plans, 242
- Combination privileges, 224
- Combined margin accounts, 201–202
- Combined offerings, 107
- Commercial paper, 36
- Commingling, of customers’ pledged securities, 181
- Common stock:
 - converting bonds into, 30
 - as equity securities, 3–9
- Communications:
 - correspondence, 264
 - and ERISA, 250
 - institutional, 263–264
 - misleading, 266
 - with public, 261–266
 - retail, 262–263
- Companies, investment, 207–229
- Competitive tenders, 32
- Complaints:
 - customer, 155
 - industry rules and regulations for, 270–274
 - trade, between members, 145
- Compliance review, annual, 157
- Confirmations:
 - customer, 64–66
 - and record keeping, 79
- Consolidated Quotation System (CQS), 140
- Consumers, 182
- Contingent deferred sales charge (CDSC), 220
- Continuing education, 153–154
- Continuous primary offerings, 209
- Contributions:
 - to annuities, 238
 - employer’s, to SEP IRAs, 242
 - to IRAs, 242
 - to Keogh plans, 244
 - political, 274–275
 - to Roth IRAs, 241
 - to SEP IRAs, 241–242
 - to TDAs/TSAs, 246
 - to traditional IRAs, 240
 - to UGMA accounts, 175
- Control securities, 110–112
- Control stock, 111
- Conversion privileges, 224–225
- Convertible bonds, 29
- Convertible preferred stock, 11
- Cooling-off period, 102
- Coordination Act, 276–277
- Corporate accounts, 171
- Corporate action department, 57
- Corporate bonds, 21
- Corporate money market instruments, 35–36
- Corporate resolutions, 171
- Corporate retirement plans, 246
- Corporate securities, 101–119
 - exempt securities, 108–109
 - exempt transactions, 109–115
 - and FINRA Rule 5130, 105–106
 - pretest, 117–119
 - prospectuses for, 102–104
 - and Rule 137, 115

- Corporate securities (*continued*)
 and Rule 138, 115
 and Rule 139, 116
 and Rule 415, 116
 and Securities Act of 1933,
 101–102
 tombstone ads for, 104–105
 underwriting, 106–108
 Corporate timeline, 3–4
 Corporations, 207–208
 Correspondence, 264
 Counterfeit securities, 86
 Court orders, 173
 Covered persons, 71–72
 CQS (Consolidated Quotation
 System), 140
 CRD, *see* Central Registration
 Depository
 Credit:
 extension of, 257
 and FRB, 179
 regulation of, 187–190
 Credit agreements, 180
 Crossing stock, 128–129
 “C” shares, 221
 CTRs (currency transaction
 reports), 157–158
 Cumulative method (voting), 7
 Cumulative preferred stock, 10–11
 Currency risks, 20
 Currency transaction reports
 (CTRs), 157–158
 Currency transactions, 157–158
 Current yields (bonds), 25–26
 Custodians:
 for IRA accounts, 243
 for UGMA accounts, 174–175
 Custodian banks, 214
 Custody department, 57
 Customers:
 death of, 170
 defined by Regulation S-P, 182
 established, 270
 Customer accounts, 165–185
 and bulk account transfers,
 178–179
 carrying of, 91–92
 commingling customers’ pledged
 securities, 181
 corporate accounts, 171
 day trading accounts, 181
 and death of customers, 170
 discretionary accounts, 172
 and DTC, 168
 for employees of other broker
 dealers, 176
 fiduciary accounts, 172–174
 guaranteeing, 180–181
 holding securities for, 167–168
 mailing instructions for, 168–169
 margin accounts, 179–180
 numbered accounts, 176
 opening new, 165–167
 partnership accounts, 170–171
 pretest, 183–185
 prime brokerage accounts,
 176–177
 and record keeping, 78
 and Regulation S-P, 182
 sharing in, 55
 trading authorization for, 171–172
 transfers of, 177–178
 trusts, 171
 types of ownership of, 169–170
 UGMA accounts, 174–176
 wrap accounts, 181–182
 Customer account statements, 68
 Customer agreements, 166
 Customer complaints, 155
 Customer confirmations, 64–66
 Customer coverage, 267
 Customer protection rule, 87–90
- D**
 Dark pools (term), 140
 Day orders, 121
 Day trading:
 defined, 181
 margin requirements for,
 200–201
 Day trading accounts, 181
 Day trading margin calls, 200–201
 DEA (designated examining
 authority), 256
 Dealers, 141
 Death:
 of custodian of UGMA account,
 175
 of customers, 170
 of minor of UGMA account, 175
 Debentures, 28–29
 Debt securities, 20–37
 agency issues, 32–34
 bond certificates, 23
 bond pricing, 23–25
 bond types, 20–23
 bond yields, 25–27
 CMOs, 34
 defined, 2
 and money market, 35–37
 municipal bonds, 34–35
 pretest, 46
 secured bonds, 27–28
 Treasury bills, notes, and bonds,
 31–32
 and Trust Indenture Act
 of 1939, 31
 unsecured bonds, 28–31
 Declaration date (dividends), 68–69
 Deferred compensation retirement
 plans, 247
 Defined benefit retirement plans,
 248
 Defined contribution retirement
 plans, 248
 Delivery:
 brokerage office procedures for,
 66–67
 of investment adviser brochures,
 279
 requirements of, 133
 Depository Trust & Clearing
 Corporation (DTCC), 92–94
 Depository Trust Company (DTC):
 and clearing, 93
 partial account transfers handled
 by, 178
 transfer of securities by, 168
 Designated examining authority
 (DEA), 256
 Designated market makers (DMMs),
 126–128
 Direct investment (variable
 annuities), 233
 Direct participation programs
 (DPPs):
 as limited partnerships, 41
 quoted on OTCBB, 139
 Direct Registration System (DRS),
 168

