
Municipal Securities Representative Qualification Examination (Series 52)

CONTENT OUTLINE



Municipal Securities Rulemaking Board

Municipal Securities Representative Qualification Examination (Series 52)

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INTRODUCTION

CONTENT OUTLINE

This content outline lists the topics covered by the Municipal Securities Representative Qualification Examination (Series 52) and as such serves as a guide to the subject matter tested by the examination. In addition, listed at the end of the outline are certain reference materials that discuss many of the topics set forth in sections of this outline in a substantive way.

The sample questions on pages 16-17 of the outline are similar to the types of multiple choice questions that will appear in the examination.

THE MUNICIPAL SECURITIES REPRESENTATIVE

The municipal securities representative is any natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, who activities include one or more of the following:

- underwriting, trading or sales of municipal securities;
- financial advisory or consultant services for issuers in connection with the issuance of municipal securities;
- research or investment advice with respect to municipal securities; or
- any other activities which involve communication, directly or indirectly, with public investors in municipal securities.

THE EXAMINATION

The Municipal Securities Representative Qualification Examination is designed to measure a candidate's qualification and competency to engage in the municipal securities business. The examination includes questions on municipal securities, the municipal markets, U.S. government, federal agency and other financial instruments, economic activity, government policy, factors affecting interest rates, and applicable federal securities laws and regulations.

The percentages assigned to each of these topics on the examination are as follows:

Municipal Securities	57%
U.S. Government, Federal Agency and Other Financial Instruments	4%
Economic Activity, Government Policy and the Behavior of Interest Rates	13%
Securities Laws and Regulations	26%

The examination consists of 115 multiple-choice questions that test the topics specified in this outline. Each multiple-choice question is worth one point and the passing grade set by the Board is 70%. It is in a candidate's best interest to answer all questions because an unanswered question is considered an incorrect answer. Candidates are allowed three and one-half hours to complete the examination.¹

The questions used in the examination are reviewed and updated on a regular basis to reflect current market practices and securities. Questions that test new rules or amendments will be included in the examination after the effective date of the rule or rule change. Existing questions on rules or portions of rules which have been amended or deleted will be removed from the examination prior to the effective date of the amendment.

Because the examination is a closed-book test, candidates are not permitted any reference materials during the test administration. If needed, electronic calculators will be provided by the test center or within the examination.

CONFIDENTIALITY

In order to ensure that its examinations constitute valid tests of the qualifications of persons who take them, the Municipal Securities Rulemaking Board (MSRB) has instituted various procedures, in the question-writing and administrative phases, which are designed to preserve the confidentiality of the examinations. On several occasions, the MSRB has found it necessary to take legal action, alleging copyright violations, against securities training schools that had used questions and answers that appeared to have been taken from questions contained in MSRB qualification examinations in their training material. In addition, candidates are advised that the practice of "debriefing" persons who have taken a qualification examination may not only give rise to an infringement of the MSRB's copyright but would be a violation of Board rules for the candidate.²

¹ The examination is administered by FINRA on its PROCTOR system. For further information on application and administration procedures for MSRB examinations, please contact FINRA at 301-590-6500.

² Rule G-3(f) on "Confidentiality of Qualification Examinations" states that:

No associated person of a broker, dealer, municipal securities dealer or municipal advisor shall:

- (i) in the course of taking a qualification examination required by this rule receive or give assistance of any nature;*
- (ii) disclose to any person questions, or answers to any questions, on any qualification examination required by this rule;*
- (iii) engage in any activity inconsistent with the confidential nature of any qualification examination required by this rule, or with its purpose as a test of the qualification of persons taking such examinations; or*
- (iv) knowingly sign a false certification concerning any such qualification examination.*

PART 1: MUNICIPAL SECURITIES (57% OF TEST QUESTIONS)

1.1 Types of Municipal Securities

1.1.1 General obligation bonds:

1.1.1.1 Source of payment: *generally payable from taxes (limited tax; unlimited tax);*

1.1.1.2 Limitations on issuance (*voter approval; statutory or constitutional*)

1.1.2 Revenue bonds:

1.1.2.1 Source of payment: *generally payable from project revenues*

1.1.2.2 Limitations on issuance: *Usually not subject to statutory debt limitations; may be issued by any authorized political entity*

