

Series 6 Exam Final Cram Guide

Aug 2025 (Topics covered from Reddit, Series 7 Guru, Kaplan, and my test experience)

Disclaimer: This is a supplemental guide after you complete reading the whole book. The guide covers topics and questions that are often reported on the Series 6 Exam from previous test takers, these question types are often ones that are worded to trick or confuse you. This document is for educational purposes only and should be used after completing your primary study program. It is not comprehensive, topics may appear on the exam that are not covered here. I passed on the first go, and this helped a lot. I'm hoping people will be able to add suggestions for content they remember from the test. It is not affiliated with, endorsed by, or sourced directly from FINRA, NASAA, the SEC, Kaplan, or any other official test prep provider. Users are responsible for confirming all information against current, official regulatory sources.

Each section includes:

✔ What the test asks ! Why it matters ! Traps to avoid 🧠 Memory tips

1. Mutual Fund Taxation & Muni Fund Rules

✔ What's Tested

- Dividends & capital gains are taxable in the year paid — even if reinvested
- Qualified dividends = lower capital gains rate
- Muni bond fund interest = federal tax-exempt (state depends on residence)

• Capital gains from Muni funds = taxable (See capital gains on the test? Always taxed because they are profit from the sale of securities, not interest earned)

! Why It Matters: Tests your recall on tax treatment vs. income type — easy trick questions here.

! Trap: “Reinvested” ≠ tax-free. Uncle Sam taxes based on distribution year, not when you take cash.

! Trap:

- Mutual funds are NOT eligible for 1035
- Surrender charges may still apply even though taxes are deferred

🧠 Tip: “Interest may hide, gains can't.”

🧠 Tip: “Uncle Sam always gets paid—even if you don't.”

2. Variable Annuity Taxation & Death Benefit Rules

✔ What's Tested

- Withdrawals = LIFO (earnings out first → taxed as ordinary income)
 - Withdrawals from **non-qualified annuities**:
 - **Earnings** = taxed ordinary income
 - **Return of principal** = tax-free
 - Withdraw before **age 59½** = 10% IRS penalty on **earnings**
 - Death Benefit = Greater of:
 - Initial investment, OR
 - Value of separate account at death**...Minus any outstanding loans or withdrawals**

! Why It Matters: Death benefit questions blend with suitability & tax.

⚠ Trap: Confusing annuities with stocks — **stocks can get step-up basis, annuities don't!!!!!!!** (the cost basis here means you are taxed more, remember cost basis is what you paid and got when you first got it, the government will want more taxes if it can get it, so this makes the cost basis much less = more taxes for Uncle Sam)

🧠 Tip: "Cost basis last, tax hits first."

3. Dollar-Cost Averaging (DCA) & DRIPs

✔ What's Tested:

- DCA: investing **fixed dollar** amount at **regular intervals** → buys more shares when prices are low, fewer when high → lowers average cost per share
- DRIP: Dividends reinvested automatically to buy more shares. Great program but taxes are still owed, just because you don't see the cash does not mean the government does not.

! Why It Matters: Long-term suitability scenario favorite.

⚠ Trap: DRIP ≠ tax-free; still owe taxes on dividends.

🧠 Tip: "Buy more when it's low = smarter average."

4. ADRs (American Depositary Receipts)

✓ What's Tested:

- **ADRs** (American Depositary Receipts) allow U.S. investors to invest in foreign companies via U.S. exchanges
- Carry **currency risk**
- Subject to **foreign withholding tax**, but investor can claim a **foreign tax credit**

! **Why It Matters:** One of the few foreign exposure topics on Series 6. Investors must be aware of **tax treatment** and **risk**.

! **Trap:** Confusing ADRs with domestic equities → ADRs are **still subject to global issues**.

🧠 **Memory Tip:**

“ADRs = Abroad, Dollars, Risk.”

5. Arbitration vs Mediation

✓ What's Tested

- Arbitration = binding; required in most BD agreements
- Mediation = voluntary, non-binding

! **Why It Matters:** Appears in ethics, complaint resolution, and regulatory section.

! **Trap:** Only arbitration has binding decision — FINRA can't force mediation outcome.

! **Trap:** Don't assume FINRA can end mediation due to bias—that only applies to arbitration.

🧠 **Tip:** “Mutual agreement vs. absolute decision.”