- Disciplinary actions, 52
 Disclosures, by mutual funds, 218
 Discount bonds, 24, 27
 Discretionary accounts, 172
 Dissolving limited partnerships, 43
 Distributions:
 of assets, 10
 automatic reinvestment of, 224
 of dividends, 68–71
 of mutual funds, 215–216
 of no-load mutual fund shares, 215
 from TDAs/TSAs, 246
 Dividends:
 cash as, 12
 from common stock, 8
 distribution of, 68–71
 from equity securities, 12–13
 from preferred stock, 10
 product as, 13
 property as, 13
 stock as, 12–13
 stopped or reduced, 9
 Dividend disbursement agents, 70
 DK (don't know), 60
 DMMs (designated market makers), 126–128
 DNR (do not reduce) orders, 129
 Dodd Frank Wall Street Reform Act of 2010, 276–277
 Do not reduce (DNR) orders, 129
 Don't know (DK), 60
 Double ETFs, 226
 DPPs, *see* Direct participation programs
 DRS (Direct Registration System), 168
 "D" shares, 221
 DTC, *see* Depository Trust Company
 DTCC (Depository Trust & Clearing Corporation), 92–94
 Due bills, 70–71
 DVP, 62
- E**
 ECNs (Electronic Communication Networks), 138
 Education, continuing, 153–154
 Educational IRAs, 242
 Electronic Communication Networks (ECNs), 138
 Electronic format, 83
 Employees:
 hiring, 49–50
 of other broker dealers, accounts for, 176
 Employee Retirement Income Security Act of 1974 (ERISA), 249–250
 Employee stock ownership plans (ESOPs), 248
 Employment, outside, 53
 Employment applications, 79
 Equipment leasing programs, 41
 Equipment trust certificates, 28
 Equity (in margin accounts):
 customer's, 190–191
 excess, 191–192, 197–198
 Equity indexed annuities, 234
 Equity requirements:
 for long margin accounts, 194–195
 for short margin accounts, 199–200
 Equity securities, 2–20
 ADRs/ADSs, 20
 and capitalization, 2–3
 common stock, 3–9
 defined, 2
 dividends, 12–13
 options, 15–20
 preferred stock, 9–12
 pretest, 45–47
 rights, 13–14
 warrants, 14–15
 ERISA (Employee Retirement Income Security Act of 1974), 249–250
 Errors, execution, 59–60
 Error accounts, 59–60
 ESOPs (employee stock ownership plans), 248
 Established customers, 270
 ETFs (exchange traded funds), 226
 European exercise, 95
 Excess equity:
 in long margin accounts, 191–192
 in short margin accounts, 197–198
 Exchanges, 125
 Exchange privileges, 224–225
 Exchange traded funds (ETFs), 226
 Ex dividend date (dividends), 69
 Execution:
 errors in, 59–60
 of order, 56–57
 Exemptions:
 (k)(2)(A) broker dealer, 88
 (k)(2)(B) broker dealer, 88
 to penny stock cold call rule, 270
 to registration, 51
 to Rule 203, 133
 to SEC 17a-3–17a-4, 82
 to SEC Rule 15c3-3, 88
 to Telephone Consumer Protection Act of 1991, 269
 Exempt securities, 108–109
 Exempt transactions, 109–115
 Exercise:
 American vs. European, 95
 and clearing, 95
 as outcome of option, 17
 as outcome of right, 6, 13
 Exercise price, 17
 Expiration:
 and clearing, 95
 as outcome of option, 17
 as outcome of right, 6, 14
 Extension of credit, 257
- F**
 Face-amount certificates, 208
 Face-amount companies, 208
 Fannie Mae, 33
 Federal Bureau of Investigation (FBI), 86
 Federal fund loans, 36
 Federal Home Loan Mortgage Corporation (FHLMC), 33–34
 Federal Income Clearing Corporation (FICC), 94
 Federal National Mortgage Association (FNMA), 33
 Federal Reserve Board (FRB), 179, 187
 FHLMC (Federal Home Loan Mortgage Corporation), 33–34
 FICC (Federal Income Clearing Corporation), 94

Fidelity bonds, 91
 Fiduciary accounts, 172–174
 FIFO (first in, first out), 95
 Fill or kill (FOK) orders, 124–125
 Final prospectuses, 102–103
 Financial operations principals (FINOPs), 151
 Financial requirements, 83–85, 90–91
 fidelity bonds as, 91
 of FINRA, 90
 pretest, 98
 and SEC, 83–85
 Financial statements, 89
 FINOPs (financial operations principals), 151
 FINRA:
 financial requirements of, 90
 organization of, 258–259
 FINRA membership, 259–260
 FINRA Rule 2210, 262–264
 FINRA Rule 5130, 105–106
 FINRA's 5% markup policy, 142
 Firewalls, 268–269
 Firm element (continuing education), 153–154
 Firm quotes, 135
 Firm quote rule, 144–145
 First in, first out (FIFO), 95
 501c3 organizations, 246
 529 plans, 242
 Fixed annuities, 232
 Fixed rate, 9
 Floor rate, 234
 FNMA (Federal National Mortgage Association), 33
 FOCUS reports:
 as fundamental reporting form, 89
 net capital computations on, 79
 FOK (fill or kill) orders, 124–125
 Foreign accounts, 159
 Form 1-A, 114
 Form 4789, 157–158
 Form ADV Part II, 279
 Form G37, 275
 Form G38, 275
 Form N-CSR, 218
 Form N-PX, 218

