

SIE

Foundation Worksheet

8 original questions, working space and separate answer explanations. Version 2026-10-27.

Scope

Current SIE knowledge foundations across capital markets, products and risks, trading and accounts, and regulatory framework..

This is an untimed foundation study sample, not an official examination or complete mock test. Author-reviewed learning materials; independent educator review and learner calibration remain pending.

How to use this worksheet

Work through the questions before opening the answer section. Write your calculation or the reason for your choice. After checking the explanation, return to the linked lesson for any unfamiliar distinction.

<https://openexam.site/exams/sie/worksheets/>

QUESTION 1 / Follow capital through markets

A company sells newly issued shares to investors to raise capital for its business. Which principle most directly determines the response to this case?

- A. A firm commitment involves an underwriter purchasing the issue, unlike merely using best efforts to place it.
- B. Agency capacity concerns acting for another party; principal capacity involves the firm's own account.
- C. A primary-market sale distributes newly issued securities and raises proceeds for the issuer.
- D. The secondary market transfers ownership of existing securities between market participants.

Working / reasoning:

Item sie-q-002 | Lesson: <https://openexam.site/exams/sie/learn/sie-skill-01/>

QUESTION 2 / Understand equity ownership

An investor purchases common shares and asks what basic interest was acquired. Which principle most directly determines the response to this case?

- A. Equity prices can respond to issuer-specific developments as well as broader market events.
- B. A history of common dividends does not guarantee future declarations or amounts.
- C. Common stock represents equity ownership rather than a contractual debt repayment claim.
- D. Preferred priority can improve the order of a claim without guaranteeing the issuer's ability to pay.

Working / reasoning:

Item sie-q-034 | Lesson: <https://openexam.site/exams/sie/learn/sie-skill-03/>

QUESTION 3 / Interpret order conditions

A customer prioritizes prompt execution of a stock order but specifies no maximum purchase price. A reviewer writes: "The last trade is not a guaranteed currently available execution price." Which proposal is explicitly described by that critique?

- A. Guarantee execution at the last displayed trade price.
- B. Treat the order as a buy limit at an unstated maximum price.
- C. Promise that a fast market cannot change the fill price.
- D. Recognize a market order's execution focus and price uncertainty.

Working / reasoning:

Item sie-q-123 | Lesson: <https://openexam.site/exams/sie/learn/sie-skill-08/>

QUESTION 4 / Understand registration and conduct boundaries

A person passes the SIE and assumes this alone authorizes securities business for a member firm. Select every proposed response that fails to apply the control needed in this case.

- A. Explain that SIE passage alone does not confer the required registration.
- B. Describe SIE passage as a government guarantee of investment skill.
- C. Promise unrestricted securities-business authority immediately after passing.
- D. Assume an SIE result replaces every appropriate qualification examination.

Working / reasoning:

Item sie-q-184 | Lesson: <https://openexam.site/exams/sie/learn/sie-skill-12/>

QUESTION 5 / Separate regulators and protections

A trainee asks which federal agency is associated with securities-market oversight rather than insuring bank deposits. What is the most appropriate response?

- A. Identify the Securities and Exchange Commission.
- B. Assign federal securities oversight to the FDIC deposit-insurance function.
- C. Describe the SEC as guaranteeing market gains.
- D. Treat a private issuer's board as the federal securities regulator.

Working / reasoning:

QUESTION 6 / Read debt claims and risks

An investor buys a conventional corporate bond rather than the issuer's common shares. Which principle most directly determines the response to this case?

- A. A conventional bond establishes a debt claim with stated terms, not ordinary common-stock ownership.
- B. Liquidity risk concerns the ability to transact when desired without an unacceptable price concession.
- C. Existing fixed-rate bonds generally become less attractive when comparable new debt offers higher rates.
- D. Credit risk concerns the issuer's ability and willingness to meet its obligations.

Working / reasoning:

QUESTION 7 / Establish account authority

A firm opens an account but has not gathered the essential facts about the customer and authorized persons. A reviewer writes: "A name alone does not establish all essential facts relevant to account administration." Which proposal is explicitly described by that critique?

- A. Treat an unsolicited social-media claim as verified trading authority.
- B. Obtain the essential customer and authority information required for account handling.
- C. Skip the information because the first order is small.
- D. Assume the customer's name alone establishes every relevant fact.

Working / reasoning:

QUESTION 8 / Track option rights and obligations

A customer purchases a standard call option and asks what exercise right it provides. Select every proposed response that fails to apply the control needed in this case.

- A. Treat purchase of the call as an obligation to exercise it.
- B. Describe a call holder's right as the right to sell the underlying.
- C. Identify the right to buy the underlying at the strike price.
- D. Promise that the call's value cannot fall below its premium.

Working / reasoning:

SIE: Answers & Explanations

Compare the method or rule as well as the final answer. These explanations are study aids, not official scoring guidance.

