

Political Law Alert

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Municipal Advisor Update: SEC Examination Initiative, Series 50 Pilot Exam, Continuing Education Requirements

This mailing is to update you about municipal advisor developments.

SEC Municipal Advisor Examination Initiative

The Securities and Exchange Commission's (SEC) Office of Compliance Inspections and Examinations (OCIE) recently updated the National Association of Municipal Advisors on the SEC's municipal advisor examination initiative, which the SEC has been conducting since 2014. As noted in our August 20, 2014, [mailing](#), the initiative's purpose is for the SEC to examine municipal advisor firms for compliance with SEC and Municipal Securities Rulemaking Board (MSRB) rules, including registration, fiduciary duty, disclosures to clients, fair dealing, supervision, recordkeeping and qualification.

According to media reports describing the meeting, SEC officials said that OCIE has examined approximately 75 percent of the 690 municipal advisor firms that are registered with the SEC. Officials said they are finding several areas in which firms are not in compliance with SEC and MSRB rules, including firms that have no written supervisory procedures, or have supervisory procedures that are inadequate and/or are not followed by employees; firms that have not registered with the MSRB; and firms that are not maintaining required books and records.

SEC officials explained that after an examination is finished, OCIE closes the exam by sending the firm either a no-action letter or a deficiency letter to which the firm has 30 days to respond. SEC officials indicated OCIE may refer serious violations to enforcement, but that in less serious cases the SEC will work with the firm to take corrective measures.

Series 50 Pilot Exam

The MSRB sent email notices the week of October 19, 2015, asking those who have indicated interest in taking the Series 50 pilot exam to use the Financial Industry Regulatory Authority's (FINRA) Form U10 to register. As noted in our September 14, 2015, [mailing](#), the deadline for registering for the exam is January 14, 2016, and the exam will be administered from January 15, 2016, through February 15, 2016.

The MSRB's website on the Series 50 pilot exam, with links to Form U10, the Series 50 pilot exam content outline and FAQs, is available [here](#).

MSRB Considering Municipal Advisor Continuing Education Requirements

Prior to its board meeting on October 21 and 22, 2015, the MSRB announced that among other topics, it would be considering developing continuing education requirements for municipal advisors. We will keep you updated on this.

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