

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="11"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Municipal Securities Rulemaking Board
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,
Municipal Securities Rulemaking Board
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date Corporate Secretary

By

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”),¹ and Rule 19b-4(f)(6) thereunder,² the Municipal Securities Rulemaking Board (“Board” or “MSRB”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) proposed amendments to Rule G-3(i)(i), Continuing Education Requirements, Regulatory Element, to facilitate the Web-based delivery method for meeting the requirements of Rule G-3(i)(i) (the “proposed rule change”). The proposed rule change, which is based on Financial Industry Regulatory Authority (“FINRA”) Rule 1250, has been filed for immediate effectiveness.³ The proposed rule change is not making any changes to the Firm Element component of the Continuing Education Requirements (Rule G-3(i)(ii)).

(a) The text of the proposed rule change is attached as Exhibit 5. Text proposed to be added is underlined, and text proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board on September 18, 2015. The MSRB has filed the proposed rule change for immediate effectiveness. The requested operative date for the proposed rule change is October 1, 2015. Questions concerning this filing may be directed to Gail Marshall, Associate General Counsel, or Michael Cowart, Assistant General Counsel, at (703) 797-6600.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008):

The Commission believes that a proposed rule change appropriately may be filed as an immediately effective rule so long as it is based on and similar to another SRO’s rule and each policy issue raised by the proposed rule (i) has been considered previously by the Commission when the Commission approved another exchange’s rule (that was subject to notice and comment), and (ii) the rule change resolves such policy issue in a manner consistent with such prior approval.

Background

The MSRB has established a professional qualifications program that establishes competency standards for municipal securities brokers and municipal securities dealers (collectively, “dealers”) and their associated persons. Section 15B(b)(2)(A) of the Act provides that the rules of the MSRB shall require associated persons of dealers to meet such standards of training, experience, competence, and such other qualifications as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.⁴ The purpose of the continuing education requirements (“CE requirements”) is to keep registered persons of dealers informed of issues that affect their job responsibilities and of product and regulatory developments. MSRB Rule G-3(i) sets forth a two-pronged approach for CE requirements consisting of a Regulatory Element and a Firm Element; the proposed rule change would amend only the Regulatory Element.

The requirements for compliance with the Regulatory Element component of the MSRB’s CE requirements are identical to the requirements for the Regulatory Element component of FINRA’s CE requirements. Both the MSRB and FINRA require certain registered persons,⁵ subsequent to their initial qualification and registration with a registered securities association, to complete a periodic computer-based training program within 120 days of the second anniversary of their registration approval dates and every three years thereafter. The computer-based training program is developed by the Securities Industry Regulatory Council on Continuing Education (“CE Council”), of which both the MSRB and FINRA are members.⁶ The training developed by the CE Council is focused on compliance, regulatory, ethical and sales practice standards. The Regulatory Element’s content is derived from industry rules and regulations, as well as widely accepted standards and practices within the industry. Although the specific requirements of certain rules may differ slightly among the various self-regulatory organizations (“SROs”), the programs are based on standards and principles applicable to all.⁷

⁴ 15 U.S.C. 78o-4(b)(2)(A).

⁵ The MSRB defines a registered person as any individual associated with a dealer maintaining a registration category pursuant to MSRB Rule G-3.

⁶ The CE Council is composed of up to 20 industry members from broker-dealers, representing a broad cross section of industry firms, and representatives from the MSRB and other SROs as well as liaisons from the SEC and the North American Securities Administrators Association. See <http://www.cecouncil.com>

⁷ There are currently four different Regulatory Element Programs developed by the CE Council, the Supervisor Program for Registered Principals and Supervisors (S201), the Series 6 Program for Investment Company Products/Variable Contracts Representatives (S106), the General Program for Series 7 Registered Persons and all other registrations (S101), and the Operations Professional Program for Series 99 Registered Persons. See <http://www.cecouncil.com/regulatory-element/>

Currently, the Regulatory Element computer-based training may be delivered in a test center or in-firm subject to specified procedures.