6. NAV, POP, and Forward Pricing

✓ What's Tested

- $NAV = (\text{Assets} - \text{Liabilities}) \div \text{Shares}$
- $POP = NAV \div (1 - \text{Sales Charge \%})$

- Sales Charge % = $(POP - NAV) \div POP$
- Mutual fund orders are processed at the **next NAV calculated after** the order is received (Forward Pricing)

! Why It Matters: Formulas show up every exam.

! Trap: If it asks for SC% use the SC% formula, if it just asks for SALES CHARGE its POP-NAV= Sales charge

! Trap: Using wrong pricing date — it's forward pricing, never same-day unless before calculation cut-off

🧠 Tip: "NAV is what you get, POP is what you pay."

7. FINRA Rule 2210 – Communications Rules

✓ What's Tested:

- **Retail communication** = >25 people → pre-approval by principal (IPR, Research)
- **Correspondence** = ≤25 people → no pre-approval needed, post-review OK
- Emails, seminar invites, social posts can all count

! Why It Matters: FINRA tests classification traps.

! Trap: Email blast to 40 = retail, not correspondence. Unless it's like hey we moved buildings, or our name changed to Stinky Corp it's gonna be retail

! Trap: Social media blasts count as retail if static

🧠 Tip: "Over 25? Get it checked alive."

8. Account Opening Rules

✓ What's Tested

- Must collect:
 - Customer name, DOB, address, SSN (or applied for and provided within a reasonable time frame)
 - Investment objectives
 - Rep and principal signatures (If the principal does not sign it CAN'T TRADE)
- Changes (like objective) must be updated **before next trade**

! Why It Matters: FINRA loves “can you trade before update?” traps.

! Trap: You can't execute until record updated.

🧠 Tip: “Know before you trade.”

9. BrokerCheck Disclosure

✓ What's Tested:

- Must be disclosed at **account opening**
- Must provide **annual written disclosure**
- Must be on firm **homepage**

! **Why It Matters:** Part of FINRA ethics/regs. Easy question if remembered.

! **Trap:** Forgetting the **annual** reminder is required.

🧠 **Memory Tip:** “Open, Homepage, Yearly. BrokerCheck = always in view.”

10. Fundamental vs Technical Analysis

✓ What's Tested:

- **Fundamental:** Earnings, P/E ratios, balance sheets, management quality
- **Technical:** Charts, volume, trends, moving averages

! **Why It Matters:** A few direct comparison questions often appear.

! **Trap:** Confusing technical with economic indicators.

🧠 **Memory Tip:** “Fundamentals = finance; Technical = time & trend.”

11. UITs, Closed-End, Open-End Funds

✓ What's Tested:

- **UITs:** Fixed portfolio, no manager, not actively traded, redeemable only with issuer
- **Closed-end:** Traded on exchange, priced by market (not NAV and be more or less than NAV), may trade at premium/discount
- **Open-end (Mutual funds):** Continuous issuance, priced once daily at NAV + sales charge

! **Why It Matters:** Test will ask about **differences** in trading, pricing, or redemption.

! **Trap:** Thinking UITs trade on exchanges — **they don't.**

🧠 **Memory Tip:**

Closed-end = Exchange

Open-end = NAV

UIT = Set it and forget it

12. 12b-1 Fees & Share Classes

✓ What's Tested:

- Max 12b-1 = **1% total**, but **0.25% max** for 'no-load' funds
- Share classes:

- **Class A:** Front-end load, best for long-term investors, breakpoints apply, ROA, LOI
- **Class B:** Back-end (CDSC), converts to A after ~6 years (Higher 12b-1 fees)
- **Class C:** Level load, best for short-term investors (Even Higher 12b-1 fees)

! **Why It Matters:** Fund fees = common suitability and cost comparison questions.

! **Trap:** Forgetting that **Class C never qualifies for breakpoints.**

🧠 **Memory Tip:**

A = Ahead (front-end) -> Long time + A lot of money

B = Back (back-end) -> Long time + smaller amount of money (Higher fees)

C = Constant (level fee) -> short time (Higher fees add up quick)

13. Breakpoints & Letters of Intent (LOIs)

✓ **What's Tested:**

- Breakpoints = discounts for large **purchases (good, breakpoint sale? BAD)**
- LOI = commit to future breakpoint level (13 months to complete) (Backdate 90 days)
- Rights of accumulation = count prior holdings (Same fund family) for breakpoints

! **Why It Matters:** Test may ask **which investor qualifies** for a lower sales charge.

