

---

# Municipal Securities Principal Qualification Examination (Series 53)

---

CONTENT OUTLINE



Municipal Securities Rulemaking Board

---

# Municipal Securities Principal Qualification Examination (Series 53)

---

# CONTENTS

Introduction . . . . .	2
Part 1: Federal Regulations . . . . .	4
Part 2: General Supervision . . . . .	5
Part 3: Sales Supervision . . . . .	8
Part 4: Origination and Syndication . . . . .	10
Part 5: Trading . . . . .	12
Part 6: Operations . . . . .	14
References . . . . .	16
Sample Questions . . . . .	17

# INTRODUCTION

This content outline is intended to help candidates prepare for the Municipal Securities Principal Qualification Examination (Series 53) by providing relevant information about the examination itself and sharing pertinent information about the content areas that are covered. The sample questions that appear on page 17 are similar to the types of multiple-choice questions that will appear in the examination. In addition, government and other self-regulatory organization websites that may be useful in preparing for the examination are provided at the end of the outline.

The questions used in the examination are reviewed and updated on a regular basis and reflect current market practices. 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 that have been deleted will be removed from the examination prior to the effective date of the amendment. The Series 53 exam is developed and maintained by the Municipal Securities Rulemaking Board (MSRB), the self-regulatory organization that establishes rules for municipal securities dealers and municipal advisors.

## THE MUNICIPAL SECURITIES PRINCIPAL

The municipal securities principal bears primary responsibility for overseeing the municipal securities activities of a securities firm or bank dealer. In this capacity, a municipal securities principal manages, directs or supervises one or more of the following activities:

- underwriting of municipal securities;
- trading of municipal securities;
- buying or selling municipal securities from or to customers;
- rendering of financial advisory or consultant services to issuers of municipal securities;
- communications with customers about any of the above activities;
- maintaining records on the above activities;
- processing, clearing, and (in the case of securities firms) safekeeping of municipal securities; and
- training of principals or representatives.

## THE EXAMINATION

The Municipal Securities Principal Qualification Examination is designed to determine whether an individual meets the MSRB's qualification standards for municipal securities principals. To do this, the examination measures a candidate's knowledge of MSRB rules, rule interpretations and federal statutory provisions applicable to the activities listed above. It also measures the candidate's ability to apply these rules and interpretations to given fact situations.

The examination consists of 100 multiple-choice questions assigned to the six areas of the examination as follows:

Federal Regulations	4%
General Supervision	23%
Sales Supervision	25%
Origination and Syndication	23%
Trading	10%
Operations	15%

These questions are further distributed among the various subtopics in a manner which reflects the distribution of subject matter in the study outline. Each question is worth one point, and the passing grade is 70%. Candidates are allowed three and one-half hours for each testing session. During the administration of the examination, candidates are not allowed to use reference materials.<sup>1</sup>

## CONFIDENTIALITY

In order to ensure that its examinations constitute valid tests of the qualifications of persons who take them, the MSRB has instituted various procedures, in the question-writing as well as the administration 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 in their training material questions and answers that were determined to have been taken from questions contained in MSRB qualification examinations. 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 MSRB rules for the candidate.<sup>2</sup>

---

<sup>1</sup> The examination is administered by FINRA on the PROCTOR system. For further information on application and administration procedures for MSRB examinations, please contact FINRA at 301-590-6500, or refer to the FINRA website at [www.finra.org](http://www.finra.org).

<sup>2</sup> 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: FEDERAL REGULATIONS (4% OF TEST QUESTIONS)

## 1.0 Ensure that appropriate ethical practices govern the conduct of municipal securities business.

Understand the regulatory agencies that oversee municipal securities business.

Understand the rulemaking process.

Demonstrate understanding of the protections offered to investors by SIPC.

Understand the applicability of the SEC's antifraud statutes.