On June 11, 2015 FINRA proposed changes to its CE requirements under FINRA Rule 1250(a)(6) to permit the Regulatory Element program to be administered through Web-based delivery or such other technological manner and format as specified by FINRA and to eliminate the requirements for in-firm and test center delivery of the Regulatory Element.⁸ After notice and comment, FINRA's proposed rule was approved by the SEC.⁹

Proposal

The CE Council believes that, with the advances in Web-based technology, in-firm delivery can be stream-lined, making it easier for registered persons to complete the Regulatory Element without having to travel to a testing center. The Board supports the CE Council's initiative and accordingly approved the proposed rule change. The proposed rule change is wholly consistent with FINRA's rule proposal amending FINRA Rule 1250 (Continuing Education Requirements) to provide a Web-based delivery method for completing the Regulatory Element of the CE Requirements, which was filed with the SEC on June 4, 2015 and approved by the SEC on July 31, 2015.¹⁰

The proposed Web-based delivery method will provide registered persons the flexibility to meet the Regulatory Element requirement of MSRB Rule G-3(i)(i) at a location of their choosing, including their private residence, at any time during their 120-day window for completion of the Regulatory Element.¹¹ The MSRB believes that the same time constraints and rigorous security measures taken at the testing centers, while appropriate for qualification examinations, are not warranted for the completion of the Regulatory Element. The proposed

⁸ See FINRA's rule filing proposing Web-based delivery of the Regulatory Element component of CE filed under Section 19(b)(2) of the Exchange Act. Securities Exchange Act Release No. 75154 (June 11, 2015), 80 FR 34777 (June 17, 2015) (File No. SR-FINRA-2015-015) ("Proposing Release").

⁹ See Order Approving a Proposed Rule Change to Provide a Web-Based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements. Securities Exchange Act Release No. 75581 (July 31, 2015), 80 FR 47018 (August 6, 2015) (File No. SR-FINRA-2015-015) ("SEC Approval Order").

¹⁰ See SEC Approval Order. The Commission received four comment letters. All commenters supported FINRA's proposed rule change. In particular, the commenters noted that the proposal would modernize the CE requirements, remove burdens associated with the test center delivery method (e.g., the time spent traveling to a test center), and reduce the fees and other costs associated with the Regulatory Element.

¹¹ Although the proposed rule change provides for flexibility, firms may impose additional conditions upon registered persons based on the firm's supervisory obligations and compliance controls.

rule change would remove burdens associated with the test center delivery method (e.g., the time spent traveling to a test center and the cost for time spent at a test center). The Web-based format of the Regulatory Element program, which will be administered by FINRA, is designed with safeguards to authenticate the identities of the CE candidates. For instance, prior to commencing a Web-based session, the candidate will be asked to provide a portion of their Social Security number (either first five or last four digits) and their date of birth. This information will only be used by FINRA for matching data in the CRD system for authentication purposes and the Web CE system will discard this information after the matching process.¹²

In its rule filing, FINRA outlined a timeline for phasing in Web-based delivery and guidance for any firms that currently utilize in-firm delivery for CE delivery.¹³ After the SEC's approval of FINRA's rule change, FINRA announced that it will launch the first phase of the Web-based delivery of Regulatory Element ("CE Online"), which will include the S106, S201 and S901 Regulatory Element programs, on October 1, 2015 and will launch the second phase of CE Online, which will include the S101 Regulatory Element program, on January 4, 2016.¹⁴ Before commencing a Web-based session, each candidate will be required to agree to the Rules of Conduct for Web-based delivery. Among other things, the Rules of Conduct will require each candidate to attest that he or she is in fact the person who is taking the Web-based session and attest to compliance with the Rules of Conduct.

The MSRB endorses FINRA's timeline for phasing in the new Web-based delivery method and phasing-out the in-firm delivery of the Regulatory Element.¹⁵ The Board requests that the proposed rule change to the Regulatory Element CE Requirements pursuant to Rule G-3(i)(i) become operative on October 1, 2015 to coincide with the launch of the first Web-based modules for the Regulatory Element. In accordance with FINRA's rule proposal, delivery of the

¹² See Proposing Release.

¹³ Id.

