

Series 24 - General Securities Principal Exam Practice Test Questions and Answers

1. Which of the following would INCREASE a broker-dealer's net capital?

- A) An increase in non-allowable assets
- B) Receipt of a qualifying subordinated loan
- C) An increase in deferred revenue
- D) A reduction in customer payables

2. What is the purpose of a 'designated examining authority' (DEA) for a broker-dealer?

- A) To conduct criminal background checks on registered reps
- B) To perform routine oversight examinations of the broker-dealer's operations
- C) To approve all new product offerings
- D) To set commission rates

3. What is the primary purpose of the SIPC (Securities Investor Protection Corporation)?

- A) To guarantee investment returns
- B) To restore securities and cash to customers if a broker-dealer fails
- C) To regulate broker-dealer capital requirements
- D) To insure brokerage accounts against market losses

4. The SEC's Customer Protection Rule (Rule 15c3-3) primarily requires broker-dealers to:

- A) File quarterly financial reports with FINRA
- B) Maintain possession or control of customer fully paid securities
- C) Hold customer assets in money market funds only
- D) Segregate proprietary and customer trading accounts

Answers: 1-B 2-B 3-B 4-B

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