Form S-1, 101
 Form SB1, 114
 Form SB2, 114
 Form U4:
 for new employees, 49–50
 and record keeping, 79
 for registration of associated persons, 260
 Form U5, 50–51
 401K plans, 249
 403b institutions, 245
 Fourth market, 140
 FRB (Federal Reserve Board), 179, 187
 Freddie Mac, 33–34
 Free riding and withholding rule, 105–106
 Free services, 266
 Front-end loads, 220
 Full discretion:
 for fiduciary accounts, 173
 investment advisers with, 277
 Full power of attorney:
 for discretionary accounts, 172
 for fiduciary accounts, 173
 Fully disclosed broker dealers, 84
 Fully registered bonds, 22
 Funding (of retirement plans), 250

G

General ledgers, 78
 General partners, 37–38
 General Securities Principal exam (Series 24), 152–153
 Gift rule, 54–55
 Ginnie Mae, 33
 GNMA (Government National Mortgage Association), 33
 Good til cancel (GTC) orders, 121
 Government money market instruments, 36–37
 Government National Mortgage Association (GNMA), 33
 Gramm-Leach-Bliley Act, 182
 Green provisions, 106
 Growth, as objective, 8
 GTC (good til cancel) orders, 121
 Guaranteeing, customer accounts, 180–181

H

Hiring, 49–50
 Holding securities, 167–168
 Hold in street name, 168
 Hot issues, 105
 House rules, 190
 Hypothecation, 188
 Hypothecation agreements, 180

I

IDC (intangible drilling costs), 40–41
 Immediate or cancel (IOC) orders, 124
 Income:
 as objective of common stock, 8
 phantom, 29
 Income bonds, 29
 Indirect investment, 233
 Individual accounts, 169
 Individual retirement accounts (IRAs), 240–244
 Individual retirement plans, 239
 Ineligibility, for registration, 51–52
 Information:
 customer, regular updates of, 167
 investor, 155
 material, 268
 for new customer accounts, 165–166
 nonpublic, 182, 268
 nonpublic material, 268
 nonpublic personal, 182
 obtained from issuers, 154–155
 public, 268
 Initial public offerings (IPOs):
 for closed-end companies, 209
 defined, 106
 and warrants, 14
 Inside market, 136–137
 Insiders, 268
 Insider trading, 268
 Insider Trading and Securities Fraud Enforcement Acts of 1988, 268
 INSTINET, 140
 Institutional communications, 263–264
 Institutional customers, 144

- Institutional investors:
 for institutional communications, 263–264
 prime brokerage accounts for, 176–177
 and private placements, 109–110
- Insurance, annuities as, 232
- Intangible drilling costs (IDC), 40–41
- Interest, accrued, 63–64
- Interested persons, 213
- Interest rates:
 AIR, 237–238
 and CMOs, 34
 and preferred stock prices, 10
- In the money options, 18
- Intrastate offerings, 115
- Intrinsic value, 19–20
- Introducing broker dealers:
 defined, 91
 financial requirements for, 84
 and record keeping, 82–83
- Investment advisers, 214
- Investment adviser brochures, 279
- Investment adviser registration, 275–277
- Investment adviser representatives, 277–278
- Investment banker, 106
- Investment companies, 207–229
 and anti-reciprocal rule, 218
 and disclosures by mutual funds, 218
 and ETFs, 226
 and money market funds, 218–219
 and mutual fund distribution, 215–216
 and mutual fund prospectuses, 216–217
 and mutual fund sales charges, 219–221
 organization of, 207–208
 and portfolio turnover, 226
 pretest, 227–229
 registration of, 210–212
 and sales charge reductions, 221–225
 specialized functions in, 212–215
- types of, 208–210
 valuing mutual fund shares by, 219
 and voting rights of investors, 225–226
- Investment Company Act of 1940:
 board makeup governed by, 213
 and investment companies, 208
- Investment company offerings, 208
- Investors:
 accredited, 39, 109–110
 bullish vs. bearish, 16
 institutional, 109–110, 176–177, 263–264
 nonaccredited, 110
 voting rights of, 225–226
- Investor information, 155
- Investor-to-investor transactions:
 purchasing stock in, 58
 as secondary market transactions, 121
- IOC (immediate or cancel) orders, 124
- IPOs, *see* Initial public offerings
- IRAs (individual retirement accounts), 240–244
- Irrevocable trusts, 171
- Issues:
 additional, 107
 agency, 32–34
 hot, 105
 new, 106
- Issued stock, 4
- Issuers, information obtained from, 154–155
- J**
- Joint accounts, 169
- Joint tenants in common (JTIC), 169
- Joint tenants with rights of survivorship (JTWROS), 169
- Joint with last survivor payout option, 237
- Journal entry bonds, 22–23
- JTIC (joint tenants in common), 169
- JTWROS (joint tenants with rights of survivorship), 169
- Junior claim, on corporate assets, 9
- K**
- (k)(2)(A) broker dealer exemptions, 88
- (k)(2)(B) broker dealer exemptions, 88
- Keogh plans (HR-10), 244–245
- L**
- Laundering money, 157–158
- Legal list, 173
- Legend stock, 110
- Lending money, 55
- Lettered stock, 110
- Letter of intent, 222
- Level-load funds, 221
- Liabilities, 3
- Liability, limited, 7
- Life only/straight life payout option, 236
- Life with period certain payout option, 236–237
- Limited discretion:
 for fiduciary accounts, 173
 investment advisers with, 277
- Limited liability, 7
- Limited partners, 37
- Limited partnerships (LPs), 37–43
 analysis of, 42
 dissolving, 43
 DPPs, 41
 pretest, 46
 structuring and offering, 38–39
 and taxation, 41–43
 types of, 39–41
- Limited power of attorney:
 for discretionary accounts, 172
 for fiduciary accounts, 173
- Limit orders:
 buy, 122
 sell, 122
 stop, 123–124
- Literature, advertising and sales, 278–279
- LMV (long market value), 190–194
- Loads:
 back-end, 220–221
 front-end, 220
 level, 221
 no-load funds, 218
 no-load mutual fund shares, 215