1.1.2.3 Purposes: *Utility revenue (e.g., water, sewer, electric); housing revenue (e.g., single-family, multi-family); transportation (e.g., airport revenue, toll road); education (e.g., dormitory, student loan, general revenue); health (e.g., hospital, life care); industrial (e.g., industrial development, pollution control)*

1.1.3 **Special type bonds:** *Special tax; special assessment; moral obligation; double-barreled; lease rental; certificate of participation (COP)*

1.1.4 **Taxable municipal securities:** *Build America Bonds (BABs); taxable municipal bonds; other tax credit bonds*

1.1.5 Short-term obligations

1.1.5.1 Notes: *Tax anticipation notes (TAN); tax and revenue anticipation notes (TRAN); bond anticipation notes (BAN); revenue anticipation notes (RAN); variable rate demand obligations (VRDOs); multi-modal); grant anticipation notes (GAN); construction loan notes (CLN)*

1.1.5.2 Tax-exempt commercial paper

1.1.6 **Municipal fund securities** (Basic characteristics, ownership and contribution limits)

1.2 Characteristics of Municipal Securities

1.2.1 Basic characteristics

1.2.1.1 Method of quotations: *Yield; dollar price*

1.2.1.2 Forms of ownership: *Fully registered; book-entry only*

1.2.1.3 Depository eligibility

1.2.1.4 Delivery procedures: *Cash (same day); regular way; delayed delivery; special settlement (as mutually agreed upon); forward delivery*

1.2.1.5 Legal opinion

1.2.1.6 Interest

- 1.2.1.6.1 Rates: *Fixed; variable/floating; capital appreciation bonds (zeros); zeros; convertible/stepped coupons*
- 1.2.1.6.2 Payment periods
- 1.2.1.7 Maturity: *Term; serial*
- 1.2.1.8 Denominations
- 1.2.1.9 Early redemption
- 1.2.1.9.1 Types: *Optional; sinking fund; extraordinary; mandatory; make whole call*
- 1.2.1.9.2 Bond refunding methods: *Direct exchange versus sale of new issue; refunding (current); advance refunding (pre-refunding); escrowed to maturity (ETM); crossover refunding*
- 1.2.1.9.3 Procedures: *Tender; call; puts; open-market purchase*
- 1.2.1.9.4 Advantages and disadvantages: *To issuer; to investor*
- 1.2.2 **Tax considerations**
- 1.2.2.1 Interest
- 1.2.2.1.1 Federal income tax status: *Tax-exempt; taxable; alternative minimum tax (AMT); bank qualified bonds*
- 1.2.2.1.2 State and local income tax status
- 1.2.2.1.3 Value of tax exemption: *To investor; to issuer*
- 1.2.2.2 Principal
- 1.2.2.2.1 Premiums and discounts: *Amortization of premiums; accretion of discounts; tax consequences for different types of investors; de minimis exemption on original issue discount (OID) bonds*
- 1.2.2.2.2 Capital gains/losses: *Cost basis; rates; wash sales; offsets; tax swaps*
- 1.2.2.2.3 Original issue discount/premium
- 1.2.2.2.4 Market discount/premium
- 1.2.2.2.5 Compound accreted value
- 1.2.3 **Factors affecting marketability and liquidity:** *Ratings; maturity; call feature; coupon; block size; issue size; dollar/yield price; issuer name, local or national; sinking fund; blue sky laws; credit and liquidity support; denominations; type of issuance; source of funds*
- 1.3 **The Market for Municipal Securities**
- 1.3.1 **Primary Market**
- 1.3.1.1 Methods of primary financing:
 - 1.3.1.1.1 Competitive sale
 - 1.3.1.1.2 Negotiated sale: *Public offering; private placement (limited offering)*
- 1.3.1.2 Information sources
 - 1.3.1.2.1 Notice of Sale (*see ATTACHMENT A*)
 - 1.3.1.2.2 Official statement: *Preliminary; final (see ATTACHMENT B)*
 - 1.3.1.2.3 Issuers or financial advisors

