

Securities Training Corporation

Best Practices for the SIE Exam

Securities Industry Essentials (SIE) Exam

| SIE Exam |
|--|
| 75 multiple-choice questions + 10 unscored questions (85 total) |
| 1 hour and 45 minutes allotted |
| 70% minimum required passing score |

| Sections, Concepts, and Chapter Locations | | # of Questions |
|---|--|---------------------|
| 1. | Knowledge of Capital Markets (Chapters 1, 2, 11, and 19) | 12 (16% of exam) |
| 2. | Understanding Products and their Risks (Chapters 3, 4, 5, 7, 8, 9, 10, and 20) | 33 (44% of exam) |
| 3. | Understanding Trading, Customer Accounts and Prohibited Activities (Chapters 6, 12, 13, 14, 15, and 16) | 23 (31% of exam) |
| 4. | Overview of the Regulatory Framework (Chapters 17 and 18) | 7 (9% of exam) |

The STC Study Process

- Step 1:** Watch On-Demand Video Lectures for Chapter 1
- Step 2:** Read Chapter 1 of Online Study Manual
- Step 3:** Review Online Flashcards for Chapter 1
- Step 4:** Create Custom Exam for Chapter 1 (10 Questions)
Repeat Steps 1 Through 4 for Each Chapter
- Step 5:** Complete Progress Exams (per schedule)
- Step 6:** Complete Final Exams

Student Homeroom – Navigating to Study Tools

From **my.stcusa.com**,
available learning tools are
automatically assigned within your course

| EXAM PREP | | | |
|---|---|---|---|
|  | Securities Industry Essentials (SIE) Exam Securities Industry Essentials (SIE) Exam | | VIEW MY SCORES |
|  | EXAM INFO |  | CALENDARS & CRUNCH TIME FACTS |
|  | Study Manual | Securities Industry Essentials (SIE) Exam Study Manual | Not Started VIEW |
|  | On Demands Expires: 03-01-22 | SIE On-Demand Lecture-1st Edition (MP4) | 4.76% VIEW |
|  | On Demands Expires: 03-31-22 | SIE Virtual Class Recording | Not Started VIEW |
|  | Flashcards Expires: 03-31-22 | SIE Flashcards-1st Edition | Not Started VIEW |
|  | Progress Exams Expires: 09-04-21 | SIE Progress and Greenlight Exams-1st Edition | Not Started VIEW |
|  | Final Exams Expires: 03-01-22 | SIE Final and Custom Exams-1st Edition | 25% VIEW |

Step 1 – Watch On-Demand Video Lectures



Select a Video

By Chapter

- Each video allows students to pause and/or rewind
- Designed to provide a broad overview of the material
- Activities included in On-Demand Video Lectures can be completed using the Learning Guide which is found in the On-Demand Lecture Section – in the **Documents** Tab (upper right corner)

Why Watch the Video First?

- Watching will speed up your reading
- Students can learn the information contextually
- Many students are auditory/visual learners

| On Demand | |
|--|-------------|
| Introduction | In Progress |
| Chapter 01: Overview of Market Participants and Market Structure | Complete |
| Chapter 02: Overview of Regulation | In Progress |
| Chapter 03: Equity Securities | In Progress |
| Chapter 04: An Introduction to Debt Instruments | Not Started |
| Chapter 05: Types of Debt Instruments | |
| Chapter 06: Investment Returns | |
| Chapter 07: Packaged Products | |
| Chapter 08: Variable Contracts and Municipal Fund Securities | |
| Chapter 09: Alternative Investments | |
| Chapter 10: Options | |
| Chapter 11: Offerings | |

Reference Documents

[Learning Guide/Workbook](#)

Use to take notes, answer questions and complete activities.

Chapter 01: Overview of Market Participants and Market Structure



On-Demand Chapters – Run-Times

| SIE Exam | | | |
|----------|----------|---------|----------|
| Chapter | Run-Time | Chapter | Run-Time |
| Intro | 16:47 | 11 | 1:43:56 |
| 1 | 54:47 | 12 | 52:03 |
| 2 | 49:39 | 13 | 49:03 |
| 3 | 1:00:48 | 14 | 1:17:38 |
| 4 | 1:30:56 | 15 | 58:27 |
| 5 | 1:35:27 | 16 | 1:18:17 |
| 6 | 1:00:16 | 17 | 37:18 |
| 7 | 1:41:06 | 18 | 42:40 |
| 8 | 57:10 | 19 | 47:14 |
| 9 | 43:23 | 20 | 41:17 |
| 10 | 1:47:35 | | |

Step 2 – Read Virtual or Print Study Manual

Read for Content and **Concept**

- It's not necessary to read an entire chapter multiple times

Use the **Create Custom Exams** feature (by chapter) to gauge reading comprehension and retention

Use the Calendar to monitor progress

- Contact your supervisor or STC if you're falling behind
- More extensive review of the material will come later in the study process

Securities Industry Essentials (SIE)

General Knowledge Examination

Study Manual – 1st Edition

The Final Exams are a **critical** part of your training. Logon to MY.STCUSA.com to access your Online Materials.