Loans:
 federal fund, 36
 nonrecourse, 42
 recourse, 42
 Loan consent agreements, 180
 Long margin accounts, 190–195
 Long market value (LMV), 190–194
 Lost securities, 86–87
 LPs, *see* Limited partnerships

M

Mailing instructions, 168–169
 Maintenance calls, 195, 199
 Maintenance requirements, 79–83
 Maloney Act of 1938, 257
 Management investment companies, 209–210
 Margin accounts, 187–205
 combined, 201–202
 as customer accounts, 179–180
 house rules for, 190
 long, 190–195
 portfolio, 202
 pretest, 203–205
 and regulation of credit, 187–190
 requirements for day trading, 200–201
 short, 195–200
 Margin calls:
 day trading, 200–201
 for long margin accounts, 195
 for portfolio margin accounts, 202
 for short margin accounts, 199
 Margin department, 57
 Markdowns, when acting as principal, 142–143
 Market:
 fourth, 140
 inside, 136–137
 negotiated, 135
 Pink OTC, 139
 PORTAL, 113
 secondary, 15, 23, 58, 103
 third, 140
 two-sided, 135
 Market makers:
 financial requirements for, 85
 role in OTC markets, 135
 Market on close (MOC) orders, 124

Market on open (MOO) orders, 124
 Market orders, 121–122
 Marking to the market:
 brokerage office procedures for, 67
 and margin accounts, 191
 Markups, when acting as principal, 142–143
 Material information, 268
 Maximum allowable sales charge, 221
 Medallion Signature Guarantee Program, 66
 Mediation, 272
 Member offices, 156–157
 Mergers, 114
 MFPs (municipal finance professionals), 274–275
 Minimum equity requirements:
 for long margin accounts, 194–195
 for short margin accounts, 199–200
 Minor rule violations (MRVs), 271–272
 Misleading communications, 266
 Misrepresentations, 104
 Missing securities, 86–87
 MOC (market on close) orders, 124
 Money laundering, 157–158
 Money market, 35–37
 Money market funds, 218–219
 Money market instruments, 35–37
 Monthly trial balances, 79
 MOO (market on open) orders, 124
 Mortgage bonds, 28
 MRVs (minor rule violations), 271–272
 MSRB, 267
 MSRB Rule 37, 275
 MSRB Rule G-38, 274
 Municipal bonds, 21–22
 as debt securities, 34–35
 in IRAs, 243
 regulated by MSRB, 267
 Municipal finance professionals (MFPs), 274–275
 Mutual funds:
 disclosures by, 218

distribution of, 215–216
 prospectuses for, 216–217
 sales charge reductions for, 221–225
 sales charges for, 219–221
 valuing of shares, 219

N

NASD (National Association of Securities Dealers), 257
 Nasdaq:
 execution systems, 137
 as negotiated market, 135
 trading securities on, 135–138
 workstation services of, 136
 Nasdaq Level I subscription service, 136
 Nasdaq Level II subscription service, 136
 Nasdaq Level III subscription service, 136
 Nasdaq Market Center Execution System (NMCES), 137–138
 Nasdaq Market Operations, 145
 Nasdaq quotes, 136–137
 National Association of Securities Dealers (NASD), 257
 National Association of Securities Dealers Automated Quotation System, *see* Nasdaq
 National Securities Clearing Corporation (NSCC):
 and clearing, 93–94
 and threshold securities, 134
 National Securities Market Improvement Act of 1996, 276–277
 NAV (net asset value), 215, 219
 Negative response letter, 179
 Negotiable certificates of deposit (CDs), 35–36
 Negotiated market, 135
 Net asset value (NAV), 215, 219
 Net capital computations, 79
 Net transactions, with customers, 144
 Net worth, 3
 New account card, 166
 New customer accounts, 165–167
 New issues, 106