! **Trap:** Assuming LOI is binding — it's **not** (but sales charge retroactively adjusted if met) (Shares held in escrow until paid)

🧠 **Memory Tip:** "LOI = Lay Out Intent, 13 months to save some cents"

14. T+1 Settlement Rule

✓ **What's Tested:**

- Most securities now settle **T+1** (1 business day after trade)
- Mutual fund redemption = **T+1**
- Option **exercise** = T+1
- Option **trade** = T+1

🧠 **Memory Tip:**

"T+1 — get it done by tomorrow."

15. Investment Company Act of 1940

✓ **What's Tested**

- Defines 3 types of investment companies:
 1. **Face-amount certificate**
 2. **Unit Investment Trust (UIT)**
 3. **Management company** (open- or closed-end)
- Must register with SEC if **≥100 shareholders** or public offering

! **Why It Matters:** Reg framework for funds

! **Trap:** Hedge funds not under this act.

🧠 Tip: “1940 = mutual fund law.”

🧠 Tip: Fun investments are **F**(FAC)**U**(UIT)**M**(Management)

Think SpongeBob 🧡: Chum is FUM

16. Coverdell ESA vs 529 Plans

✅ What's Tested:

- **Coverdell ESA:**
 - Max \$2,000/year
 - Must be used by age **30**
 - Income limits apply
 - Can buy supplies, tutoring, for k12 as well
- **529 Plan:**
 - No income limits
 - No age limit
 - Higher contribution limits (varies by state)
 - Can pay K-12 and college expenses

They are Muni plans = Official Statement

! **Why It Matters:** 529 is a **hot Reddit topic** — often tested for **tax-free growth** and **qualified vs non-qualified use**

⚠️ **Trap:** Thinking 529 plans are only for college — they can be used for K–12 (up to \$10K/year)

🧠 Memory Tip:

“529 = Flexible and Forever

ESA = Early Start, Age cutoff”

17. TIPS & STRIPS

✅ What's Tested:

- **TIPS** = Treasury Inflation-Protected Securities
 - Adjusted for inflation
 - Pays fixed rate on inflation-adjusted principal
- **STRIPS** = Zero-coupon Treasuries
 - Deep discount, no interest payments
 - Taxable each year on **phantom income**

! **Why It Matters:** Shows up in suitability + fixed-income topics

⚠️ **Trap:** STRIPS are taxable yearly even without cash flow.

🧠 Tip: TIPS = Protection from inflation Vs STRIPS = No tips, just tax and zero coupon”

18. Redemption Rules for Mutual Funds

✓ What's Tested:

- Must be paid **within 7 calendar days**
- Price based on **next NAV (forward pricing)**
- Redeem directly with the fund (not on exchange)

! **Why It Matters:** Often a trick question on timing of redemption and payment

! **Trap:** Assuming mutual fund trades work like stocks — they don't.

🧠 **Memory Tip:** "Mutual fund sells = 7-day pay day."

19. Life Insurance Loans & Tax Rules

✓ What's Tested:

- Loans = **tax-free** while policy is in force (They do have interest paid back into the fund however and if it's not paid will reduce death benefit)
- If policy lapses = loan becomes **taxable**
- Loan reduces death benefit **only if unpaid**

! **Why It Matters:** May appear in annuity vs insurance comparison or beneficiary scenarios

! **Trap:** Forgetting that death benefit is **not reduced** if loan is repaid

🧠 **Memory Tip:** "Loan is fine, if policy's alive."

20. Investment Risk Types

✓ What's Tested

- **Market risk** = can't diversify away
- **Credit/default risk** = issuer can't pay
- **Liquidity risk** = can't sell quickly
- **Inflation risk** = purchasing power loss
- **Interest rate risk** = bond prices fall as rates rise
- **Reinvestment risk** = future coupon reinvested at lower rates

! **Why It Matters:** Shows up in risk-matching or suitability

! **Trap:** Confusing reinvestment risk (on callable/high-coupon bonds) with interest rate risk

🧠 **Memory Tip:** "Risk isn't one-size-fits-all — match it to the call."