Visit www.STCUSA.com for more information, our Course Updates page and supplemental online products.

DISCLAIMER STC students are provided with both a print and online study manual. If discrepancies are discovered between these two manuals, please consider the online study manual to be the most current since it is updated in real-time.

STC Customer Service 800 782-1223 • info@stcusa.com

CHAPTER 1

Overview of Market Participation and Market Structure

Key Topics:

- *Types of Issuers*
- *How Firms Function*
- *Types of Investors*
- *Primary vs. Secondary Markets*
- *Clearing and Settlement*



Step 3 – Review Online Flashcards

Sort Flashcards by Chapter

- Build custom deck after reading each chapter
- Flashcards are an easy way to memorize rote facts

Three Ways to Build Custom Deck

1. By Chapter
2. By Exam Breakdown
3. By Key Concepts

The screenshot shows the 'Build Custom Flashcards Deck' interface for 'SIE Flashcards-1st Edition'. At the top, there is a blue header with the SIC logo and the text 'SIE Flashcards-1st Edition'. Below the header, the title 'Build Custom Flashcards Deck' is displayed. A 'Filter By:' section contains three tabs: 'Chapters' (which is selected and highlighted with a blue border), 'Exam Break Down', and 'Key Concepts'. To the right of the filter tabs is a 'Select All' checkbox. Below the filter tabs is a list of 11 chapters, each with a radio button to its left. The chapters are: Chapter 01: Overview of Market Participants and Market Structure, Chapter 02: Overview of Regulation, Chapter 03: Equity Securities, Chapter 04: Introduction to Debt Instruments, Chapter 05: Types of Debt Instruments, Chapter 06: Investment Returns, Chapter 07: Packaged Products, Chapter 08: Variable Contracts and Municipal Fund Securities, Chapter 09: Alternative Investments, Chapter 10: Options, and Chapter 11: Offerings. At the bottom of the interface, there is a status bar showing 'Cards Available: 0', 'Number of Cards (max of 0 allowed):' followed by a text input field containing '# Cards', and two buttons: 'Build Deck' and 'Back To Exam Center'.

Step 4 – Custom Exams

After each chapter, create a 10-question custom exam

CUSTOM EXAMS ARE FOUND WITHIN THE FINAL EXAM SECTION OF THE STUDENT HOMEROOM

Log in to <https://my.stcusa.com>

- From the Dashboard, select *Final Exams*, then scroll down and select *Create a Custom Exam*
- Now, select the appropriate chapter number and, at the bottom of the screen, enter 10 in the *Number of Questions* box, and then select *Build Exam*
 - You can choose *Show Explanations* to have explanations appear after each question is answered

Final Exams Expires: 03-01-22 SIE Final and Custom Exams-1st Edition 25% **VIEW**

Contains all of the questions from the Final Exams, but sorted by topic.

You can choose to answer any number of questions that are available for a chapter.

| Final Exams | | |
|---|-------------|---|
| Start Here – Instructions for Using the Final Exams | | > |
| Final Exam 01 | Complete | > |
| Final Exam 02 | Not Started | > |
| Final Exam 03 | Not Started | > |
| Final Exam 04 | Not Started | > |
| Final Exam 05 | Not Started | > |
| Final Exam 06 | Not Started | > |
| Final Exam 07 | Complete | > |
| Final Exam 08 | Incomplete | > |
| Create a Custom Exam | Complete | > |

Select the questions below that you would like to have in your quiz: Select All

- Chapter 01: Overview of Market Participants and Market Structure
- Chapter 02: Overview of Regulation
- Chapter 03: Equity Securities
- Chapter 04: Introduction to Debt Instruments
- Chapter 05: Types of Debt Instruments
- Chapter 06: Investment Returns
- Chapter 07: Packaged Products
- Chapter 08: Variable Contracts and Municipal Fund Securities
- Chapter 09: Alternative Investments
- Chapter 10: Options
- Chapter 11: Offerings

Questions Available: 0 Number of Questions (max of 0 allowed): **Build Exam** **Back To Exam Center**

Step 5 – Progress Exams

A/B-Version Quizzes

- Each quiz covers specific chapters
- Designed to test a student's understanding in a section before moving on
- Chapter remediation is provided
 - Exams can only be taken once!