¹⁴ See Continuing Education, SEC Approves Amendments Relating to Web-based Delivery of the Regulatory Element, FINRA Regulatory Notice 15-28 (August 2015). S106 is for Investment Company and Variable Contracts Representatives, the S201 is for registered principals and supervisors, and the S101 is for all other registration categories.

¹⁵ Id. FINRA is proposing to phase out

test-center delivery by no later than six months after January 4, 2016. Registered persons will continue to have the option of completing the Regulatory Element in a test center until the phase out of the test center delivery method, but they will be required to use the FINRA CE Online System after that date.

Further, FINRA is proposing to phase out the current option for "in-firm delivery on a rolling basis as each Regulatory Element program becomes available for CE Online." FINRA CE Online System is accessible through the internet.

Regulatory Element at a test center would be phased out by no later than six months after January 4, 2016. Registered persons will continue to have the option of completing the Regulatory Element in a test center until the phase out of the test center delivery method, but they will be required to use the Web-based system after that date. Firms will not be able to establish new in-firm delivery programs after October 1, 2015. Moreover, firms that have pre-existing in-firm delivery programs established prior to October 1, 2015 would not be able to use that delivery method for the S106, S201 and S901 Regulatory Element programs after October 1, 2015, which is the anticipated launch date of the Web-based delivery for these programs. However, firms may continue to use their pre-existing in-firm delivery programs for the S101 Regulatory Element program until January 4, 2016, which is the anticipated launch date of Web-based delivery for the S101 program. The MSRB is not proposing any changes to the Firm Element CE Requirements under MSRB Rule G-3(i)(ii).

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Act,¹⁶ which authorizes the MSRB, in part, to prescribe for municipal securities brokers or municipal securities dealers and their associated persons “standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.” Section 15B(b)(2)(A) of the Act¹⁷ also provides, in part, that the Board may appropriately classify municipal securities brokers and municipal securities dealers and persons associated with such municipal securities brokers and municipal securities dealers to meet such standards of training, experience, competence, and such other qualifications as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.

The MSRB believes that the proposed rule change will permit registered persons to utilize the time saved attending test centers to focus on the content and learning objectives set forth in the CE modules, potentially leading to a better understanding of the modules and thus enhanced investor protections. The proposed rule change is designed to preserve the integrity of the Regulatory Element of the CE requirements while making compliance with the Regulatory Element less burdensome on firms by giving them and their covered associated persons additional flexibility and, as a result, a reduction in the cost of the Regulatory Element requirement.

4. Self-Regulatory Organization’s Statement on Burden on Competition

The MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The MSRB notes that the proposed rule change is specifically intended to reduce the burden on firms

¹⁶ 15 U.S.C. 78o-4(b)(2)(A).

¹⁷ Id.

while preserving the integrity of the Regulatory Element program. Web-based delivery will allow registered persons the flexibility to complete the Regulatory Element at any location and at any time during their 120-day window for completion of the Regulatory Element and offers cost savings over test centers.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The MSRB has designated the proposed rule change as being immediately effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act¹⁸ and Rule 19b-4(f)(6) thereunder.¹⁹ The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The MSRB believes that the proposed rule change is similar to another self-regulatory rule change to permit a Web-based delivery method for completing the Regulatory Element for CE requirements that the Commission previously considered and, after notice and comment, approved.²⁰ In order to align the MSRB’s implementation for Web-based delivery of the Regulatory Element with FINRA’s, which begins on October 1, 2015, the MSRB requests that the Commission waive the 30 day operative requirement under 19b-4(f)(6) and the proposed rule change become operative on October 1, 2015.²¹

¹⁸ 15 U.S.C. 78s(b)(3)(A)(i).

¹⁹ 17 CFR 240.19b-4(f)(6).

²⁰ See supra n.3

²¹ FINRA is going to phase-in the Web-based delivery method for completing the Regulatory Element, with the first phase beginning on October 1, 2015. See SEC Approval Order.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed changes to Rule G-3(i)(i) are based on a recent rule change to comparable FINRA Rule 1250 (Continuing Education Requirements). The proposed changes are virtually identical to the changes in FINRA's proposing release to Rule 1250 under Section 19(b)(2) of the Exchange Act,²² which were approved by the Commission after notice and comment.²³ Likewise, the process municipal securities dealers and their associated persons undertake to complete the Regulatory Element required pursuant to Rule G-3(i)(i) is virtually the same process such entities and persons are required to undertake in order to comply with FINRA Rule 1250.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 Completed Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 Text of Proposed Rule Change

²² 15 U.S.C. 78s(b)(2).

