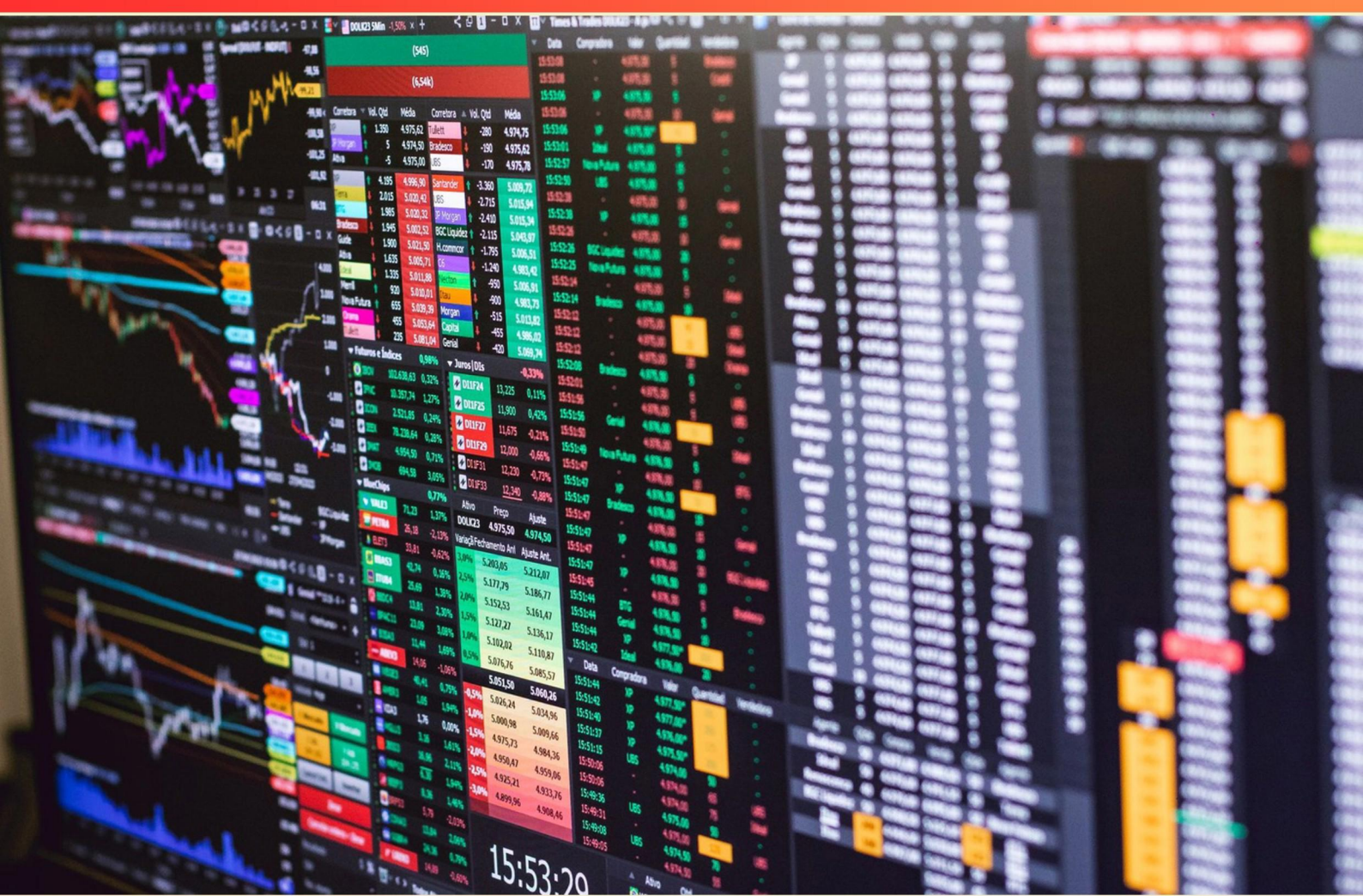


GENERAL SECURITIES SALES SUPERVISOR (SERIES10) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the required contribution for an employee earning \$20,000 included in a doctor's Keogh Plan?**
 - A. A \$2,000
 - B. B \$3,000
 - C. C \$4,000
 - D. D \$5,000
- 2. Who must comply with the holding period requirements of Rule 144 when selling unregistered shares?**
 - A. Control person who owns registered shares
 - B. Non-control person who owns registered shares
 - C. Control person who owns unregistered shares
 - D. Non-control person who owns unregistered shares
- 3. The FINRA 5% Policy applies to transactions in which of the following securities?**
 - A. Open end investment companies and closed end investment companies
 - B. Unit investment trusts and real estate investment trusts
 - C. Closed end investment companies and real estate investment trusts
 - D. All of the above
- 4. Under federal securities law, failing to disclose a material fact in an official statement is considered what?**
 - A. Compliant with disclosure rules
 - B. A minor infraction
 - C. Fraudulent
 - D. Unethical but not illegal
- 5. What is the duration of the appointment for a non-resident principal supervising the operations of a branch office?**
 - A. 1 year
 - B. 2 years
 - C. 5 years
 - D. Indefinitely

- 6. What is the role of a Specialist/DMM in a market?**
- A. To provide liquidity in all assigned securities
 - B. To make markets only in their assigned securities
 - C. To oversee trading activities across multiple exchanges
 - D. To manage customer transactions independently
- 7. After a stock split, what confirmation does a customer buying shares just before the payable date receive?**
- A. A 100 shares at \$30
 - B. B 300 shares at \$10
 - C. C A due bill for an additional 200 shares
 - D. D No due bill for an additional 200 shares
- 8. What is the term used for guidelines allowing corporations to buy back stock without being accused of market manipulation?**
- A. Rule 147
 - B. Regulation A
 - C. Rule 10b-18
 - D. Regulation D
- 9. How long must employment records, including Form U-4, be retained after an employee leaves a municipal firm?**
- A. A 1 year
 - B. B 2 years
 - C. C 4 years
 - D. D 6 years
- 10. What determines the validity of a short sell executed prior to the effective date of a public offering?**
- A. Retail investor approval
 - B. The firm's compliance guidelines
 - C. Regulation M rules
 - D. The number of shares sold

Answers

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1. D
2. C
3. C
4. C
5. B
6. B
7. A
8. C
9. C
10. C

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Explanations