Two Cumulative Greenlight Exams (save these for the end)

- **Greenlight 1** – To be completed half way through the final exams
 - Must be taken as a timed exam
 - Answers and explanations are provided upon completion
- **Greenlight 2** – To be completed after all Final Exams
 - Must be taken as a timed exam
 - Answers and explanations are provided upon completion

| Progress Exams | | |
|--|--|-------------------|
|  | Start Here – Instructions for Using the Progress Exams | > |
|  | Progress Exam 01A | ●●● Not Started > |
|  | Progress Exam 01B | ●●● Not Started > |
|  | Progress Exam 02A | ●●● Not Started > |
|  | Progress Exam 02B | ●●● Not Started > |
|  | Progress Exam 03A | ●●● Not Started > |
|  | Progress Exam 03B | ●●● Not Started > |
|  | Progress Exam 04A | ●●● Not Started > |
|  | Progress Exam 04B | ●●● Not Started > |
|  | Progress Exam Greenlight 1 | ●●● Not Started > |
|  | Progress Exam Greenlight 2 | ●●● Not Started > |

Chapters Covered in Progress Exams

| SIE Exam | |
|----------------------|------------------------|
| Progress Exam | Covers Chapters |
| 1A and 1B | 1 through 5 |
| 2A and 2B | 6 through 10 |
| 3A and 3B | 11 through 15 |
| 4A and 4B | 16 through 20 |

Step 6 – Complete Final Exams

Final Examinations

- Each final covers all of the chapters of the course
- Each final has different questions
- Final Exams should be taken after all of the Progress Exams have been completed
- Complete all of the Finals sequentially before retaking them
- Diagnostic review pinpoints areas for additional study
- Two methods of testing:
 1. Explanations **ON**
 - Read the question; select an answer
 - Receive immediate feedback and explanation of the correct answer
 2. Explanations **OFF**
 - Take the entire exam; receive score at the end
 - No feedback on performance while testing

| Final Exams | | |
|---|---|--|
|  | Start Here - Instructions for Using the Final Exams | > |
|  | Final Exam 01 |  Complete > |
|  | Final Exam 02 | --- Not Started > |
|  | Final Exam 03 | --- Not Started > |
|  | Final Exam 04 | --- Not Started > |
|  | Final Exam 05 | --- Not Started > |
|  | Final Exam 06 | --- Not Started > |
|  | Final Exam 07 | --- Not Started > |
|  | Final Exam 08 | --- Not Started > |
|  | Create a Custom Exam |  Complete > |

Additional Student Homeroom Tools

STC Leading the Way

Student Homeroom – My Scores – Question Format

SIE Final and Custom Exams-1st Edition

Help Documents **Email Instructor** Close

ams > Exam Center > Final Exam 01

2 of 85

Which of the following may NOT occur during the waiting period of the securities registration process?

A The underwriter publishes a tombstone ad

B An underwriter sends a red herring to a potential customer

C An RR accepts a cash deposit for the offering from an interested customer

D An RR discusses the offering with a customer over the phone

QID: 1809065

Mark For Review

INCORRECT ANSWER CHOSEN

During the waiting period (cooling-off-period), RRs may send customers the preliminary prospectus (red herring), discuss the issue with them, and accept (nonbinding) indications of interest. However, no part of the purchase price can be accepted until on or after the effective date.

(84102)

Exam Question Sample

- Each question is presented individually with multiple choice answers; similar to the actual FINRA/NASAA/MSRB exams
- Students can “Mark for Review” any question and go back and review it once the exam is complete
- Students can email instructors for help right from their homeroom. Please include QID in email (e.g., 1809065).
- When contacting the **FREE STC Instructor Hotline (1-800-782-3926)** for additional assistance on a question, again reference the QID.
- Instructor Hotline is open from 9:00 am to 5:00 pm EST (M-F)

Student Homeroom – My Scores – Targeted Study

Students can utilize the “My Scores” tool to review their progress.

Provides the ability to drill down on results by chapter to identify opportunities for improvement through targeted study

Topic Breakdown
Final Exams
Custom Exams
Progress Exams

The Topic Breakdown tracks your results on the Final Exams. You will not see any results until you take one of the Final Exams.

| Chapter Title | Questions Available | Questions Attempted | Questions Correct | Average Score |
|--|---------------------|---------------------|-------------------|---------------|
| Chapter 01: Overview of Market Participants and Market Structure | 22 | 22 | 21 | 88% |
| Chapter 02: Overview of Regulation | 16 | 16 | 14 | 74% |
| Chapter 03: Equity Securities | 26 | 26 | 27 | 93% |
| Chapter 04: Introduction to Debt Instruments | 20 | 20 | 21 | 95% |

WEAKEST

- Chapter 08: Variable Contracts and Municipal Fund...
- Chapter 16: Prohibited Activities
- Chapter 15: Compliance Considerations

STRONGEST

- Chapter 04: Introduction to Debt Instruments
- Chapter 03: Equity Securities
- Chapter 06: Investment Returns

Exam Average Score 44% 1

Question Bank
You have completed 100% of your question bank

100%

Student Homeroom – My Scores – Targeted Study

Students utilize the *Final Exam* tab to track their scores and measure their understanding of the entire course.