²³ See Securities Exchange Act Release No. 75581 (July 31, 2015), 80 FR 47018 (August 6, 2015) (File No. SR-FINRA-2015-015).

SECURITIES AND EXCHANGE COMMISSION
 (Release No. 34-_____; File No. SR-MSRB-2015-11)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Provide a Web-Based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements Pursuant to Rule G-3(i)(i)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on the Municipal Securities Rulemaking Board (the “MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission proposed amendments to Rule G-3(i)(i), Continuing Education Requirements, Regulatory Element, to facilitate the Web-based delivery method for meeting the requirements of Rule G-3(i)(i) (the “proposed rule change”). The proposed rule change, which is based on Financial Industry Regulatory Authority (“FINRA”) Rule 1250, has been filed for immediate effectiveness.³ In order to align the MSRB’s

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008):

The Commission believes that a proposed rule change appropriately may be filed as an immediately effective rule so long as it is based on and similar to another SRO’s rule and each policy issue raised by the proposed rule (i) has been considered previously by the Commission when the

implementation for Web-based delivery of the Regulatory Element with FINRA's, which begins on October 1, 2015, the MSRB requests that the Commission waive the 30 day operative requirement under Rule 19b-4(f)(6) and the proposed rule change become operative on October 1, 2015. The proposed rule change is not making any changes to the Firm Element component of the Continuing Education Requirements (Rule G-3(i)(ii)).

The text of the proposed rule change is available on the MSRB's website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2015-Filings.aspx, at the MSRB's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

The MSRB has established a professional qualifications program that establishes competency standards for municipal securities brokers and municipal securities dealers (collectively, "dealers") and their associated persons. Section 15B(b)(2)(A) of the Act provides

Commission approved another exchange's rule (that was subject to notice and comment), and (ii) the rule change resolves such policy issue in a manner consistent with such prior approval.

that the rules of the MSRB shall require associated persons of dealers to meet such standards of training, experience, competence, and such other qualifications as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.⁴ The purpose of the continuing education requirements (“CE requirements”) is to keep registered persons of dealers informed of issues that affect their job responsibilities and of product and regulatory developments. MSRB Rule G-3(i) sets forth a two-pronged approach for CE requirements consisting of a Regulatory Element and a Firm Element; the proposed rule change would amend only the Regulatory Element.

The requirements for compliance with the Regulatory Element component of the MSRB’s CE requirements are identical to the requirements for the Regulatory Element component of FINRA’s CE requirements. Both the MSRB and FINRA require certain registered persons,⁵ subsequent to their initial qualification and registration with a registered securities association, to complete a periodic computer-based training program within 120 days of the second anniversary of their registration approval dates and every three years thereafter. The computer-based training program is developed by the Securities Industry Regulatory Council on Continuing Education (“CE Council”), of which both the MSRB and FINRA are members.⁶ The training developed by the CE Council is focused on compliance, regulatory, ethical and sales practice standards. The Regulatory Element’s content is derived from industry rules and

⁴ 15 U.S.C. 78o-4(b)(2)(A).

⁵ The MSRB defines a registered person as any individual associated with a dealer maintaining a registration category pursuant to MSRB Rule G-3.

⁶ The CE Council is composed of up to 20 industry members from broker-dealers, representing a broad cross section of industry firms, and representatives from the MSRB and other SROs as well as liaisons from the SEC and the North American Securities Administrators Association. See <http://www.cecouncil.com>

regulations, as well as widely accepted standards and practices within the industry. Although the specific requirements of certain rules may differ slightly among the various self-regulatory organizations (“SROs”), the programs are based on standards and principles applicable to all.⁷ Currently, the Regulatory Element computer-based training may be delivered in a test center or in-firm subject to specified procedures.