21. Regulation M – New Issue Rules

✓ What's Tested

- Prohibits market manipulation around distribution of new securities
- Stabilization allowed by underwriter to support price must be at or below POP

- Cooling-off period = no sales, only indications of interest

! Why It Matters: Shows up in “what can/can’t you do” format.

! Trap: Stabilization ≠ pumping stock price above POP.

🧠 Tip: “POP is the ceiling, not the trampoline.”

22. Reg T – Margin Rules

✓ What’s Tested

- Initial requirement = 50% purchase price
- Payment due T+4
- Mutual funds cannot be purchased on margin

! Why It Matters: Often tested in account funding context.

! Trap: Thinking margin = leverage for all products; IPOs & MFs need 30 days before marginable.

🧠 Tip: “Day 1 cash for funds, Day 30 margin for fun.”

23. Conduit Theory (or Pipeline)

✓ What’s Tested

- Investment companies avoid taxation if ≥90% of income distributed to shareholders
- REITs = same concept (also REITs are exposure to real estate without having to buy it)

! Why It Matters: Shows up in tax & investment company structure questions.

! Trap: Thinking conduit = tax-free to investors — it’s pass-through, so investors pay tax.

🧠 Tip: “They pass it through; you pay it too.”

25. Customer Complaints – Rule 4513

✓ What’s Tested

- Must be in writing to be a complaint
- Maintain complaint file for 4 years

- Quarterly report to FINRA of complaints

! Why It Matters: Timeline-based questions common.

! Trap: Verbal ≠ official complaint.

🧠 Tip: “Written words make it real.”

26. Principal Review Timelines

✓ What's Tested

- New accounts approved by principal promptly after opening (Before first trade)
- Options accounts: principal approval before first trade
- Advertising: pre-approved before use

! Why It Matters: “Before” vs “after” is a favorite test trick.

! Trap: Options ≠ same-day approval after trade — must be before.

🧠 Tip: “Options first get the boss’s blessing.”

27. Prospectus Delivery Rules

✓ What's Tested

- Mutual funds: at or before confirmation
- IPOs: 25 days for exchange-listed, 90 days for OTC
- No highlighting or altering

! Why It Matters: FINRA loves timeline match questions.

! Trap: “Before settlement” ≠ same as “before confirmation.”

🧠 Tip: “Confirm before you deliver.”

28. DPP Suitability Standards

✓ What's Tested

- Must evaluate liquidity, risk, tax status, investment objectives

- illiquid, high-risk, long-term investments

! Why It Matters: Series 6 loves suitability traps.

! Trap: Selling to investors needing short-term access to cash.

🧠 Tip: “DPP = Don’t Plan (to) Pull (cash soon).”

29. Options Disclosure Rules

✓ What’s Tested

- Options Disclosure Document (ODD) before account approval
- Signed options agreement within 15 days after approval

! Why It Matters: Only Series 6 option content is disclosure, not strategy.

! Trap: Confusing options trading approval with agreement signature.

🧠 Tip: “ODD before trade, signature after.”

30. MSRB Political Contribution Rules – Rule G-37

✓ What’s Tested

- \$250 limit per candidate per MFP per election if eligible to vote
- Violation = 2-year ban on negotiated business with that issuer

! Why It Matters: Pops up as “what’s the consequence” question.

! Trap: Limit applies per election — primary & general separate.

🧠 Tip: “Two-fifty or two years.”

31. 1035 Exchange Rules

✓ What’s Tested

- Tax-free transfer between life insurance & annuity, or annuity to annuity
- No annuity → life allowed

! Why It Matters: Tests product replacement suitability.

! Trap: Forgetting surrender charges or new contestability periods still apply.

🧠 Tip: “35 swaps keep IRS away.”

32. FINRA Continuing Education Rules

✅ What's Tested

- Regulatory Element: annually
- Firm Element: annually

33. AML & CIP Rules (PATRIOT ACT)

✅ What's Tested

- AML training = annual
- Suspicious Activity Report (SAR) = filed within 30 days (\$5K or more)
- CTR (cash >\$10k) = 15 days

! Why It Matters: Test loves SAR vs CTR timing

⚠️ Trap: Discussing SAR filing with client = violation.

🧠 Tip: “SAR (Sus) = 30 days, CTR = 15 days.”

34. Insider Trading Rules

✅ What's Tested

- Tipper & tippee both liable
- Penalties: treble damages, fines(x3), jail (20 years)

! Why It Matters: Ethics section favorite.