- 1.3.1.2.4 EMMA
- 1.3.1.2.5 New issue wires
- 1.3.1.2.6 Print and electronic news services
- 1.3.1.3 Underwriting procedures
 - 1.3.1.3.1 Account formation procedures: *Determining members and participation; underwriting account agreement—documents (syndicate letter (competitive); agreement among underwriters (negotiated); types of accounts (undivided; divided); roles of underwriters (responsibilities of manager, responsibilities of members); selling groups*
 - 1.3.1.3.2 Determination of syndicate bid: *Components (scale, spread, interest rates); computation of bid—production, swing coupon; bid price; terms and conditions; submission of bid; basis for award (net interest cost; true interest cost (Canadian method); gross interest cost); bond years; factors relevant to the member’s participation in the bid (pre-sale orders; determination of liability; scale and spread; ability to sell this issue)*
 - 1.3.1.3.3 Syndicate operational procedures
 - 1.3.1.3.3.1 Establish offering terms: *Order period; concessions and takedowns; retention bonds; priority provisions (retail orders; group orders; designated orders; member orders)*
 - 1.3.1.3.3.2 Establish time of first trade
 - 1.3.1.3.3.3 Settlement terms: *When-as-and-if-issued; establishment of delivery dates; final accounting and settlement*
 - 1.3.1.3.3.4 Required disclosures: *EMMA (primary offerings, material event notices); NIIDS; SHORT; delivery of official statement*
- 1.3.1.4 Functions of a bond attorney: *Determine authority for bond issuance; render a legal opinion concerning tax status; issue a legal opinion*
- 1.3.1.5 Role of financial advisor
- 1.3.2 **Secondary Market**
 - 1.3.2.1 Traded over-the-counter (OTC)
 - 1.3.2.2 Information sources: *Dealers’ offering sheets; brokers’ brokers communications; inter-dealer communications; alternative trading systems (ATS); EMMA; electronic information services*
 - 1.3.2.3 Market participants: Institutional; retail; dealers; municipal advisors; brokers’ brokers
 - 1.3.2.4 Secondary market procedures
 - 1.3.2.4.1 Kinds of transactions: Principal; agency
 - 1.3.2.4.2 Trading terms: *Bid; offering; list; down bid; workable indications; evaluation; all or none (AON); minimums and multiples; out firm; fill-or-kill; locked market; cover bid*
 - 1.3.2.5 Functions of a municipal bond trader: *Make markets; position trading; joint accounts; appraisals and evaluations; hedging*
- 1.3.3 **Market indicators**
 - 1.3.3.1 Published indices: *Bond Buyer indices (visible supply; placement ratio); MMD curve; SIFMA index; U.S. Treasuries; London Interbank Offered Rate (LIBOR)*
 - 1.3.3.2 Other market-level indicators: *New-issue scales; electronic trading information platforms; market activity in other securities; current economic factors; futures*

- 1.3.4 Customer suitability considerations**
- 1.3.4.1 Financial profile
- 1.3.4.2 Tax status
- 1.3.4.3 Investment objectives: *Safety of principal; income liquidity; growth; speculation*
- 1.3.4.4 Diversification: *Geographical; maturity; purpose of issue; security; quality*
- 1.3.4.5 Investment risks: *Financial (credit risk); market (interest rate risk); put and call features; legislative risk; inflationary risk; reinvestment risk; price risk; selection risk; timing risk; liquidity risk*

- 1.4 Analyzing Municipal Credit**
- 1.4.1 General obligation securities**
- 1.4.1.1 Demographic considerations: *Tax base; diversification of economic activity; population trends; geography*
- 1.4.1.2 Nature of the issuer's debt: *Present and past attitudes toward debt; debt trend; schedule of debt service requirements; contemplated financing; relation of debt to the life of improvement*
- 1.4.1.3 Factors affecting ability to pay: *Budgetary practices and legislative climate; current financial condition; Unfunded liabilities (pension funds, etc.); tax limitations; tax rates, trends and comparisons; tax collection record; trends in assessed valuation; non-tax revenues; overlapping debt; litigation*
- 1.4.1.5 Municipal debt ratios: *Net overall (direct and overlapping) debt to assessed valuation; net overall (direct and overlapping) debt to estimated real valuation; per capita net debt; debt service to annual revenues*
- 1.4.2 Revenue bonds**
- 1.4.2.1 Feasibility study: *Need for project; existing or potential competitive facilities; engineering reports; economic viability*
- 1.4.2.2 Sources of revenue: *User charges; concessions and fees; special taxes; rental or lease payments (public agencies; private agencies); legislative appropriation*
- 1.4.2.3 Security
- 1.4.2.3.1 Bond indenture: *Rate covenant; insurance covenant; operation and maintenance covenant; requirement for financial reports and outside audits; restrictions on issuance of additional bonds (open-end indenture; closed-end indenture; project completion)*
- 1.4.2.3.2 Flow of funds: *Types of funds (revenue; operation and maintenance; sinking fund or debt service; debt service reserve; reserve maintenance; renewal and replacement; surplus; construction); application of revenue (net revenue pledge; gross revenue pledge)*
- 1.4.2.3.3 Debt service coverage
- 1.4.3 Sources of credit information:** *The issuer; continuing disclosure information (EMMA); advisory councils and services of certain states; commercial research services; industry and general publications*
- 1.4.4 Rating services**