- New York Stock Exchange (NYSE):
 as exchange, 125
 and Medallion Signature
 Guarantee Program, 66
 Next day (settlement option), 61
 NH (not held) orders, 124
 NMCES (Nasdaq Market Center
 Execution System), 137–138
 No-load funds, 218
 No-load mutual fund shares, 215
 Nominal Nasdaq quotes, 137
 Nominal yields (bonds), 25
 Nonaccredited investors, 110
 Noncompetitive tenders, 32
 Noncumulative preferred stock, 10
 Nonequivalent securities, 115
 Noninterested persons, 213
 NonNasdaq OTC Bulletin Board
 (BB), 138–139
 Nonparticipants, 115
 Nonprofit organizations (501c3), 246
 Nonpublic information, 182, 268
 Nonpublic material information, 268
 Nonpublic personal information,
 182
 Nonqualified corporate retirement
 plans, 247
 Nonrecourse loans, 42
 Nonvoting nature (preferred stock),
 10
 Not held (NH) orders, 124
 Notices:
 annual privacy, 182
 and record keeping, 79
 NSCC, *see* National Securities
 Clearing Corporation
 Numbered accounts, 176
 NYSE, *see* New York Stock
 Exchange
- O**
 OATS (Order Audit Trail System),
 140–141
 OATS reports, 140–141
 OCC, *see* Options Clearing
 Corporation
 OFAC list, 158
 Offerings:
 combined, 107
 continuous primary, 209
 intrastate, 115
 investment company, 208
 IPOs, 106
 limited partnerships, 38–39
 primary, 107
 public, for LPs, 39
 Regulation A, 113–114
 Regulation D, 109–110
 Regulation S, 113
 secondary, 107
 small business, 114
 subsequent primary, 107
 Offering circular, 114
 Offices:
 branch, 156–157
 member, 156–157
 OSJ, 156
 satellite, 157
 Office of Foreign Assets Control, 158
 Office of supervisory jurisdiction
 (OSJ), 156
 Omnibus accounts, 92
 Open-end companies, 209–210
 Open trade, 60
 Operations professionals, 72
 Options:
 at the money, 18–19
 call, 16
 as equity securities, 15–20
 in the money, 18
 out of the money, 19
 put, 16
 Options Clearing Corporation
 (OCC):
 and clearing, 94
 option contracts issued by, 17
 Option premium:
 defined, 15
 types of, 18–19
 Orders, 121–125
 AON, 124–125
 buy limit, 122
 buy stop, 123
 day, 121
 DNR, 129
 FOK, 124–125
 GTC, 121
 IOC, 124
 market, 121–122
 MOC, 124
 MOO, 124
 NH, 124
 roundtrip, 181, 200
 sell limit, 122
 sell stop, 123
 stop, 122–123
 stop limit, 123–124
 stop loss, 122–123
 Order Audit Trail System (OATS),
 140–141
 Order execution, brokerage office
 procedures for, 56–57
 Order marking, Rule 200 and,
 132–133
 Order room, order execution and, 56
 Order tickets:
 brokerage office procedures for,
 55–56
 and record keeping, 79
 OSJ (office of supervisory
 jurisdiction), 156
 OTC market, *see* Over-the-counter
 market
 Outcomes:
 for options, 17
 for rights, 6, 13–14
 of warrants, 15
 Out of the money options, 19
 Outside employment, brokerage
 office procedures for, 53
 Outstanding stock, 4
 Over-the-counter (OTC) market:
 stock purchases on, 58
 trading securities on, 135–138
 Ownership of (customer accounts),
 169–170
- P**
 Parity (exchange orders), 125
 Parity price, 30–31
 Participating preferred stock, 11
 Partners, 37–38
 Partnerships, limited, *see* Limited
 partnerships
 Partnership accounts, 170–171
 Partnership agreements, 38, 170–171
 Par value:
 of bonds, 24
 of common stock, 5
 of preferred stock, 9

- Patriot Act, 158
 Pattern day traders, 200
 Payment, from annuities, 237–238
 Payment date:
 for dividends, 69
 for stock, 58
 Payout options, of annuities, 236–237
 Payroll deduction retirement plans, 247
 Penny stocks:
 defined, 269–270
 and pink sheets, 139
 Penny stock cold call rule, 269–270
 Periodic payment deferred annuities, 235
 Perpetual nature (preferred stock), 10
 Persons:
 affiliated, 213
 associated, 260–261
 covered, 71–72
 interested, 213
 noninterested, 213
 Phantom income, 29
 Pink OTC Market, 139
 Pink sheets, 139
 PIPEs (private investments in public equities), 113
 Plan participation, 250
 Pledged securities:
 commingling of, 181
 and Regulation T, 188
 Policy and procedures manual, 151
 Political contributions, 274–275
 Pools:
 blind, 42
 dark, 140
 POP (public offering price), 215, 219
 PORTAL Market, 113
 Portfolio margin accounts, 202
 Portfolio turnover, 226
 Posteffective amendment, 116
 Power of attorney:
 for discretionary accounts, 172
 for fiduciary accounts, 173
 Precedence (exchange orders), 125
 Predispute arbitration clause, 166
 Preemptive rights, 5–6
 Preferred stock:
 callable, 12
 convertible, 11
 cumulative, 10–11
 as equity securities, 9–12
 noncumulative, 10
 participating, 11
 straight, 10
 Preliminary prospectuses, 102
 Premiums:
 of bonds, 24
 option, 15
 Premium bonds, 24, 26–27
 Premium enhancement, 233–234
 Prepaid tuition plans, 242
 Primary offerings, 107
 Prime brokers, 176
 Prime brokerage accounts, 176–177
 Principals:
 markups/markdowns when acting as, 142–143
 review of customer complaints by, 155
 role of, in supervision, 151–153
 Series 24, 152–153
 specialists/DMMs as, 126–127
 Principal-only registration, 22
 Priority (exchange orders), 125
 Privacy notices, 182
 Private investments in public equities (PIPEs), 113
 Private placements:
 as exempt transaction, 109–110
 LPs offered through, 39
 Private securities transactions, 53–54
 Privileges:
 combination, 224
 conversion, 224–225
 exchange, 224–225
 Proceeds transactions, 144
 Product, as dividend, 13
 Profit-sharing retirement plans, 248–249
 Property, as dividend, 13
 Prospectuses:
 for aftermarket purchasers, 103
 for corporate securities, 102–104
 final, 102–103
 for mutual funds, 216–217
 preliminary, 102
 summary, 216–217
 Proxies, 71
 Prudent man rule, 173
 P&S (purchase and sales department), 56–57
 Public educational institutions (403b), 245
 Public information, 268
 Public offerings, 39
 Public offering price (POP), 215, 219
 Purchase and sales department (P&S), 56–57
 Purchase of stock, 57–59
 Purchase options, for annuities, 235
 Purchaser representatives, 110
 Put options, 16
- Q**
 Qualified corporate retirement plans, 247–248
 Qualified institutional buyers (QIBs), 112
 Quotes:
 firm, 135
 Nasdaq, 136–137
 nominal Nasdaq, 137
- R**
 Reclamation, 67
 Records:
 secondary, 78–79
 stock, 79
 subsidiary, 78–79
 Record date (dividends), 69
 Record inspection, 7–8
 Record keeping, 77–83, 85–90
 blotters, 77
 box counts, 85–86
 confirmations and notices, 79
 customer accounts, 78
 and customer protection rule, 87–90
 employment applications, 79
 general ledgers, 78
 and gift rule, 54
 maintenance requirements for, 79–83
 missing and lost securities, 86–87
 monthly trial balances, 79
 net capital computations, 79
 order tickets, 79
 pretest, 97–99