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1. What is the required contribution for an employee earning \$20,000 included in a doctor's Keogh Plan?

- A. A \$2,000
- B. B \$3,000
- C. C \$4,000
- D. D \$5,000**

In a doctor's Keogh Plan, the required contribution can be based on the employee's income and the contribution limits established by the IRS. For Keogh Plans, the maximum contribution is generally calculated based on a percentage of the employee's compensation. For 2023, self-employed individuals can contribute up to 25% of their net earnings from self-employment to a Keogh Plan, which maximizes the total contribution limit for qualified plans. In this case, if the employee earns \$20,000, calculating 25% of that figure would yield a contribution of \$5,000. This contribution amount aligns with the allowable limits, ensuring that the plan holder maximizes their potential tax-deferred savings while adhering to IRS guidelines. It represents a strategy to capitalize on retirement savings opportunities, especially for self-employed individuals and small business owners.

2. Who must comply with the holding period requirements of Rule 144 when selling unregistered shares?

- A. Control person who owns registered shares
- B. Non-control person who owns registered shares
- C. Control person who owns unregistered shares**
- D. Non-control person who owns unregistered shares

The correct answer is that a control person who owns unregistered shares must comply with the holding period requirements of Rule 144. Rule 144 is a regulation established by the SEC (Securities and Exchange Commission) that governs the sale of restricted and control securities. Control persons, defined as individuals or entities that have a significant influence over a company, such as executives or major shareholders, are subject to additional regulations when selling shares, especially if these shares are unregistered. Under Rule 144, these individuals must meet certain holding period requirements before selling their unregistered shares publicly. This holding period is intended to promote stability in the market and prevent potentially destabilizing sales by individuals who may have access to insider information or whose sales might significantly impact share prices. Non-control persons, while they may also hold unregistered shares, do not face the same level of scrutiny and thus, the holding period requirements are less stringent for them. They are generally only required to hold their unregistered shares for a minimum period before they can sell them publicly without the same level of restriction imposed on control persons. Therefore, the obligation to comply with the holding period requirements of Rule 144 primarily falls on control persons dealing with unregistered shares.