- 1.4.5 **Credit enhancements:** *Letters of credit (LOC); advance refunded; insurance; escrow*

- 1.5 **Mathematical Calculations and Methods**

 - 1.5.1 **Yields:** *Yield to early redemption (put; call; par option; average life (sinking fund)); yield to maturity; current yield; after-tax yield; taxable equivalent yield*
 - 1.5.2 **Relationship of bond prices to change in:** *Maturity; coupon; yield; call/put features*
 - 1.5.3 **Duration**
 - 1.5.4 **Basis points:** *Dollar value of a basis point; convexity*
 - 1.5.5 **Dollar value of points and fractions**
 - 1.5.6 **Accrued interest:** *Regular coupon; odd first coupon (long or short)*
 - 1.5.7 **Level debt service**
 - 1.5.8 **Capital gains**
 - 1.5.9 **Day-count basis of computations of dollar price and accrued interest:** *Notes (30/360; actual/360; actual/365; actual/actual); bonds (30/360)*
 - 1.5.10 **Flat**
 - 1.5.11 **Market discount**
 - 1.5.12 **Amortization of premium**
 - 1.5.13 **Accretion of discount (OID)**

PART 2: U.S. GOVERNMENT, FEDERAL AGENCY AND OTHER FINANCIAL INSTRUMENTS (4% OF TEST QUESTIONS)

- 2.1 **Types**
 - 2.1.1 **Obligations of the U.S. Treasury:** *Bills; notes; bonds; STRIPS; SLGS; TIPS*
 - 2.1.2 **Obligations of federal agencies:** *Federal Farm Credit Banks; Federal Home Loan Bank (FHLB); Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac); Federal National Mortgage Association (FNMA or Fannie Mae); Government National Mortgage Association (GNMA or Ginnie Mae)*
 - 2.1.3 **Money market instruments:** *Certificates of deposit; commercial paper; federal funds; repurchase and reverse repurchase agreements; money market mutual funds*
 - 2.1.4 **Other financial instruments (corporate bonds, CMOs, etc.)**
- 2.2 **Characteristics of Various U.S. Government, Federal Agency and Other Financial Instruments**
 - 2.2.1 **Marketability:** *Liquidity; price volatility; ratings; economic indicators*
 - 2.2.2 **Federal and state tax treatment:** *Interest income; amortization of premium; accretion of discount; capital gains/loss*
 - 2.2.3 **Trading:** *Discount basis; bond equivalent yield; yield quotation; dollar price quotation and fractions (1/32; value of a plus (1/64)*
 - 2.2.4 **Settlement:** *Cash; regular way*
 - 2.2.5 **Form of Delivery**
- 2.3 **The Market for U.S. Government, Federal Agency and Other Financial Instruments—Impact and Relationship to Other Fixed Income Markets**
 - 2.3.1 **Index floaters**
 - 2.3.2 **Credit spreads**
- 2.4 **Credit Features**
 - 2.4.1 **Definition of each investment and comparative strength for all U.S.**
 - 2.4.2 **Treasury guarantees (direct, secondary, or implied where applicable)**

PART 3: ECONOMIC ACTIVITY, GOVERNMENT POLICY AND THE BEHAVIOR OF INTEREST RATES (13% OF TEST QUESTIONS)

3.1 Monetary Policy

3.1.1 **Objectives of Federal Reserve monetary policy:** *Price stability; long-term economic growth; stabilize foreign exchange markets*

3.1.2 **Operating tools of the Federal Reserve:** *Open market operations; discount rate; reserve requirements; margin requirements*

3.1.3 **Operations of the Federal Reserve:** *Policy role of the Federal Open Market Committee; market role of the Open Market Trading Desk*

3.1.4 **Major factors influencing Federal Reserve policy:** *Monetary aggregates; economic indices (Consumer Price Index; unemployment rate (non-farm payroll); housing starts (existing home sales); foreign trade deficits; purchasing manager's report; leading/lagging/co-existent indicators; Producer Price Index; Gross Domestic Product); commodity prices; foreign exchange rates; international economic activity*