- requirements for advertising/sales literature, 278–279
 - and SEC Rules 17a-3 and 17a-4, 81–83
 - securities position books, 79
 - subsidiary records, 78–79
 - suspense accounts, 78
 - Recourse loans, 42
 - Red herring, 102
 - Registered bonds, 22
 - Registered representatives:
 - disciplinary actions against, 52
 - resignation of, 50–51
 - Registrations:
 - of agents/associated persons, 260–261
 - exemptions to, 51
 - ineligibility for, 51–52
 - of investment adviser representatives, 277–278
 - of investment advisers, 275–277
 - of investment companies, 210–212
 - principal-only, of bonds, 22
 - shelf, 116
 - state, 261
 - Registration statement, 101–102
 - Regular way transactions:
 - for corporate and municipal securities, 61
 - for government securities, 62
 - Regulation A offerings, 113–114
 - Regulation D offerings, 109–110
 - Regulation Filing Application (RFA), 134–135
 - Regulation G, 257
 - Regulation of credit, 187–190
 - Regulation SHO, 131
 - Regulation S offerings, 113
 - Regulation S-P, 182
 - Regulation T:
 - authority given to FRB by, 179
 - for broker dealers, 257
 - and margin accounts, 187–190
 - violations of, 58–59
 - Regulation U, 257
 - Regulatory element (continuing education), 154
 - Rehypothecation, 188
 - Reinvestment, automatic, 224
 - Rejection, of delivery, 67
 - Reorganization, of ownership, 114
 - Reports:
 - annual audit, 217
 - clearly erroneous, 59
 - CTRs, 157–158
 - FOCUS, 79, 89
 - OATS, 140–141
 - research, 116
 - SARs, 158
 - short-interest, 134–135
 - Repurchase agreements, 36
 - Requirements:
 - for aftermarket prospectuses, 103
 - capital, 277
 - of delivery, 133
 - financial, 83–85, 90–91
 - maintenance, for record keeping, 79–83
 - margin, for day trading, 200–201
 - Research reports, 116
 - Residual claim to assets, 8
 - Resignation, of registered representatives, 50–51
 - Resolution (of allegations), 271
 - Restricted securities, 110–112
 - Restricted stock:
 - and Rule 144, 111–112
 - sold in private placement, 110
 - Retail communications, 262–263
 - Retirement plans, 239–250
 - corporate, 246
 - deferred compensation plans, 247
 - defined benefit plans, 248
 - defined contribution plans, 248
 - educational IRAs, 242
 - and ERISA, 249–250
 - ESOPs, 248
 - 529 plans, 242
 - 401K plans, 249
 - individual, 239
 - IRAs, 240–244
 - Keogh plans (HR-10), 244–245
 - nonqualified corporate, 247
 - payroll deduction plans, 247
 - pretest, 251–253
 - profit-sharing plans, 248–249
 - qualified corporate, 247–248
 - rolling over pension plans, 249
 - Roth IRAs, 241
 - SEP IRAs, 241–242
 - thrift plans, 249
 - traditional IRAs, 240
 - TSAs/TDAs as, 245–246
 - Revocable trusts, 171
 - RFA (Regulation Filing Application), 134–135
 - Rights:
 - of common stockholders, 5–8
 - as equity securities, 13–14
 - preemptive, 5–6
 - Right certificate, 14
 - Rights of accumulation, 223
 - Risks:
 - of common stock, 9
 - currency, 20
 - Riskless principal transactions, 143–144
 - Roll over:
 - of pension plans, 249
 - transfer vs., for IRAs, 243–244
 - Roth IRAs, 241
 - Roundtrip orders, 181, 200
 - Rule 137, 115
 - Rule 138, 115
 - Rule 139, 116
 - Rule 144, 110–112
 - Rule 144A, 112–113
 - Rule 145, 114
 - Rule 147, 115
 - Rule 200, 132–133
 - Rule 203, 133
 - Rule 415, 116
 - Rules of Fair Practice, 257–258
 - RVP, 62
- S**
- Sales:
 - as outcome of option, 17
 - as outcome of right, 6, 13
 - Sales charges:
 - back-end loads, 220–221
 - for closed-end funds, 220
 - for “C” shares, 221
 - for “D” shares, 221
 - front-end loads, 220
 - maximum allowable, 221
 - for open-end funds, 219
 - surrender charges, 238
 - 12B-1 fees, 221
 - for variable annuities, 238