## 1.1 Securities Exchange Act of 1934 '34 Act, Section 10(b); Section 15(c)

1.1.1 Antifraud provisions applicable to all persons, including municipal issuers, dealers and municipal securities dealers

1.1.2 Regulatory framework for the municipal securities industry

1.1.2.1 Rulemaking process: Enforcement agencies '34 Act, Section 15B(c)(5); Section 15A(b)(2); and Section 3(a)(34)(A)

1.1.2.2 Compliance examinations '34 Act, Section 15B(c)(7)(A) and MSRB Rule G-16<sup>3</sup>

## 1.2 Rules of the Securities and Exchange Commission

1.2.1 Dodd-Frank Wall Street Financial Reform and Consumer Protection Act

1.2.2 Employment of manipulative and deceptive devices by brokers, dealers, or municipal securities dealers; by any person, including municipal issuers, brokers, dealers and municipal securities dealers SEC Rules 10b-3 and 10b-5

## 1.3 Securities Investor Protection Corporation (SIPC) SIPA<sup>4</sup> Section 5 and Section 9

1.3.1 Purpose of SIPC

1.3.2 Coverage limitations

---

<sup>3</sup> All references in the study outline, unless otherwise noted, are to MSRB rules (e.g., A-14, D-8 or G-16).

<sup>4</sup> Securities Investor Protection Act of 1970 — a recommended source of information on these subjects is the SIPC brochure entitled "How SIPC Protects You," which is available at [www.sipc.org](http://www.sipc.org).

## PART 2: GENERAL SUPERVISION (23% OF TEST QUESTIONS)

### 2.0 Ensure an appropriate level of understanding of the general supervisory responsibilities of a municipal securities principal.

Understand the rules that govern the overall municipal securities business as opposed to specific areas within the business.

Ensure knowledge of key industry terms as they are employed in MSRB rules.

Ensure knowledge of the registration, qualification and continuing education requirements of various categories of municipal securities professionals.

Implement and monitor appropriate systems and procedures to comply with regulations governing municipal securities activities.

Ensure that municipal securities activities are conducted fairly with appropriate disclosures made to customers.

Understand requirements of associated persons and firms regarding certain responsibilities that are general in nature including solicitation of municipal securities business, gifts, and political contributions.

### 2.1 Definitional rules:

"Bank dealer" **MSRB Rule D-8**

"Customer" **SEC rule 15c1-1; D-9**

"Discretionary account" **MSRB Rule D-10**

"Associated person" **MSRB Rule D-11**

"Municipal fund security" **MSRB Rule D-12**

"Municipal advisory activities" **MSRB Rule D-13**

"Sophisticated Municipal Market Professional" (SMMP) **MSRB Rule D-15**

### 2.2 Qualification and Registration

2.2.1 Broker/dealer: SEC registration requirements **'34 Act, Sects. 15(a) and 15B(a)**

2.2.1.1 Registration **MSRB Rule A-12**

2.2.1.2 Assessments for Municipal Advisor Professionals **MSRB Rule A-11**

2.2.1.3 Separately identifiable department or division of a bank (definition of municipal securities dealer activities) **MSRB Rule G-1**

2.2.1.4 Standards of professional qualification **MSRB Rule G-2**

2.2.1.5 Professional qualification requirements:

2.2.1.5.1 Municipal securities representatives and municipal securities sales limited representatives **MSRB Rule G-3(a)(i) and (ii)**

2.2.1.5.2 Limited representative — investment company and variable contracts products **MSRB Rule G-3(a)(i)(C)**

2.2.1.5.3 Municipal securities principals **MSRB Rule G-3(b)(i) and (ii)**

- 2.2.1.5.4 Municipal fund securities limited principals **MSRB Rule G-3(b)(iv)(A) and (B)**
- 2.2.1.5.5 Municipal securities sales principals **MSRB Rule G-3(c)**
- 2.2.1.5.6 Municipal advisor representative **MSRB Rule G-3(d)**
- 2.2.1.5.7 Municipal advisor principal **MSRB Rule G-3(e)**
- 2.2.1.6 Minimum requirements to have a certain number of principals **MSRB Rule G-3(b)(iii) and (iv)(D); MSRB Rule G-3(e)(ii)**
  
- 2.2.2 Associated persons
  - 2.2.2.1 Definition of associated person **MSRB Rule G-7(a); MSRB Rule D-11**
  - 2.2.2.2 Information to be compiled on each associated person **MSRB Rule G-7(b)**
  - 2.2.2.3 Verification, maintenance, preservation and filing of such information **MSRB Rule G-7(c) through MSRB Rule G-7(h); MSRB Rule G-9; SEC Rule 17a-4**
  - 2.2.2.4 Continuing education requirements **MSRB Rule G-3(i)**
  - 2.2.2.5 Confidentiality of qualification examinations **MSRB Rule G-3(f)**
  
