

SERIES 7 "CHEAT" SHEET

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| <p style="text-align: center;">STOCKS</p> <p>"CLCT" ($MP_{stk} - SP_n$) ÷ # of Rts DeRP (vs. DREP for MFs) ADR: 0 votes; div in \$; fac. foreign investm</p> <div style="margin-left: 20px;"> <p>Auth.</p> <p>Issued Not</p> <p>O/S Treas.</p> <p>Rights – Stand-by</p> <p>Warrants – Perpetual</p> </div> | <p style="text-align: center;">BONDS</p> <p>Y ↑ P ↓</p> <p style="text-align: center;">Cpn "C-M-C"</p> <p style="text-align: center;">↑</p> <p>CY = $Cpn \div Mkt.P$ C-G-M Serial (killer): same issue; Δ mat. (inverse order) OID = zeroes = college CMO: corp., tranches, prepymt. risk, like ST ST rates fluctuate; LT prices fluctuate Quote lower of YTM or YTC (xcpt. pre-ref.) T, S, S-1, ← (30/360 for munis & corp.) 1939: Trust Indenture Act (for corp.)</p> | <p style="text-align: center;">MUNIS</p> <p>1819: Doctrine of Reciprocal Immunity TEY (muni) = $Corp * (1 - tax)$ TEY (corp) = $Muni \div (1 - tax)$ Official Stmt: like prospectus Offering Circular: Reg A Offering Memo: Reg D MSRB "favorite" # = 2 (T=2, 2 yrs. inspection, return unsucc bid w/l 2D) PG(S)M</p> |
| <p style="text-align: center;">SECURITIES REG.s (Registration)</p> <p>1933: Paper Act Xmpt: Govt., Comm. Ppr., 147, D & A 147: Intrastate (80/100 Rule) Reg D: Accred. Inv. = \$1M NW or \$200K NI 144: Restricted Stock [1+4+4=9] 144a: Qlfd. Institutions exempt Reg A: Small Issuer (<\$5M) 415: Shelf Registration</p> <div style="margin-left: 20px;"> <p>Spread</p> <p>Mgr. Fee TakeDown</p> <p style="margin-left: 40px;">Addtl. SG Reall.</p> <p>Filing → Cooling Off (20 D) → Letr of Def. → Effective Firm/Best Efforts/AON/Stand-by</p> </div> | <p style="text-align: center;">SECURITIES MARKETS (Trading)</p> <p>1^o, 2^o, 3rd (Intermarket), 4th (Instinet) AON (wait Day or GTC @ 4/30 & 10/31) FOK (all now) IOC (now, but partial) Sheets: Pink (Stk); Blue (Bond); Yellow (Corp); White/Green (Reg.) 8 Xchgs: A/B/C/D/M/N/P/P (X) "W-P-M-C" <u>SL BS</u> "BL SS" (auto P ↓ @ ex) SOES: by-pass floor broker (small & public) COD or DVP settlement = 35D</p> | <p style="text-align: center;">SELF-REGULATORY ORGS (SROs)</p> <p>1938: Maloney Act 396: NYSE 9-Bond 405: Know Your Customer</p> <div style="margin-left: 20px;"> <p>Parents</p> <p>In-Laws Siblings</p> <p>Children</p> <p>Capacity: "a-b-c" vs. principle/dealer/market-maker/inventory/mark-up 1991: Telecomm. Act 15c2-6: Penny Stock (suitability stmt) 1974: SIPC (\$500k/\$100k cash) 1988: Insider Trading (treble damages)-rpt w/l 10D Advertising must be approved 10D prior to use U-4: 10 years</p> </div> |
| <p style="text-align: center;">SECURITIES ANALYSIS</p> <p><u>Fundamental</u> α: business risk EPS = $NI \div \# \text{ Shares}$ T/O = $Sales \text{ Revenue} \div Inventory$ Interest Coverage = $NI \div Interest$ Payout Ratio = $Dividends \div NI$ RE Ratio = $RE \div NI$ CY = $Dividend \div Mkt.P$ P/E Ratio = $Mkt.P \div EPS$ WC = $CA - CL$ Current Ratio = $CA \div CL$ Cash Flow = $NI + Depreciation$ LTC = Bonds + Stock Debt ratio = $Bonds \div LTC$</p> <p><u>Technical</u> β : market/systematic risk Keynesian: govt. intervention Monetarist: \$ Supply (M1, M2, M3) Supply-siders: Tax Code Laissez-Faire: capitalism Cyclical/Defensive/Growth</p> | <p style="text-align: center;">MARGIN TRADING</p> <p>LMV – DB = EQ Req Min SMA CB – SMV = EQ Reg T = 50% Reg U (collateral) = 140% * DB Min Maint = 25% (30% @ short) SMA ↑: MV ↑ or sell stk or add \$ or div/int Call: add exact \$, bring 4/3 * DB collateral or sell 4 * sec. @ acct. Options are NOT marginable Reg T settlement = 5D (vs. Reg Way) "short" & "initial" → \$2,000 (always!)</p> | <p style="text-align: center;">OPTIONS</p> <p>Hold = Buy = Long (choice) Write = Sell = Short (obligation) LC -- -- WED/NUC SC ++ long: volatility LP + -- short: stability SP -- + ML of Holder = Premium L Stk -- Cov'd Call = SC + LStk (not aggr) S Stk + OEX (100); OMX (500)</p> <div style="margin-left: 20px;"> <p>Premium</p> <p>Intrinsic (MP-SP) Time Value</p> <p>"protection" → long "prot. & income" → short NOTHING ordinary about options (all STCapital) Straddle: 2 Bes Spread: Vertical/Price; Horizontal/Calendar; DB or CB (highest Prem.); Bull/Bear (buy to SP & sell hi SP for bull) LC: MG unlimited SC: ML unlimited OCC → B/D (random) → Clients (FIFO) ODD → Open Acct → Approve → Trade → Agrmt. (15D) LEAPS = 33 months</p> </div> |
| <p style="text-align: center;">MUTUAL FUNDS</p> <p>1940: Inv. Company & Advisors Acts Profess. Mgt./Diversifctn/Lo Costs/Liquidity OP = NAV + SL or OP = $NAV \div (1 - SL\%)$ Max SL = 8.5% OP 7 days: B/D returns SL if bad sale redemptions LOI: 13 months (back-date 90 days) CGDs are always LT (must be dist. annually) FIFO unless avg. cost or spec. ID elected Closed-end: IPO (fixed sh & \$)/xchg-traded UITs: IPO/fixed portfolio/supervised</p> | <p style="text-align: center;">TAXES/RETIREMENT PLANS</p> <p>Wash Sale Rule LT Capital > 1 year Penalties: 6% excess contribution 10% early w/d (59-1/2) 50% excess accumulation (70-1/2) AMT: Tax Preference Items = IDCs and IDRs</p> | <p style="text-align: center;">ANNUITIES</p> <p>Taxed as ordinary income @ w/d (LIFO) AIR: used to calculate 1st p/o only used to compare all future p/o's does not apply to pay-in phase Fixed = CDs vs. Variable = MFs For "Retirement Savings"</p> |
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