- Sales charge reductions, 221–225
 - Sales department, 56
 - SARs (Suspicious Activity Reports), 158
 - Satellite offices, 157
 - Schedule H, 182
 - SDBK (Super Display Book), 130
 - SDSC (contingent deferred sales charge), 220
 - SEC, *see* Securities and Exchange Commission
 - SEC disclaimer, 104
 - Secondary market:
 - as aftermarket, 103
 - bonds traded on, 23
 - stock purchases on, 58
 - warrants traded on, 15
 - Secondary market transactions, 121, 255
 - Secondary offerings, 107
 - Secondary records, 78–79
 - SEC Rule 15c2-1, 181
 - SEC Rule 15c3-3, 88
 - SEC Rules 15g-2–15g-9, 269–270
 - SEC Rules 17a-3–17a-4, 77, 81–83
 - SEC Rule 17a-5, 89
 - SEC Rule 17f-1, 86
 - SEC Rule 134, 104
 - Secured bonds, 27–28
 - Securities:
 - borrowing, 133
 - control, 110–112
 - corporate, 101–119
 - counterfeit, 86
 - debt, 20–37
 - defined, 1–2
 - equity, 2–20
 - exempt, 108–109
 - holding, 167–168
 - lost, 86–87
 - missing, 86–87
 - nonequivalent, 115
 - pledged, 181, 188
 - private, 53–54
 - restricted, 110–112
 - settlement options of, 61–63
 - threshold, 134–135
 - trading, 121–149
 - when-issued, 62
 - Securities Acts Amendments of 1975, 267
 - Securities Act of 1933:
 - and corporate securities, 101–102
 - and investment companies, 208
 - Securities and Exchange Commission (SEC):
 - and financial requirements, 83–85
 - securities industry rules and regulations, 256
 - Securities Exchange Act of 1934:
 - and proxies, 71
 - and Regulation T, 187
 - securities industry rules and regulations, 255–256
 - Securities industry rules and regulations, 255–286
 - for advertising, 265–266
 - for advertising and sales literature, 278–279
 - for arbitration, 272–274
 - for broker dealer websites, 264–265
 - Code of Arbitration, 258–259
 - Code of Procedure, 258
 - for communications with public, 261–266
 - and extension of credit, 257
 - and FINRA membership, 259–260
 - FINRA Rule 2210, 262–264
 - and firewalls, 268–269
 - for free services, 266
 - Insider Trading and Securities Fraud Enforcement Acts of 1988, 268
 - for investment adviser registration, 275–277
 - for investment adviser representatives, 277–278
 - for mediation, 272
 - for misleading communications, 266
 - and NASD, 257
 - penny stock cold call rule, 269–270
 - for political contributions, 274–275
 - pretest, 283–286
 - for registration of agents/associated persons, 260–261
 - Rules of Fair Practice, 257–258
 - and SEC, 256
- Securities Acts Amendments of 1975, 267
 - Securities Exchange Act of 1934, 255–256
 - SIPC, 266–267
 - for soft dollars, 279–281
 - for state registration, 261
 - Telephone Consumer Protection Act of 1991, 269
 - for testimonials, 266
 - Uniform Practice Code, 258
 - USA, 281
 - for violations and complaints, 270–274
 - Securities Information Center (SIC), 86–87
 - Securities Investor Protection Corporation Act of 1970 (SIPC), 266–267
 - Securities position books, 79
 - Self-clearing members, 91–92
 - Self-regulatory organizations (SROs):
 - defined, 256
 - inclusion of threshold securities by, 134
 - Seller's option, 61
 - Selling away violations, 53
 - Selling group member, 215
 - Sell limit orders, 122
 - Sell stop orders, 123
 - SEP (simplified employee pension) IRAs, 241–242
 - Series 24 principals, 152–153
 - Services, free, 266
 - Settlement date (stock), 58
 - Settlement options, 61–63
 - Settlor functions, 249–250
 - Shelf registration, 116
 - Short-interest reports, 134–135
 - Short margin accounts, 195–200
 - Short market value (SMV), 196–199
 - Short positions, 64
 - Short sales, 130–133
 - SIC (Securities Information Center), 86–87
 - Signature card, 166–167
 - Simplified arbitration, 273
 - Simplified employee pension (SEP) IRAs, 241–242

- Single payment deferred annuities, 235
- Single payment immediate annuities, 235
- SIPC (Securities Investor Protection Corporation Act of 1970), 266–267
- Small business offerings, 114
- SMAs, *see* Special memorandum accounts
- SMV (short market value), 196–199
- Soft dollars, 279–281
- Specialists, 126–128
- Special memorandum accounts (SMAs):
 for long margin accounts, 193–194
 for short margin accounts, 197–198
- Special reserve bank accounts, 87–88
- SROs, *see* Self-regulatory organizations
- Standby underwriting, 14
- Stated dividend rate, 9
- Statements:
 customer account, 68
 financial, 89
 registration, 101–102
- State registration, 261
- State securities administrators, 281
- Statutory method (voting), 7
- Stocks:
 authorized, 3–4
 callable preferred, 12
 common, 3–9, 30
 control, 111
 convertible preferred, 11
 crossing, 128–129
 cumulative preferred, 10–11
 as dividend, 12–13
 as equity, 2
 issued, 4
 legend, 110
 lettered, 110
 noncumulative preferred, 10
 outstanding, 4
 participating preferred, 11
 penny, 139, 269–270
 preferred, 9–12
 purchase of, 57–59
 restricted, 110–112
 straight preferred, 10
 treasury, 4
- Stock price, 69–70
- Stock record, 79
- Stock split adjustments, 129–130
- Stop limit orders, 123–124
- Stop loss orders, 122–123
- Stop orders, 122–123
- Straight preferred stock, 10
- Subchapter S corporations, 41
- Subordinated debentures, 28–29
- Subscription agreements, 39
- Subscription price, 6, 13
- Subsequent primary offerings, 107
- Subsidiary records, 78–79
- Summary prospectuses, 216–217
- Super Display Book (SDBK), 130
- Supervision, 151–164
 and business continuity plan, 157
 of continuing education, 153–154
 of currency transactions, 157–158
 of customer complaints, 155
 and foreign accounts, 159
 and information obtained from issuers, 154–155
 and investor information, 155
 of member offices, 156–157
 and Patriot Act, 158
 pretest, 161–164
 role of principals in, 151–153
 and supervisory manual, 151
 and U.S. accounts, 159
- Supervisory manual, 151
- Surrender charges, 238
- Suspense accounts, 78
- Suspicious Activity Reports (SARs), 158
- T**
- Taxation:
 of IDC, 40–41
 of LPs, 41–43
 of UGMA accounts, 175
 of variable annuities, 238
- Tax benefits, of LPs, 38
- Tax credits, 42
- Tax deductions, 42
- Tax-deferred accounts (TDAs), 245–246
- Tax-exempt organizations (501c3), 246
- Tax-sheltered annuities (TSAs), 245–246
- TDAs (tax-deferred accounts), 245–246
- Technical analysts, 123
- Telephone Consumer Protection Act of 1991, 269
- Tenders:
 competitive, 32
 noncompetitive, 32
- 1035 exchange, 238
- Termination:
 for cause, 53
 of LPs, 43
- Term life policy, 247
- Testimonials, 266
- Third market, 140
- Third party accounts, 172–174
- Threshold securities, 134–135
- Thrift plans, 249
- Time value, 19–20
- TOD (transfer on death) accounts, 170
- “Tolled” registrations, 51
- Tombstone ads:
 for corporate securities, 104–105
 industry rules and regulations for, 265–266
- Trades:
 canceled, 60
 open, 60
 unconfirmed, 60
- Trade complaints, between members, 145
- Trade date (stock), 58
- Trading, 121–149
 brokers vs. dealers in, 141
 crossing stock, 128–129
 day, 181
 DNR orders, 129
 exchanges for, 125
 FINRA’s 5% markup policy, 142
 and firm quote rule, 144–145
 on fourth market, 140
 insider, 268
 markups/markdowns when acting as principal, 142–143