3.2 Fiscal Policy

3.2.1 **U.S. Treasury debt management practices—impact of short-term and long-term financings**

3.2.2 **Federal budgetary practices and their impact on the money and capital markets:** *Deficits and surpluses; taxation and spending*

3.3 Factors Affecting Interest Rates

3.3.1 **Supply and demand for credit relative to the economic cycle**

3.3.2 **The effect of inflation and investor expectations on interest rate levels**

3.3.3 **Yield curve analysis:** *Financial and economic characteristics of a positive or negative (inverted) sloped yield curve; uses and implications*

3.3.4 **Yield spread differentials between credit quality groups:** *Impact of economic and financial conditions; during periods of high/low interest rate levels; compression*

3.3.5 **Changes in commodity and currency prices**

PART 4: SECURITIES LAWS AND REGULATIONS (26% OF TEST QUESTIONS)

4.1 Regulation of Municipal Market Professionals

4.1.1 **Securities Act of 1933:** *Municipal securities exempt from registration requirements; Antifraud provisions applicable to municipal issuers as well as brokers and dealers*

4.1.2 Securities Exchange Act of 1934:

4.1.2.1 Municipal securities exempt from registration requirements

4.1.2.2 Antifraud provisions applicable to municipal issuers as well as brokers and dealers

4.1.2.3 Amendments of 1975

4.1.2.3.1 Registration of municipal brokers, dealers and bank dealers with the SEC 4.1.2.3.2
Regulators: *Rulemaking (Municipal Securities Rulemaking Board (MSRB); Securities and Exchange Commission (SEC))*

4.1.2.3.3 Enforcement: *Securities and Exchange Commission (SEC); Financial Industry Regulatory Authority (FINRA); Federal Reserve Board; Comptroller of the Currency; Federal Deposit Insurance Corporation*

4.1.2.3.4 Applicable SEC rules: *Securities financial responsibility rules (inapplicable to banks); SEC Rule 15c2-12 on municipal securities disclosure; SEC antifraud rules*

4.2 Securities Investor Protection Act of 1970

4.2.1 Purpose of Securities Investor Protection Corporation (SIPC)

4.2.2 Coverage limitations

4.3 MSRB rules

4.3.1 Standards of Professional Qualification and Professional Qualification Requirements (G-2 through G-3)

4.3.2 Books and Records to be Made by Brokers, Dealers, Municipal Securities Dealers and Municipal Advisors (G-8)

4.3.3 Preservation of Records (G-9)

4.3.4 Delivery of Investor Brochure (G-10)

4.3.5 Primary Offering Practices (G-11)

4.3.6 Uniform Practice (G-12)

4.3.7 Quotations and Sales Reports (G-13 and G-14)

- 4.3.8** Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers (G-15)
- 4.3.9** Conduct of Municipal Securities and Municipal Advisory Activities (G-17)
- 4.3.10** Best Execution (G-18)
- 4.3.11** Suitability of Recommendations and Transactions (G-19)
- 4.3.12** Gifts, Gratuities and Non-Cash Compensation (G-20)
- 4.3.13** Advertising (G-21)
- 4.3.14** Control Relationships (G-22)
- 4.3.15** Activities of Financial Advisors (G-23)
- 4.3.16** Use of Ownership Information Obtained in a Fiduciary Capacity (G-24)
- 4.3.17** Improper Use of Assets (G-25)
- 4.3.18** Customer Account Transfers (G-26)
- 4.3.19** Supervision (G-27)
- 4.3.20** Transactions with Employees and Partners of Other Municipal Securities Professionals (G-28)
- 4.3.21** Availability of Board Rules (G-29)
- 4.3.22** Prices and Commissions (G-30)
- 4.3.23** Reciprocal Dealings with Municipal Securities Investment Companies (G-31)
- 4.3.24** Disclosures in Connection with Primary Offerings (G-32)
- 4.3.25** Calculations (G-33)
- 4.3.26** CUSIP Numbers, New Issue and Market Information Requirements (G-34)
- 4.3.27** Political Contributions and Prohibitions on Municipal Securities Business (G-37)
- 4.3.28** Solicitation of Municipal Securities Business (G-38)
- 4.3.29** Telemarketing (G-39)
- 4.3.30** Anti-Money Laundering Compliance Program (G-41)
- 4.3.31** Broker's Brokers (G-43)
- 4.3.32** Time of Trade Disclosure (G-47)
- 4.3.33** Transactions with Sophisticated Municipal Market Professionals (G-48)
- 4.3.34** Recently Enacted Rules Relating to the Conduct of Municipal Securities Business