On June 11, 2015 FINRA proposed changes to its CE requirements under FINRA Rule 1250(a)(6) to permit the Regulatory Element program to be administered through Web-based delivery or such other technological manner and format as specified by FINRA and to eliminate the requirements for in-firm and test center delivery of the Regulatory Element.⁸ After notice and comment, FINRA’s proposed rule was approved by the SEC.⁹

Proposal

The CE Council believes that, with the advances in Web-based technology, in-firm delivery can be stream-lined, making it easier for registered persons to complete the Regulatory Element without having to travel to a testing center. The Board supports the CE Council’s initiative and accordingly approved the proposed rule change. The proposed rule change is

⁷ There are currently four different Regulatory Element Programs developed by the CE Council, the Supervisor Program for Registered Principals and Supervisors (S201), the Series 6 Program for Investment Company Products/Variable Contracts Representatives (S106), the General Program for Series 7 Registered Persons and all other registrations (S101), and the Operations Professional Program for Series 99 Registered Persons. See <http://www.cecouncil.com/regulatory-element/>

⁸ See FINRA’s rule filing proposing Web-based delivery of the Regulatory Element component of CE filed under Section 19(b)(2) of the Exchange Act. Securities Exchange Act Release No. 75154 (June 11, 2015), 80 FR 34777 (June 17, 2015) (File No. SR-FINRA-2015-015) (“Proposing Release”).

⁹ See Order Approving a Proposed Rule Change to Provide a Web-Based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements. Securities Exchange Act Release No. 75581 (July 31, 2015), 80 FR 47018 (August 6, 2015) (File No. SR-FINRA-2015-015) (“SEC Approval Order”).

wholly consistent with FINRA's rule proposal amending FINRA Rule 1250 (Continuing Education Requirements) to provide a Web-based delivery method for completing the Regulatory Element of the CE Requirements, which was filed with the SEC on June 4, 2015 and approved by the SEC on July 31, 2015.¹⁰

The proposed Web-based delivery method will provide registered persons the flexibility to meet the Regulatory Element requirement of MSRB Rule G-3(i)(i) at a location of their choosing, including their private residence, at any time during their 120-day window for completion of the Regulatory Element.¹¹ The MSRB believes that the same time constraints and rigorous security measures taken at the testing centers, while appropriate for qualification examinations, are not warranted for the completion of the Regulatory Element. The proposed rule change would remove burdens associated with the test center delivery method (e.g., the time spent traveling to a test center and the cost for time spent at a test center). The Web-based format of the Regulatory Element program, which will be administered by FINRA, is designed with safeguards to authenticate the identities of the CE candidates. For instance, prior to commencing a Web-based session, the candidate will be asked to provide a portion of their Social Security number (either first five or last four digits) and their date of birth. This information will only be

¹⁰ See SEC Approval Order. The Commission received four comment letters. All commenters supported FINRA's proposed rule change. In particular, the commenters noted that the proposal would modernize the CE requirements, remove burdens associated with the test center delivery method (e.g., the time spent traveling to a test center), and reduce the fees and other costs associated with the Regulatory Element.

¹¹ Although the proposed rule change provides for flexibility, firms may impose additional conditions upon registered persons based on the firm's supervisory obligations and compliance controls.

used by FINRA for matching data in the CRD system for authentication purposes and the Web CE system will discard this information after the matching process.¹²

In its rule filing, FINRA outlined a timeline for phasing in Web-based delivery and guidance for any firms that currently utilize in-firm delivery for CE delivery.¹³ After the SEC's approval of FINRA's rule change, FINRA announced that it will launch the first phase of the Web-based delivery of Regulatory Element ("CE Online"), which will include the S106, S201 and S901 Regulatory Element programs, on October 1, 2015 and will launch the second phase of CE Online, which will include the S101 Regulatory Element program, on January 4, 2016.¹⁴ Before commencing a Web-based session, each candidate will be required to agree to the Rules of Conduct for Web-based delivery. Among other things, the Rules of Conduct will require each candidate to attest that he or she is in fact the person who is taking the Web-based session and attest to compliance with the Rules of Conduct.

The MSRB endorses FINRA's timeline for phasing in the new Web-based delivery method and phasing-out the in-firm delivery of the Regulatory Element.¹⁵ The Board requests

¹² See Proposing Release.