- 2.2.3 Disqualification: Statutory disqualifications **MSRB Rule G-4**
  - Disciplinary actions by appropriate regulatory agencies **MSRB Rule G-5(a)**
  - Remedial notices by registered securities associations **MSRB Rule G-5(b)**

## 2.3 Supervisory Responsibilities

- 2.3.1 Dealer's obligation to supervise **MSRB Rule G-27(a)**
  
- 2.3.2 Designation of principals: Responsibility for municipal securities business and activities of associated persons **MSRB Rule G-27(b)**
  - Written record of designations **MSRB Rule G-27(b)(ii)(B); MSRB Rule G-8(a)(xiv)**
  - Appropriate principal **MSRB Rule G-27(b)(ii)(C)**
  
- 2.3.3 Written supervisory procedures<sup>5</sup> **MSRB Rule G-27(c)**
  
- 2.3.4 Duty to establish, maintain and enforce supervisory control policies and written procedures **MSRB Rule G-27(f)**
  
- 2.3.5 Internal inspections **MSRB Rule G-27(d)**
  
- 2.3.6 Availability of Board rules **MSRB Rule G-29**
  
- 2.3.7 Anti-money laundering compliance program **MSRB Rule G-41**

---

<sup>5</sup> Requirements for SPECIFIC supervisory procedures are found under the appropriate topics, *i.e.*, "Opening Customer Accounts" and "Communications with Customers" on p. 8, also "Discretionary Accounts" and "Customer Complaints" on p. 9.



## 2.4 Conduct of Business

### 2.4.1 Fair practice

2.4.1.1 Conduct of municipal securities and municipal advisory activities **MSRB Rule G-17**

2.4.1.2 Use of ownership information obtained in a fiduciary or agency capacity  
**MSRB Rule G-24**

2.4.1.3 Improper use of assets **MSRB Rule G-25(a)**

### 2.4.2 Control relationships

2.4.2.1 Definition of control relationship **MSRB Rule G-22(a)**

2.4.2.2 Disclosure to customers **MSRB Rule G-22(c)**

### 2.4.3 Gifts, gratuities, non-cash compensation and expenses of issuance

2.4.3.1 General limitation on value of gifts and gratuities **MSRB Rule G-20(a)**

2.4.3.2 Normal business dealings and compensation for services **MSRB Rule G-20(b)** and **(c)**

2.4.3.3 Non-cash compensation in connection with primary offerings **MSRB Rule G-20(d)**

2.4.3.4 Definitions: "non-cash compensation;" "cash compensation;" "offeror" and "primary offering" **MSRB Rule G-20(e)**

2.4.3.5 Records concerning compliance with Rule G-20 **MSRB Rule G-8(a)(xvii)**

### 2.4.4 Political contributions and prohibition on municipal securities business

2.4.4.1 Definitions including "municipal finance professional;" "municipal securities business" and "issuer official" **MSRB Rule G-37(g)**

2.4.4.2 Ban on municipal securities business; de minimis exemption **MSRB Rule G-37(b)**

2.4.4.3 Prohibition on soliciting and coordinating contributions **MSRB Rule G-37(c)**

2.4.4.4 Disclosure to Board and records concerning political contributions and prohibitions on municipal securities business **MSRB Rule G-37(e), (f); MSRB Rule G-8(a)(xvi)**

### 2.4.5 Solicitation of municipal securities business

2.4.5.1 Definitions, including "solicitation;" "affiliated person;" and "affiliated company"  
**MSRB Rule G-38(b)**

2.4.5.2 Prohibited payments **MSRB Rule G-38(a)**

2.4.5.3 Transitional payments **MSRB Rule G-38(c)**

### 2.4.6 Advertising

2.4.6.1 Definitions; general standard for advertisements **MSRB Rule G-21(a)(iii)**

2.4.6.2 Professional advertisements **MSRB Rule G-21(b)**

2.4.6.3 Product advertisements **MSRB Rule G-21(c)**

2.4.6.4 Product advertisements for municipal fund securities (including 529 college savings plans) **MSRB Rule G-21(e)**

2.4.6.5 Approval by a principal **MSRB Rule G-21(f)**

## 2.5 Any Recently Enacted Rules Governing General Supervision

## PART 3: SALES SUPERVISION (25% OF TEST QUESTIONS)

### 3.0 Ensure knowledge of the various supervisory tasks and regulations that apply to the supervision of salespersons within the municipal securities business.