ATTACHMENT A

CONTENTS OF A TYPICAL NOTICE OF BOND SALE

- (1) Date, time and place of sale
- (2) Name and description of issuer
- (3) Type of bond
- (4) Terms and conditions
- (5) Bidding restrictions
- (6) Interest payment dates
- (7) Dated date, interest accrual date, first coupon payment date
- (8) Maturity structure
- (9) Call provisions
- (10) Denominations and registration provisions
- (11) Expenses to be borne by purchaser or issuer
- (12) Amount of good faith deposit
- (13) Paying Agent and/or Trustee
- (14) Name of attorney providing legal opinion
- (15) Details of delivery
- (16) Right of rejection
- (17) Criteria for award

ATTACHMENT B

OUTLINE OF A TYPICAL OFFICIAL STATEMENT

- (1) Offering terms
- (2) Summary statement
- (3) Purpose of issue
- (4) Authorization of bonds
- (5) Security of bonds
- (6) Description of bonds
- (7) Description of issuer
 - (a) Organization
 - (b) Area economy
 - (c) Financial summary
- (8) Construction program
- (9) Project feasibility
- (10) Regulatory matters
- (11) Specific provisions of Indenture and/or Resolution
 - (a) Funds and accounts
 - (b) Investment of funds
 - (c) Additional bonds
 - (d) Insurance
 - (e) Events of default
- (12) Legal proceedings
- (13) Tax status
- (14) Continuing disclosure certification
- (15) Appendix
 - (a) Various consultant reports
 - (b) Legal opinion
 - (c) Financial statements and audits

REFERENCE MATERIAL

The following list of reference materials is presented here for convenience but is not intended to be all-inclusive.

Primary reference materials on the functioning of municipal, government, and money markets and municipal finance and investments:

Downes, John and Jordan Elliot Goodman. *Dictionary of Finance and Investment Terms*. Fifth edition. Hauppauge, NY: Barron's Educational Series, Inc. (1998).

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Fabozzi, Frank J. and Steven V. Mann. *The Handbook of Fixed Income Securities*. Seventh edition. New York, NY: McGraw-Hill (2005).

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SAMPLE QUESTIONS

The following questions are similar in format and content to questions on the examination. The sample questions, however, are not intended to parallel either the level of difficulty or the subject coverage of the examination. The sample questions are only intended to assist candidates in preparing for the types of multiple-choice questions which will appear on the examination.

1. A municipal securities trade occurs on August 14. Assuming there are no intervening holidays, regular way settlement would occur on
 - (A) August 15
 - (B) August 16
 - (C) August 17
 - (D) August 21

2. Which two of the following are characteristics of tax-exempt commercial paper?
 - I. Issued at a discount
 - II. Short-term maturities
 - III. Semi-annual interest payments
 - IV. Certainty of liquidity
 - (A) I and II
 - (B) I and IV
 - (C) II and III
 - (D) III and IV

3. An investor in the 28% tax bracket purchases a 5.60% municipal bond at par. To realize the same net return from a taxable investment purchased at par, the investor would have to purchase a taxable bond with which of the following yields?
 - (A) 5.60%
 - (B) 7.78%
 - (C) 11.20%
 - (D) 20.00%

4. Under MSRB rules, all of the following would be considered an advertisement EXCEPT:
 - (A) A form letter sent to prospective customers
 - (B) An abstract of an official statement
 - (C) A report published on a dealer's website
 - (D) A listing of a dealer's offerings published electronically

5. A municipal bond that is offered at a yield-to-maturity lower than its coupon rate is recognized as trading
 - (A) At a discount
 - (B) At a premium
 - (C) Flat
 - (D) At par

6. A representative of a dealer who solicits municipal securities business from an official of an issuer contributes \$200 to the official's mayoral re-election campaign during the general election. Under what circumstance would the contribution invoke a ban on the dealer's municipal securities business with that issuer?
- (A) The representative resides in the official's city.
 - (B) The dealer seeks to engage in a competitive underwriting with the issuer.
 - (C) The representative contributed \$250 during the primary election.
 - (D) The dealer underwrites a private placement on behalf of the issuer.

ANSWERS: 1. B 2. A 3. B 4. D 5. B 6. D