¹³ Id.

¹⁴ See Continuing Education, SEC Approves Amendments Relating to Web-based Delivery of the Regulatory Element, FINRA Regulatory Notice 15-28 (August 2015). S106 is for Investment Company and Variable Contracts Representatives, the S201 is for registered principals and supervisors, and the S101 is for all other registration categories.

¹⁵ Id. FINRA is proposing to phase out

test-center delivery by no later than six months after January 4, 2016. Registered persons will continue to have the option of completing the Regulatory Element in a test center until the phase out of the test center delivery method, but they will be required to use the FINRA CE Online System after that date.

that the proposed rule change to the Regulatory Element CE Requirements pursuant to Rule G-3(i)(i) become operative on October 1, 2015 to coincide with the launch of the first Web-based modules for the Regulatory Element. In accordance with FINRA's rule proposal, delivery of the Regulatory Element at a test center would be phased out by no later than six months after January 4, 2016. Registered persons will continue to have the option of completing the Regulatory Element in a test center until the phase out of the test center delivery method, but they will be required to use the Web-based system after that date. Firms will not be able to establish new in-firm delivery programs after October 1, 2015. Moreover, firms that have pre-existing in-firm delivery programs established prior to October 1, 2015 would not be able to use that delivery method for the S106, S201 and S901 Regulatory Element programs after October 1, 2015, which is the anticipated launch date of the Web-based delivery for these programs. However, firms may continue to use their pre-existing in-firm delivery programs for the S101 Regulatory Element program until January 4, 2016, which is the anticipated launch date of Web-based delivery for the S101 program. The MSRB is not proposing any changes to the Firm Element CE Requirements under MSRB Rule G-3(i)(ii).

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Act,¹⁶ which authorizes the MSRB, in part, to prescribe for municipal securities brokers or municipal securities dealers and their associated persons “standards of training, experience, competence, and such other qualifications as the Board finds

Further, FINRA is proposing to phase out the current option for “in-firm delivery on a rolling basis as each Regulatory Element program becomes available for CE Online.” FINRA CE Online System is accessible through the internet.

¹⁶ 15 U.S.C. 78o-4(b)(2)(A).

necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.” Section 15B(b)(2)(A) of the Act¹⁷ also provides, in part, that the Board may appropriately classify municipal securities brokers and municipal securities dealers and persons associated with such municipal securities brokers and municipal securities dealers to meet such standards of training, experience, competence, and such other qualifications as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.

The MSRB believes that the proposed rule change will permit registered persons to utilize the time saved attending test centers to focus on the content and learning objectives set forth in the CE modules, potentially leading to a better understanding of the modules and thus enhanced investor protections. The proposed rule change is designed to preserve the integrity of the Regulatory Element of the CE requirements while making compliance with the Regulatory Element less burdensome on firms by giving them and their covered associated persons additional flexibility and, as a result, a reduction in the cost of the Regulatory Element requirement.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The MSRB notes that the proposed rule change is specifically intended to reduce the burden on firms while preserving the integrity of the Regulatory Element program. Web-based delivery will allow registered persons the flexibility to complete the Regulatory Element at any location and at

¹⁷

Id.

any time during their 120-day window for completion of the Regulatory Element and offers cost savings over test centers.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁸ and Rule 19b-4(f)(6) thereunder.¹⁹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

2015-11 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2015-11. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2015-11 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.²⁰

Secretary

²⁰ 17 CFR 200.30-3(a)(12).

Rule G-3: Professional Qualification Requirements

(a) – (h) No Change.

(i) *Continuing Education Requirements*

No Change.

(i) *Regulatory Element*

(A) – (F) *No Change.*

(G) [*In-Firm*] *Delivery of the Regulatory Element.* [Brokers, dealers and municipal securities dealers] The continuing education Regulatory Element program will be [permitted to] administered [the continuing education Regulatory Element program to their registered persons by instituting an in-firm program acceptable to] through Web-based delivery or such other technological manner and format as specified by the Board. [The following procedures are required:]

[(1) *Principal In-Charge.* The broker, dealer or municipal securities dealer has designated a municipal securities principal or a general securities principal to be responsible for the in-firm delivery of the Regulatory Element.]