3. The FINRA 5% Policy applies to transactions in which of the following securities?

- A. Open end investment companies and closed end investment companies
- B. Unit investment trusts and real estate investment trusts
- C. Closed end investment companies and real estate investment trusts**
- D. All of the above

The FINRA 5% Policy is a guideline that establishes limits on the commissions and markups that can be charged for transactions involving certain securities. This policy is particularly relevant for transactions that have a certain level of liquidity and investor interest, which includes closed-end investment companies and real estate investment trusts (REITs). Closed-end investment companies are structured like mutual funds but issue a fixed number of shares that are traded on an exchange. Because of their trading nature and the variable pricing of their shares, the policy applies here to ensure fairness in pricing and to protect investors from excessive fees. Real estate investment trusts also fit under the FINRA 5% Policy. They can be publicly traded and have unique pricing dynamics similar to closed-end funds, thus falling under the same consideration for transaction costs. While open-end investment companies (mutual funds) and unit investment trusts (UITs) are generally not subject to the 5% Policy because they do not trade on an exchange and their share prices are determined by NAV, closed-end investment companies and REITs do align with the policy criteria. Thus, the correct answer centers on the inclusion of closed-end investment companies and real estate investment trusts, providing a clear application of the FINRA guidelines for certain transaction

4. Under federal securities law, failing to disclose a material fact in an official statement is considered what?

- A. Compliant with disclosure rules
- B. A minor infraction
- C. Fraudulent**
- D. Unethical but not illegal

Failing to disclose a material fact in an official statement is considered fraudulent under federal securities law because it misleads investors and compromises the integrity of the financial markets. Material facts are information that could influence an investor's decision-making process. When such information is intentionally or negligently withheld, it is deemed to distort the truth and violates the trust that the system relies upon to function fairly and efficiently. The law is very clear on the importance of full and honest disclosure in securities transactions, and any attempt to obscure significant information is treated seriously. This can lead to legal ramifications for the parties involved, including penalties or sanctions from regulatory agencies. In essence, the prohibition against omission of material facts underscores the principle that investors have the right to receive all pertinent information before making financial decisions.

5. What is the duration of the appointment for a non-resident principal supervising the operations of a branch office?

- A. 1 year
- B. 2 years**
- C. 5 years
- D. Indefinitely

The duration for the appointment of a non-resident principal supervising the operations of a branch office is typically set at two years. This timeframe is grounded in regulatory requirements that ensure a consistent oversight mechanism while also allowing for periodic evaluations of the principal's effectiveness and alignment with the firm's compliance and operational standards. An appointment lasting two years balances the need for stability in supervision with the necessity for review and potential reassessment of qualifications and performance, which can promote a stronger governance framework within the firm's branch operations.

6. What is the role of a Specialist/DMM in a market?

- A. To provide liquidity in all assigned securities
- B. To make markets only in their assigned securities**
- C. To oversee trading activities across multiple exchanges
- D. To manage customer transactions independently

The role of a Specialist or Designated Market Maker (DMM) is primarily to make markets in their assigned securities. This involves ensuring that there is a continuous auction market and that trading can occur efficiently within those specific securities. They achieve this by providing quotes and maintaining an orderly market, which may involve buying and selling stocks to assist in matching orders. While it is true that Specialists/DMMs are foundational for liquidity within their assigned stocks, they do not provide liquidity for all securities in the market—only the ones they are designated to manage. This focused responsibility allows them to have a deeper understanding of the dynamics and trading patterns of those specific securities, which in turn helps them facilitate smoother trading. In contrast, the oversight of trading activities across multiple exchanges and the management of customer transactions independently are not the responsibilities assigned to Specialists/DMMs. Their role is specifically tied to the securities they are designated for, ensuring effective price discovery and providing stability within that narrower scope.

