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MSRB Proposes Amendments Establishing Municipal Advisor Professional and Supervisory Qualification Requirements

On November 19, 2014, the Municipal Securities Rulemaking Board (MSRB) announced that it submitted for approval by the Securities and Exchange Commission (SEC) proposed amendments to MSRB Rule G-3 to establish professional and supervisory qualification requirements for municipal advisors and their associated persons, with conforming changes to Rules G-1, G-2 and D-13 (the Proposed Amendments). See our March 26, 2014, mailing, "[MSRB Proposes Professional Qualification Requirements for Municipal Advisors; Approves New Consolidated Registration Form](#)," which summarized the draft professional qualification requirements (the Draft Amendments).

The Proposed Amendments largely mirror the Draft Amendments, with a few substantive changes including most notably:

- **Examination requirement for principals:** The Proposed Amendments require that a municipal advisor principal must first pass the municipal advisor representative examination, which the MSRB has yet to draft. When it released the Draft Amendments, the MSRB said it was still considering the professional qualification requirements to establish for municipal advisor principals.
 - The Proposed Amendments define "municipal advisor principal" as a natural person who is qualified as a municipal advisor representative and is directly engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons.
- **Waiver:** The Proposed Amendments provide that the examination may be waived by the MSRB in extraordinary cases and contain new supplementary material stating that the MSRB will consider a waiver in the following cases:
 - If the applicant participated in the development of the municipal advisor representative qualification examination as a member of the MSRB's Professional Qualifications Advisory Committee; or
 - If the applicant's qualification lapsed because he or she ceased to be associated with a municipal advisor for two years or more after passing the examination.

Effective and Compliance Dates, and Grace Period: The MSRB is proposing that the Proposed Amendments become effective 60 days following the date of SEC approval.

The MSRB's filing states that it expects to conduct a pilot municipal advisor representative examination in 2015, after which it will set the passing score and issue a notice setting the effective and compliance dates for the examination. There will be a one-year grace period from the examination's effective date until the compliance date for prospective municipal advisor representatives and principals to pass the examination.

The MSRB's press release, which includes a link to the filing with the SEC, can be found here: <http://www.msrb.org/News-and-Events/Press-Releases/2014/MSRB-Proposes-Professional-Qualification-Standards-for-Municipal-Advisors.aspx>.

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