They can click on a specific exam to view detailed results, including missed questions.

| | | | | |
|---------------------------------|------------------------|------------------------|------------|-----|
| Final Exam 05 ▶ | 11/13/2018 09:58 AM | 11/13/2018 10:03 AM | 0.08 hours | 34% |
| Final Exam 06 ▶ | 07/02/2018 03:07 PM | 07/02/2018 04:11 PM | 1.08 hours | 86% |
| Final Exam 07 ▶ | 07/03/2018 10:22 AM | 07/03/2018 12:16 PM | 1.90 hours | 84% |
| Final Exam 08 ▶ | 07/03/2018 12:59 PM | 07/03/2018 02:21 PM | 1.37 hours | 85% |

| Exam Details | |
|---------------------------|--------------------|
| Average of First Attempts | Total Time Spent |
| 85% | 14.18 hours |

Targeted Study – Crunch Time Facts

The Crunch Time Facts represent a detailed summary of the “must-know” facts and are broken down by the chapters in STC’s Study Manual.

This digital “cheat sheet” is perfect as a final review in the days leading up to the regulatory exam.



SECURITIES TRAINING CORPORATION
SECURITIES INDUSTRY ESSENTIALS (SIE) EXAM
TRENDING TOPICS | CRUNCH TIME FACTS | KEY FORMULAS

The Crunch Time Facts are a collection of statements that we believe are valuable as you engage in the final preparation to sit for your examination. These facts are not designed to raise questions; instead, they are to be part of your final review and used with any notes that you created during your studies.

CHAPTER 1 OVERVIEW OF MARKET PARTICIPANTS AND MARKET STRUCTURE

- Investment bankers assist businesses that seek to raise capital through the issuance of securities.
- The research department of a broker-dealer studies both the markets and individual issuers in order to issue recommendations.
- The trading department of a broker-dealer must be segregated from its investment banking department by information barriers.
- Buying a stock on one exchange and simultaneously selling it on another exchange is referred to as arbitrage.
- The reason for the creation of the DTC was to provide a book-entry system to handle the increase in volume of securities transactions.
- The quoted price of a non-listed stock can be found on the OTCBB or OTC Pink Marketplace.
- Broker-dealers that receive a commission are acting in an agency capacity.
- A firm that charges a markup on a stock transaction is acting in a dealer (principal) capacity.
- A broker-dealer sells a security to an investor at the ask price.
- A broker-dealer buys a security from an investor at the bid price.
- A market maker's quote is 7.10 – 7.15, 20 x 10. This quote indicates the firm's willingness to buy 2,000 shares at 7.10 and sell 1,000 shares at 7.15 (20 x 10 represents the number of 100-share round lots).
- A market maker is a member of a stock exchange (or a broker-dealer) that's responsible for providing liquidity by consistently buying and selling securities at its quoted prices.
- A married couple who has earned \$300,000 of income in each of the last two years and reasonably expect this level to continue is considered an accredited investor.

CHAPTER 2 OVERVIEW OF REGULATION

- The North American Securities Administrators Association (NASAA) is an organization that consists of state regulators and is responsible for updating the states' securities laws (Blue Sky Laws).
- The Uniform Securities Act is the state model law that is sometimes referred to as “Blue Sky Laws.”
- The reason that the Investment Company Act of 1940 requires mutual funds to have a significant percentage of its directors be disinterested is to protect shareholders against management impropriety.
- The purpose of information barriers is to limit the spread of non-public information within a broker-dealer.
- In arbitration proceedings involving customers, the arbitration panel can consist of both industry and non-industry arbitrators. (However, industry arbitration proceedings will utilize industry arbitrators only.)
- The SIPC protects the customers of a broker-dealer that is defunct (bankrupt).
- An SRO has the power to suspend an RR's registration after a hearing is held.

Technical Support

800-STC-1223 *Press 5*

24/7

Instructor Support Email:

instructors@stcusa.com

Instructor Hotline:

Monday - Friday 9:00am – 5:00pm EST

800-782-3926

Thank you,

We look forward to working
with you!