- Trading (*continued*)
- net transactions with customers, 144
 - NonNasdaq OTC BB, 138–139
 - and OATS, 140–141
 - on OTC/Nasdaq, 135–138
 - pink sheets, 139
 - pretest, 147–149
 - proceeds transactions, 144
 - riskless principal transactions, 143–144
 - role of specialists/DMMs in, 126–128
 - and SDBK, 130
 - short sales, 130–133
 - and stock split adjustments, 129–130
 - on third market, 140
 - threshold securities, 134–135
 - and trade complaints between members, 145
 - types of orders, 121–125
- Trading authorization, 171–172
- Traditional IRAs, 240
- Transactions:
- broker, 111–112
 - currency, 157–158
 - exempt, 109–115
 - investor-to-investor, 58, 121
 - net, 144
 - private securities, 53–54
 - proceeds, 144
 - regular way, 61, 62
 - riskless principal, 143–144
 - secondary market, 121, 255
- Transfers:
- bulk account, 178–179
 - of customer accounts, 177–178
 - roll over vs., for IRAs, 243–244
- Transfer agents:
- of investment companies, 215
 - signatures accepted by, 66
- Transfer and hold in safekeeping, 168
- Transfer and ship, 167
- Transfer on death (TOD) accounts, 170
- Treasury bills, 31–32
- Treasury bonds, 31–32
- Treasury notes, 31–32
- Treasury receipts, 32
- Treasury stock, 4
- Treasury STRIPS, 32
- Trusts:
- as customer accounts, 171
 - investment companies as, 207–208
- Trust agreements, 173
- Trust indentures, 31
- Trust Indenture Act of 1939, 31
- TsAs (tax-sheltered annuities), 245–246
- Turnover, portfolio, 226
- Two-sided market, 135
- U**
- UGMA (Uniform Gift to Minors Act) accounts, 174–176
- UIT (unit investment trust), 208–209
- Ultra ETFs, 226
- Unconfirmed trades, 60
- Underwriters, 215
- Underwriters' compensation, 107–108
- Underwriting:
- for corporate securities, 106–108
 - standby, 14
- Underwriting agreements:
- green provisions in, 106
 - reviewed by FINRA, 107
- Uniform Application for Securities Industry Registration, 49
- Uniform Gift to Minors Act (UGMA) accounts, 174–176
- Uniform Practice Code, 258
- Uniform Reclamation Form, 67
- Uniform Securities Act (USA), 281
- Uniform Termination Notice for Securities Industry Registration, 50
- Uniform Transfer to Minors Act (UTMA), 175
- Units:
- accumulation, 235–236
 - annuity, 236
 - and warrants, 14
- U.S. accounts, 159
- U.S. government agencies, 21
- Unit investment trust (UIT), 208–209
- Unsecured bonds, 28–31
- UPC Rule 11830, 64
- USA (Uniform Securities Act), 281
- UTMA (Uniform Transfer to Minors Act), 175
- V**
- Variable annuities, 231–239
- and 1035 exchange, 238
 - and accumulation units, 235–236
 - and annuity units, 236
 - payment, size of, 237–238
 - payout options of, 236–237
 - pretest, 251–253
 - purchase options for, 235
 - sales charges for, 238
 - taxation of, 238
 - types of, 231–234
- Vesting (of retirement plans), 250
- Violations:
- backing away, 137
 - breakpoint sale, 223
 - MRVs, 271–272
 - of Regulation T, 58–59
 - securities industry rules and regulations for, 270–274
 - selling away, 53
- Voting rights:
- absentee ballot, 71
 - of common stockholders, 6–7
 - of investors, 225–226
- W**
- Warrants, 14–15
- Websites, of broker dealers, 264–265
- When-issued securities, 62
- Wire room, 56
- Withdrawals, from Keogh plans, 244–245
- Wrap accounts, 181–182
- Y**
- Yields:
- of bonds, 25–27
 - current, 25–26
 - to maturity, of bonds, 26–27
 - nominal, 25
- Z**
- Zero-coupon bonds, 29