

Qstream MSPP Trial - Financial Services [UPDATED]

Number of questions: 5

Description

Qstream on Financial Services

Syllabus

Questions on Governance, Financial Statements, Trading and handling Customer Complaints.

(Multiple Choice): Q1 - Traditional IRA Distributions



At what age must a customer begin taking required minimum distributions from a traditional IRA?

Choices:

- 70½
- 65
- 60
- 59½

Explanation:

You cannot keep retirement funds in your account indefinitely. You generally have to start taking withdrawals from your IRA or retirement plan account when you reach age 70½. Roth IRAs do not require withdrawals until after the death of the owner.

Your **required minimum distribution** is the minimum amount you must withdraw from your account each year.

- You can withdraw more than the minimum required amount.
- Your withdrawals will be included in your taxable income except for any part that was taxed before or that can be received tax-free (such as qualified distributions from designated Roth accounts).

For more information on retirement plans click [here](#).

Question Topics: Traditional IRA Distributions

(Multiple Choice): Q2 - Regulation T Governance



Which entity governs Regulation T?

Choices:

- ✓ Federal Reserve Board
- ✗ New York Stock Exchange
- ✗ Financial Industry Regulatory Authority
- ✗ Securities and Exchange Commission

Explanation:

Federal Reserve Board Regulation T (also referred to as Reg T) is 12 CFR §220 - Code of Federal Regulations, Title 12, Chapter II, Subchapter A, Part 220 (Credit by Brokers and Dealers).

Regulation T governs the extension of credit by securities brokers and dealers in the United States. Its best-known function is the control of margin requirements for stocks bought on margin. The initial margin requirement for such margin stock purchases is 50%, and has been since 1974, but Regulation T gives the Federal Reserve the authority to change that percentage.

Raising the margin requirement ostensibly reduces risk in the financial system by reducing the potential leverage and total buying power of investors. Conversely, lowering the margin requirement ostensibly increases systemic risk by expanding the buying power and leverage available to investors. Since 1974 the Federal Reserve has not deemed it necessary to adjust the margin requirement, despite periodic extremes of price volatility in the equities markets.

For more information on Federal Reserve Board click [here](#).

Question Topics: Regulation T Governance

(Multiple Choice): Q3 - Reviewing Financial Statements



Which of the following requests made by a customer concerning his statements is a potential red flag?

Choices:

- Change the customer's mailing address to the branch office address.
- Send duplicate statements to a third party.
- Mail all the customer's account statements in one envelope.
- Hold the customer's mail because he will be traveling abroad.

Explanation:

Every few minutes worldwide someone falls prey to identity theft. Identity thieves may drain accounts, damage credit, and even put medical treatment at risk. The cost to business can be staggering, too.

The **Red Flags Rule** requires many banks and financial institutions to implement a written identity theft prevention program designed to detect the "red flags" of identity theft in their day-to-day operations, take steps to prevent the crime, and mitigate its damage. The bottom line is that a program can help spot suspicious patterns and prevent the costly consequences of identity theft.

For more information on identity theft click [here](#).

Question Topics: Reviewing Financial Statements

(Multiple Choice): Q4 - Understanding Trades



The terms "DK" or "Don't Know" apply to which of the following?

Choices:

- ✓ Uncompared CNS trades
- ✗ Stock record breaks
- ✗ Failing securities
- ✗ ACATS trades

Explanation:

Trade Comparison is the matching process through which the two parties to a brokerage transaction – the buy side and the sell side – agree on the key components of the securities transaction.

The key components of a securities trade are:

1. Side – Buy or Sell
2. Security – the specific issuer and financial instrument traded
3. Contra Broker – the firm with which the trade was executed
4. Quantity – the exact number of shares, bonds, options etc. traded
5. Price – the agreed upon execution price of the trade
5. Accrued Interest – the appropriate amount (BONDS ONLY)

At such time that both parties – buy side and sell side – agree on all key trade components, a trade comparison or contract results. A trade comparison or contract creates a legally binding securities transaction.

If the contra broker does not agree with the specific trade details on the trade Comp, the contra broker will "DK" the Comp. DK is a brokerage industry acronym that stands for "Don't Know". Upon receiving a DK notice, the P&S Department must refer the item back to the originating trader for investigation and resolution.

For more information on trade comparisons click [here](#).

Question Topics: Understanding Trades

(Multiple Choice): Q5 - Handling Customer Complaints



A firm receives a written complain from a customer of misappropriation of funds and securities in the customer's account. Who should the complaint be reported to?

Choices:

- ✓ Financial Industry Regulatory Authority (FINRA)
- ✗ Securities Industry and Financial Markets Association (SIFMA)
- ✗ North American Securities Administrators Association (NASAA)
- ✗ Securities and Exchange Commission (SEC)

Explanation:

Independent regulation plays a critical role in America's financial system—by enforcing high ethical standards, bringing the necessary resources and expertise to regulation and enhancing investor safeguards and market integrity —all at no cost to taxpayers.

Every investor in America relies on one thing: fair financial markets. That's why FINRA works every day to ensure that:

- Every investor receives the basic protections they deserve;
- Anyone who sells a securities product has been tested, qualified and licensed;
- Every securities product advertisement used is truthful, and not misleading;
- Any securities product sold to an investor is suitable for that investor's needs; and
- Investors receive complete disclosure about the investment product before purchase.

Last year, through their aggressive vigilance, FINRA brought 1,535 disciplinary actions against registered brokers and firms. They levied more than \$65 million in fines. And ordered more than \$9.5 million in restitution to harmed investors. They also referred 660 fraud and insider trading cases to the SEC and other agencies for litigation and/or prosecution.

For more information about FINRA click [here](#).

Question Topics: Handling Customer Complaints