[(2) *Site Requirements.*]

[(a) The location of all delivery sites will be under the control of the broker, dealer or municipal securities dealer.]

[(b) Delivery of Regulatory Element continuing education will take place in an environment conducive to training. (Examples: a training facility, conference room or other area dedicated to this purpose would be appropriate. Inappropriate locations would include a personal office or any location that is not or cannot be secured from traffic and interruptions).]

[(c) Where multiple delivery terminals are placed in a room, adequate separation between terminals will be maintained.]

[(3) *Technology Requirements.* The communication links and firm delivery computer hardware must comply with standards defined by the Board or its designated vendor.]

[(4) *Supervision*]

[(a) The broker, dealer or municipal securities dealer's written supervisory procedures must contain the procedures implemented

to comply with the requirements of in-firm delivery of the Regulatory Element continuing education.]

[(b) The broker, dealer or municipal securities dealer's written supervisory procedures must identify the municipal securities principal or general securities principal designated pursuant to section (h)(i)(G)(1) of this rule and contain a list of individuals authorized by the broker, dealer or municipal securities dealer to serve as proctors.]

[(c) Firm locations for delivery of the Regulatory Element continuing education will be specifically listed in the broker, dealer or municipal securities dealer's written supervisory procedures.]

[(5) *Proctors*]

[(a) All sessions will be proctored by an authorized person during the entire Regulatory Element session. Proctors must be present in the session room or must be able to view the person(s) sitting for Regulatory Element continuing education through a window or by video monitor.]

[(b) The individual responsible for proctoring at each administration will sign a certification that required procedures have been followed, that no material from Regulatory Element continuing education has been reproduced, and that no candidate received any assistance to complete the session. Such certification may be part of the sign-in log required under section (h)(i)(G)(6)(c) of this rule.]

[(c) Individuals serving as proctors must be persons registered with a self-regulatory organization and supervised by the designated principal for purposes of in-firm delivery of the Regulatory Element continuing education.]

[(d) Proctors will check and verify the identification of all individuals taking Regulatory Element continuing education.]

[(6) *Administration.*]

[(a) All appointments will be scheduled in advance using the procedures and software specified by the Board to communicate with the Board's system and designated vendor.]

[(b) The broker, dealer or municipal securities dealer and its proctor will conduct each session in accordance with the administrative appointment scheduling procedures established by the Board or its designated vendor.]

[(c) A sign-in log will be maintained at the delivery facility. Logs will contain the date of each session, the name and social security number of the individual taking the session, the fact that required identification was checked, the sign-in time, the sign-out time, and the name of the individual proctoring the session. Such logs are required to be retained pursuant to rules G-8 and G-9.]

[(d) No material will be permitted to be utilized for the session nor may any session-related material be removed.]

[(e) Delivery sites will be made available for inspection by the appropriate enforcement authority.]

[(f) Before commencing the in-firm delivery of the Regulatory Element continuing education, brokers, dealers and municipal securities dealers are required to file with the Board a letter of attestation (as specified below) signed by a municipal securities principal or general securities principal attesting to the establishment of required procedures addressing principal in-charge, supervision, site, technology, proctors, and administrative requirements. Letters filed with the Board should be sent to the Municipal Securities Rulemaking Board, Professional Qualifications Department, 1900 Duke Street, Suite 600, Alexandria, Virginia, 22314.]

[Letter of Attestation for In-Firm Delivery of Regulatory Element Continuing Education]

[{Name of broker, dealer or municipal securities dealer} has established procedures for delivering Regulatory Element continuing education on its premises. I have determined that these procedures are reasonably designed to comply with SRO requirements pertaining to in-firm delivery of Regulatory Element continuing education, including that such procedures have been implemented to comply with principal in-charge, supervision, site, technology, proctors, and administrative requirements.]

[_____]

[Signature]

[_____]

[Printed name]

[_____]

[Title (Must be signed by a municipal securities principal or general securities principal of the broker, dealer or municipal securities dealer)]

[_____]

[Date]

(ii) No Change.