QUESTION 1 / sie-q-002

Answer: A primary-market sale distributes newly issued securities and raises proceeds for the issuer.

1. Locate the decisive case condition: Primary market.
2. The governing principle is: A primary-market sale distributes newly issued securities and raises proceeds for the issuer.
3. Apply the principle to justify this response: Identify the sale as a primary-market transaction.

QUESTION 2 / sie-q-034

Answer: Common stock represents equity ownership rather than a contractual debt repayment claim.

1. Locate the decisive case condition: Common stock ownership.
2. The governing principle is: Common stock represents equity ownership rather than a contractual debt repayment claim.
3. Apply the principle to justify this response: Identify an ownership interest in the corporation.

QUESTION 3 / sie-q-123

Answer: Guarantee execution at the last displayed trade price.

1. Read the reviewer's specific criticism: The last trade is not a guaranteed currently available execution price.
2. The matching proposal is: Guarantee execution at the last displayed trade price.
3. The compliant response instead is: Recognize a market order's execution focus and price uncertainty.

QUESTION 4 / sie-q-184

Answer: Promise unrestricted securities-business authority immediately after passing.; Assume an SIE result replaces every appropriate qualification examination.; Describe SIE passage as a government guarantee of investment skill.

1. Identify the controlling condition: SIE scope.
2. Promise unrestricted securities-business authority immediately after passing. A passing SIE result alone does not satisfy all registration requirements.

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3. Assume an SIE result replaces every appropriate qualification examination. The relevant qualification exam and firm association remain separate requirements.
 4. Describe SIE passage as a government guarantee of investment skill. Exam passage does not guarantee investment performance or professional judgment.
 5. Do not select the compliant response: Explain that SIE passage alone does not confer the required registration.

QUESTION 5 / sie-q-017

Answer: Identify the Securities and Exchange Commission.

1. Identify the controlling condition: SEC role.
2. The SEC is a federal securities regulator; regulatory oversight is different from investment-return guarantees.
3. Apply it: Identify the Securities and Exchange Commission.
4. Compare the alternative "Assign federal securities oversight to the FDIC deposit-insurance function.": Deposit insurance and federal securities regulation are different functions.

QUESTION 6 / sie-q-050

Answer: A conventional bond establishes a debt claim with stated terms, not ordinary common-stock ownership.

1. Locate the decisive case condition: Debt versus equity.
2. The governing principle is: A conventional bond establishes a debt claim with stated terms, not ordinary common-stock ownership.
3. Apply the principle to justify this response: Identify the bondholder as a creditor under the debt terms.

QUESTION 7 / sie-q-139

Answer: Assume the customer's name alone establishes every relevant fact.

1. Read the reviewer's specific criticism: A name alone does not establish all essential facts relevant to account administration.
2. The matching proposal is: Assume the customer's name alone establishes every relevant fact.
3. The compliant response instead is: Obtain the essential customer and authority information required for account handling.

QUESTION 8 / sie-q-068

Answer: Describe a call holder's right as the right to sell the underlying.; Treat purchase of the call as an obligation to exercise it.; Promise that the call's value cannot fall below its premium.

1. Identify the controlling condition: Call option holder.

2. Describe a call holder's right as the right to sell the underlying. The selling right describes a put rather than a call.
3. Treat purchase of the call as an obligation to exercise it. The holder has a right, not an unconditional obligation to exercise.
4. Promise that the call's value cannot fall below its premium. An option buyer can lose the premium; the premium is not a guaranteed future value.
5. Do not select the compliant response: Identify the right to buy the underlying at the strike price.

References and scope notes

The questions and teaching explanations are original catalog materials. References support the selected concepts; they are not endorsements or a reproduced official examination bank.

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https://www.finra.org/sites/default/files/2025-10/SIE_Content_Outline.pdf

FINRA SIE exam overview and enrollment

<https://www.finra.org/registration-exams-ce/qualification-exams/securities-industry-essentials-exam>

SEC Investor.gov: Stocks

<https://www.investor.gov/introduction-investing/investing-basics/investment-products/stocks>

SEC Investor.gov: Bonds

<https://www.investor.gov/introduction-investing/investing-basics/investment-products/bonds-or-fixed-income-products/bonds>

SEC Investor.gov: Types of Orders

<https://www.investor.gov/introduction-investing/investing-basics/how-stock-markets-work/types-orders>

FINRA investor education: Options

<https://www.finra.org/investors/investing/investment-products/options>

FINRA Rule 2090: Know Your Customer

<https://www.finra.org/rules-guidance/rulebooks/finra-rules/2090>

200 learning items represent four task views of 50 original case families, not 200 independent scenarios.

Selected knowledge foundations only; the full official outline, detailed calculations, suitability applications and product-specific exceptions are not completely covered.

This pilot includes 50 multi-select learning tasks although the official SIE uses four-choice single-answer questions.

Independent securities educator review and learner calibration remain pending; study accuracy does not predict an official scaled score.

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