⚠️ Trap: Using MNPI even if you didn't pay for it = still illegal.

🧠 Tip: “If it's not public, keep it shut.”

35. Mutual Fund Redemption Fees

✅ What's Tested

- Max 2% (For short term traders 30-90 days)

- Forward pricing rule applies

! Why It Matters: Easy math-free question.

! Trap: Thinking it's part of sales charge — it's separate.

🧠 Tip: "Two percent max on your way out."

36. Reinvestment Risk vs Interest Rate Risk

✓ What's Tested

- Reinvestment risk = can't reinvest at same rate
- Interest rate risk = bond prices fall when rates rise

! Why It Matters: Suitability scenarios

! Trap: Swapping definitions — exam writers love it.

🧠 Tip: "Reinvest risk = rates drop; Interest rate risk = rates pop."

37. SIPC Coverage

✓ What's Tested

- \$500k total, \$250k cash max (Not for banks!!! For BD)
- Per separate customer

! Why It Matters: Compliance safety net content.

! Trap: SIPC does not protect market losses.

🧠 Tip: "Half mil total, quarter mil cash."

38. Cash vs Margin Accounts

✓ What's Tested

- Cash: full payment for trades
- Margin: borrow against securities, Reg T 50% initial margin

! Why It Matters: Simple but easy to overthink.

! Trap: Thinking all securities marginable immediately.

🧠 Tip: “Cash = all yours, Margin = half yours.”

39. Retirement Account Rules

✅ What's Tested

- Traditional IRA: pre-tax, RMD by 73, penalty if early
- Roth IRA: after-tax, no RMD
- 401(k): pre-tax, RMD by 73

! Why It Matters: Test hits differences & penalty triggers.

⚠️ Trap: Roth has income limits for contributions, not conversions.

🧠 Tip: “Roth = tax later, IRA = tax now.”

40. Investment Company Registration

✅ What's Tested

• \$100k net assets, 100 shareholders, SEC registration

! Why: Straight reg question

⚠️ Trap: Hedge funds exempt

🧠 Tip: 100/100 rule for funds.

41. Tax Equivalent Yield (TEY)

✅ What's Tested

- Formula: $TEY = \text{Tax-Free Yield} \div (1 - \text{Tax Rate})$
- Compares muni bonds (tax-free) to taxable bonds.
- Higher tax bracket → muni advantage increases.

! Why: Shows whether a taxable bond offers a better return than a tax-free muni.

⚠️ Trap:

- TEY \neq After-tax yield (that's taxable yield \times (1 - tax rate)).
- Unless stated, use federal taxes only.
- If "net yield" is already after-tax, don't reapply tax formula.

🧠 Tip: "TEY puts the tax back in." Divide by (1 - tax rate) to make a muni yield comparable to a taxable yield.

📌 Example: Muni = 3.6%, tax rate = 24% \rightarrow TEY = $3.6 \div 0.76 = 4.74\%$

42. Value Mutual Fund

✅ What's Tested

- Buys undervalued stocks with strong fundamentals.
- Goal: price appreciation when market recognizes value.

! Why: Distinguish from growth funds (focus on high earnings growth).

⚠️ Trap:

- Value \neq high dividend yield — can be growth + value mix.

🧠 Tip: "Value = bargain hunting."

43. Inherited IRA Treatment

✅ What's Tested

- Spouse: can roll into own IRA.
- Non-spouse: cannot roll into own; must transfer to beneficiary IRA.

! Why: SECURE Act 10-year rule — most must withdraw in 10 years.

⚠️ Trap:

- Only spouse can do spousal rollover; others = inherited account.

🧠 Tip: "Spouse = yes, others = beneficiary IRA."

44.. Mutual Fund — Investment Adviser Compensation

✓ What's Tested

- Adviser manages the portfolio per fund objectives
- Paid from fund assets (expense ratio), not sales loads
- Fee = % of AUM, increases/decreases with portfolio size
- Contract: approved by shareholders initially, renewed annually by board (majority independent)

! Why: Common test item — especially mixing up who gets paid from which fee

⚠ Trap:

- 12b-1 = marketing/distribution, not portfolio management
- Sales charges go to underwriter/BD, not adviser
- Fee is not fixed-dollar — it moves with asset value

🧠 Tip: AUM = Adviser's Upkeep Money" — more assets = more pay

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