

## FREE SERIES 63 KEY FACTS

We offer an online Series 63 exam prep course that includes over 3 1/2 hours of online video instruction. Our full pdf study manual and over 400 questions are also included. Please go to [www.testeachersonline.com/series63](http://www.testeachersonline.com/series63) for more information.

- If you receive a written complaint from a customer, refer it to your supervisor.
- If you represent a Broker/Dealer in the sale of security, you must register as an agent (no exceptions, even if all you sell is exempt securities).
- If you represent an Issuer selling exempt securities or in exempt transactions, you need not register as an agent.
- Just because your broker/dealer is registered in all states doesn't mean you have to be.
- You cannot sell securities to a customer out-of-state UNLESS both you and your broker/dealer are registered in that state.
- You can only represent one broker/dealer at a time.
- If you terminate employment, both you and your broker/dealer must notify the Administrator.
- A “guaranteed” security is guaranteed as to payment of dividends, interest or principal by someone other than the issuer.
- The federal securities law that relates to state registration by “coordination” is the Securities Act of 1933.
- If a security is to be registered in one state only, it would have to be registered by “Qualification” (this is known as an “intrastate offering”).
- Although you will pass your exam, you cannot sell securities in a state until your registration is effective in that state.
- A “non-issuer” transaction is a secondary market trade done by a selling shareholder.
- When you purchase stock in a private placement, you are buying “unregistered securities” (private placements are an exempt transaction under the USA).
- If a broker/dealer receives a complaint that their agent is selling unregistered securities, the broker/dealer must be able to prove that the securities are exempt from registration.
- Remember, the “person” claiming an exemption must be able to prove that they are entitled to it.
- The word “person” is broadly defined under the USA, but does not include minors.

- If you are selling securities issued by a US bank as a representative of the bank, you need not register as an agent.
- Registration of a firm as an Investment Adviser automatically registers the firm's partners, officers or directors as Investment Adviser Representatives.
- The definition of a Broker/Dealer DOES NOT include agents, issuers or banks, savings institutions or trust companies.
- An agent selling securities on behalf of a broker/dealer who gives incidental investment advice to his clients NEED NOT register as an investment adviser (incidental means that no separate advisory fee is charged).
- If you only give advice on fixed annuities, you NEED NOT register as an investment adviser.
- Muni bonds, units of a Real Estate Investment Trust, units of a limited partnership and stock of a bank are all considered to be securities, although some may be “exempt” from registration (a security is very broadly defined).
- An Investment Advisory firm (if a partnership) must notify clients whenever it is merged with another firm, a partner leaves or a new partner is added, but NOT when a clerical person leaves.
- Investment Advisory fees cannot be based on gains over a period of time, although they can be based upon total performance over a definite time.
- Any waiver your customer signs regarding your violation of the USA is “null and void.”
- The maximum penalties that can be levied for willful violations of the USA are three years in jail and a fine of \$5,000.
- The Administrator may issue a “cease and desist” order, with or without a prior hearing, to a person engaged in a prohibited activity.
- Conviction of a securities related crime more than 10 years ago is not grounds for denial of your registration.
- The Administrator MAY NOT deny a registration solely on the basis of lack of experience.
- Securities must be registered in this state UNLESS they are exempt, are sold in an exempt transaction or are considered to be “federally covered” securities.
- A “federally covered” security includes securities sold in the secondary markets (such as those listed on national exchanges or on the NASDAQ National Market and mutual fund shares).
- You can omit a fact in your sales presentation if the reasonable person would not consider it to be important.