



POLITICAL LAW ALERT

March 26, 2014
2014 Edition, Issue X

If you have any questions regarding the matters discussed in this memorandum, please call one of the following representatives in the Political Law Group (Washington, D.C. office) or your regular Skadden contact.

Kenneth A. Gross
Partner | 202.371.7007
kenneth.gross@skadden.com

Ki P. Hong
Partner | 202.371.7017
ki.hong@skadden.com

Matthew Bobys
Counsel | 202.371.7739
matthew.bobys@skadden.com

Melissa Miles
Counsel | 202.371.7836
melissa.miles@skadden.com

Patricia Zweibel
Counsel | 202.371.7089
patricia.zweibel@skadden.com

Rachel Applestein
Associate | 202.371.7511
rachel.applestein@skadden.com

Shayla Parker
Associate | 202.371.7534
shayla.parker@skadden.com

Charles Ricciardelli
Associate | 202.371.7573
charles.ricciardelli@skadden.com

Tyler Rosen
Associate | 202.371.7035
tyler.rosen@skadden.com

Tanya Sehgal
Associate | 202.371.7636
tanya.sehgal@skadden.com

Kelvin Reese
Head Political Reports Analyst
202.371.7498
kelvin.reese@skadden.com

MSRB Proposes Municipal Advisor Qualification Requirements; Approves Consolidated Registration Form

This mailing is to inform you of recent actions taken by the Municipal Securities Rulemaking Board (MSRB).

Proposed Professional Qualification Requirements for Municipal Advisors

On March 17, 2014, the MSRB proposed draft amendments to Rules G-2 and G-3 which would, among other things, establish professional qualification requirements for municipal advisors and their associated persons, with conforming draft amendments to Rules G-1 and D-13 (the Draft Amendments). The MSRB is seeking comments on the Draft Amendments by May 16, 2014, and the text can be viewed here: <http://www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2014-08.ashx?n=1>

The Draft Amendments would prohibit a municipal advisor from engaging in municipal advisory activities unless it and every individual associated with such municipal advisor is qualified in accordance with MSRB rules. Notable aspects of the Draft Amendments include the following:

- **Registration:** The Draft Amendments would create new registration classifications for a municipal advisor representative, which is a natural person who is an associated individual of a municipal advisor and who engages in municipal advisory activities; and a municipal advisor principal, which is a natural person associated with a municipal advisor who is directly engaged in the management, direction or supervision of municipal advisory activities.
- **Examination:** Municipal advisor representatives would be required to take and pass the Municipal Securities Advisor Qualification Examination prior to being qualified. Individuals who do not pass the examination would be able to retake it after 30 days; however, anyone failing the examination three or more times in a row would be prohibited from taking it again for six months. The MSRB will decide at a later date whether municipal advisor principals will be required to pass any qualification examinations.
- **Grace Period:** Municipal advisor representatives would be given a one-year grace period from the effective date of the Draft Amendments to pass the examination.
- **No Apprenticeship Requirement:** Rule G-3 currently requires a municipal securities representative to serve an apprenticeship period of 90 days before transacting business with any member of the public or receiving compensation for such activities. The Draft Amendments do not include this requirement for municipal advisor representatives, and would delete this requirement in Rule G-3 for municipal securities representatives.
- **Designation of Municipal Advisor Principal:** Each municipal advisor would be required to designate at least one municipal advisor principal to be responsible for the municipal advisory activities of the municipal advisor.

(continued on next page)

This memorandum is provided by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum is considered advertising under applicable state laws.

New Consolidated Registration Form

On February 27, 2014, the MSRB released Regulatory Notice 2014-5 (the Notice) announcing that it received approval from the Securities and Exchange Commission for a consolidated MSRB registration rule, process and form for brokers, dealers, municipal securities dealers and municipal advisors. Among other things, the Notice includes revised Rule A-12 and new Form A-12, which requires various updates, including the requirement to provide the MSRB with several new contact persons. The Notice can be viewed here: <http://www.msrb.org/~media/Files/Regulatory-Notices/Announcements/2014-05.ashx?n=1>

The new registration rule requires all MSRB regulated entities (including municipal advisors who are currently registered with the MSRB and temporarily registered with the SEC) to access and update their new Form A-12 between the effective date, May 12, 2014, and the deadline, August 10, 2014. The MSRB will pre-populate certain data on the form for currently registered entities, which will need to access, verify and complete the form by the deadline. Up until May 12, 2014, municipal advisors (and others) may register under the existing regime, but will need to complete the new Form A-12 between May 12 and August 10. After May 12, all new registrations will be completed using new Form A-12.

Please contact us with any questions.