

Table of Contents

CHAPTER	PAGE	
I	<u>WELCOME TO THE TRAINING CONSULTANTS SERIES 4 PROGRAM</u>	i5
	I.1 – ABOUT TRAINING CONSULTANTS	i6
	I.2 – EXAM OVERVIEW.....	i6
	I.3 – ARRANGING YOUR EXAM.....	i8
	I.4 – TAKING THE EXAM.....	i10
	I.5 – PREPARING FOR YOUR EXAM	i12
1.	<u>EQUITY OPTIONS</u>	1
	1.1 – BASIC OPTIONS	2
	1.2 – TRADITIONAL LISTED OPTIONS HOME BASE CHART	4
	1.3 – HEDGING WITH OPTIONS	5
	1.4 – SUMMARY OF OPTION STRATEGIES AND ACTIONS	7
	1.5 – BASIC OPTION CALCULATIONS	11
	1.6 – BREAKEVEN POINTS.....	15
	BASIC OPTIONS SUMMARY CHART.....	18
	1.7 – OPTIONS EXCHANGES AND FLOOR PROCEDURES.....	19
	1.8 – OPTIONS ADMINISTRATION.....	28
	1.9 – OPTION TERMINOLOGY	35
	1.10 – OPTION INTRINSIC AND TIME VALUES	36
	1.11 – OPTION SPREADS.....	39
	1.12 – TYPES OF SPREADS.....	40
	1.13 – OPTION STRADDLES AND STRANGLES OR COMBINATIONS	44
	ADVANCED OPTIONS SUMMARY CHART	50
	1.14 – TAXES ON LISTED OPTIONS	51
	1.15 – MINI, JUMBO, WEEKLY, QUARTERLY, AND BINARY OPTIONS.....	54
2.	<u>SPECIALIZED OPTIONS</u>	57
	2.1 – STOCK INDEX OPTIONS	58
	2.2 – INTEREST RATE OR YIELD-BASED OPTIONS	61
	2.3 – WORLD CURRENCY OPTIONS: U.S. DOLLAR-SETTLED FOREIGN CURRENCY OPTIONS	62
	2.4 – LONG TERM EQUITY ANTICIPATION SECURITIES	65
3.	<u>OPTIONS REGULATIONS</u>	67
	3.1 – CUSTOMER ACCOUNT INFORMATION AND DOCUMENTATION	68
	3.2 – TYPES OF ACCOUNTS	76
	3.3 – OPTION ACCOUNT REGULATIONS.....	84
	3.4 – FEDERAL REGULATIONS	90
	3.5 – OPTIONS COMMUNICATIONS	96

4.	<u>SELF-REGULATORY ORGANIZATIONS: SUPERVISION OF MEMBER FIRMS</u>	103
	4.1 – MEMBER FIRMS: OSJ AND BRANCH OFFICES.....	104
	4.2 – SUPERVISION OF BRANCHES AND BRANCH OFFICE MANAGERS.....	108
	4.3 – MARK-UP POLICY (FINRA RULE 2121).....	111
	4.4 – SUPERVISION OF MEMBER FIRM ACTIVITIES.....	114
	4.5 – ANTI-MONEY LAUNDERING (AML) PROGRAM.....	124
5.	<u>SELF-REGULATORY ORGANIZATIONS: SUPERVISION OF MEMBER FIRM PERSONNEL</u>	129
	5.1 – REGISTRATION AND EMPLOYMENT OF INDIVIDUALS (FINRA RULE 1000 SERIES).....	130
	5.2 – EMPLOYMENT OF MEMBER FIRM PERSONNEL.....	133
	5.3 – TRANSACTIONS BY MEMBER FIRM PERSONNEL.....	141
	5.4 – DISCIPLINED MEMBER FIRMS AND REPORTING REQUIREMENTS OF MEMBER ACTIONS.....	144
	5.5 – OTHER FINRA SUPERVISORY RULES.....	147
	5.6 – FINRA CODE OF PROCEDURE.....	152
	5.7 – FINRA BROKERCHECK SYSTEM.....	154
	5.8 – CODE OF ARBITRATION (FINRA RULE SERIES 12000 & 13000).....	156
6.	<u>OPTION MARGIN</u>	161
	6.1 – OPTION MARGIN.....	162
R	<u>CLOSING RESOURCES</u>	165
	DAMAGE CONTROL STEPS.....	166
	HOME STRETCH & THE REAL EXAM.....	167
R	<u>APPENDICES</u>	173
	COURSE STUDY MANUAL ADDENDUM - EXHIBIT / EXERCISE FILL-INS.....	174
	CRITICAL FACTS.....	188
	INDEX.....	201