7. After a stock split, what confirmation does a customer buying shares just before the payable date receive?

- A. A 100 shares at \$30**
- B. B 300 shares at \$10
- C. C A due bill for an additional 200 shares
- D. D No due bill for an additional 200 shares

When a stock split occurs, the existing shares are divided into a specified number of new shares, which increases the total number of shares outstanding while reducing the price per share proportionately. In this scenario, the customer buying shares just before the payable date will receive a confirmation reflecting the new number of shares they own, along with the adjusted price per share. In this case, if the stock underwent a split that increased the number of shares from 100 to 300, and the price adjusted accordingly, the customer would indeed receive confirmation of owning 300 shares at the new split-adjusted price of \$10 each. This accurately reflects the changes made during the split while ensuring the customer's overall investment remains unchanged in value. A due bill is typically issued when a purchaser buys stock before the record date and the payment of a dividend or stock split occurs after the purchase. Since the customer has already made the purchase prior to the payable date, they would receive the adjusted shares without needing a due bill for any additional shares, as they are now considered the holder of the new share allocation. This understanding clarifies that while options may present different figures regarding shares and prices, it is crucial to match the specifics of a stock situation concerning splits with the knowledge of how ownership and

8. What is the term used for guidelines allowing corporations to buy back stock without being accused of market manipulation?

- A. Rule 147
- B. Regulation A
- C. Rule 10b-18**
- D. Regulation D

The term referring to guidelines that permit corporations to repurchase their stock without the risk of being accused of market manipulation is known as Rule 10b-18. This SEC rule provides a safe harbor for companies engaging in such buybacks, outlining specific conditions under which a corporate repurchase program can be executed. Under Rule 10b-18, companies must adhere to certain requirements, such as limiting the types of purchases they make and the timing of those purchases. By following these guidelines, firms can avoid potential allegations of manipulating stock prices through their buyback activities. This rule is essential for maintaining fair market practices and protecting both the companies and their shareholders. The other choices relate to different regulations. For instance, Rule 147 pertains to intrastate offerings, Regulation A allows companies to offer and sell securities to the public with simplified filing requirements, and Regulation D provides exemptions for private placements. Each of these serves distinct purposes within the securities laws and does not specifically address corporate stock buybacks.

9. How long must employment records, including Form U-4, be retained after an employee leaves a municipal firm?

- A. A 1 year
- B. B 2 years
- C. C 4 years**
- D. D 6 years

The retention period for employment records, including Form U-4, after an employee leaves a municipal firm is established by regulatory requirements. Specifically, these records must be kept for a minimum of four years. This period is consistent with the guidelines set forth by the Financial Industry Regulatory Authority (FINRA), which governs the retention of various records and forms within the securities industry. Form U-4, which is the Uniform Application for Securities Industry Registration or Transfer, contains important information about an individual's employment history, qualifications, and registrations. Retaining these records for four years allows firms to maintain a comprehensive history of their former employees, which can be crucial for compliance, regulatory audits, and addressing any potential inquiries regarding an individual's professional background. The other time frames mentioned may not meet regulatory compliance standards, which is why they aren't the appropriate choices. Retention requirements are designed to ensure that firms manage and preserve essential documentation consistently to protect both the firm and its clients, as well as to uphold the integrity of the securities industry as a whole.

10. What determines the validity of a short sell executed prior to the effective date of a public offering?

- A. Retail investor approval
- B. The firm's compliance guidelines
- C. Regulation M rules**
- D. The number of shares sold

The validity of a short sell executed prior to the effective date of a public offering is determined by Regulation M rules. Regulation M is designed to prevent manipulative practices in the trading of securities during the distribution of new stock offerings. Specifically, these rules restrict certain activities that could unfairly affect the market price of the securities being offered. When a public offering is imminent, Regulation M places limitations on short selling to prevent traders from driving down the price of the stock as a way to profit from the offering. This ensures an orderly market and fair participation for investors in the new offering. Consequently, any short sell executed before the effective date of the public offering is subject to these regulations, which helps maintain the integrity of the market during this crucial time. Though other factors, such as a firm's compliance guidelines or the nature of retail investor approval, could play a role in a firm's trading policies, they do not override the specific provisions set by Regulation M regarding short selling activities surrounding public offerings.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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