Understand rules, record keeping responsibilities and review and approvals needed for the opening and maintenance of customer accounts.

Demonstrate knowledge of the requirements that govern all types of communications with customers.

Develop practical knowledge of what investments are suitable for customers; understand suitability rules.

Understand unique requirements and supervisory procedures that relate to discretionary accounts.

Understand the sales related activities that are deemed improper and/or prohibited.

Understand rules governing the review, recording and handling of customer complaints.

### 3.1 Opening Customer Accounts

3.1.1 Requirement to obtain customer account information **MSRB Rule G-19**

3.1.2 Review and approval by a principal **MSRB Rule G-27(c)(i)(G)(1)**

3.1.3 Recordkeeping requirement **MSRB Rule G-8(a)(xi)**

3.1.4 Transactions with employees and partners of other municipal securities professionals

Account instructions **MSRB Rule G-28(a)**

Account transactions **MSRB Rule G-28(b)**

Exemption for municipal fund securities **MSRB Rule G-28(c)**

### 3.2 Communications with Customers

3.2.1 Review and retention of correspondence **MSRB Rule G-27(e)**

3.2.2 Telemarketing **MSRB Rule G-39**

3.2.3 Tape recording of conversations **MSRB Rule G-27(c)(ii)**

### 3.3 Suitability

3.3.1 Knowledge of customer **MSRB Rule G-19 [Supp. .04]**

3.3.2 Suitability of recommendations and transactions **MSRB Rule G-19**

- 3.3.3 Time of trade disclosure **MSRB Rule G-47**
- 3.3.4 Transactions with Sophisticated Municipal Market Professionals (SMMP) **MSRB Rule G-48**

### 3.4 Supervisory Concerns

- 3.4.1 Quantitative suitability **MSRB Rule G-19 [Supp.05]**
- 3.4.2 Guarantees against loss **MSRB Rule G-25(b)**
- 3.4.3 Sharing in profits or losses **MSRB Rule G-25(c)**
- 3.4.4 Prohibition against soliciting and coordinating political contributions; and circumvention of rule **MSRB Rule G-37(c) and (d)**
- 3.4.5 Reciprocal dealings with municipal securities investment companies **MSRB Rule G-31**

### 3.5 Discretionary Accounts

- 3.5.1 Control relationships **MSRB Rule G-22(b)**
- 3.5.2 Approval of transactions **MSRB Rule G-27(c)(i)(G)(2)**

### 3.6 Customer Complaints

- 3.6.1 Review by a principal **MSRB Rule G-27(c)(i)(B)**
- 3.6.2 Recordkeeping requirement **MSRB Rule G-8(a)(xii)**
- 3.6.3 Investor and Municipal Advisory Client Education and Protection **MSRB Rule G-10**

### 3.7 Any Recently Enacted Rules Governing Sales Supervision

## PART 4: ORIGINATION AND SYNDICATION (23% OF TEST QUESTIONS)

### 4.0 Demonstrate understanding of the activities required of a supervisory role related to the origination and syndication of new issue municipal securities in both financial advisory and underwriting roles.

Understand a dealer's obligations when serving as a financial advisor to an issuer.

Define advisory relationship.

Understand requirements relating to the documenting of the advisory relationship.

Understand required disclosures and responsibilities in connection with official statements, both as financial advisor and underwriter.

Understand order types and disclosure of orders.

Understand administration rules relating to role of lead manager of a syndicate.

Understand timeframes associated with various responsibilities.

### 4.1 Activities of Financial Advisors

4.1.1 Purpose of financial advisory rule and applicability of state or local law  
**MSRB Rule G-23(a), (f)**

4.1.2 Financial advisory relationship **MSRB Rule G-23(b)**

4.1.3 Agreement with respect to financial advisory relationship **MSRB Rule G-23(c)**

4.1.4 Prohibition on engaging in underwriting activities **MSRB Rule G-23(d)**

4.1.5 Remarketing activities **MSRB Rule G-23(e)**

4.1.6 Preparation of official statement by financial advisors **MSRB Rule G-32(c)**

### 4.2 New Issue Syndicate Practices

4.2.1 Obligations of municipal underwriters under SEC rules "Reasonable basis" interpretation  
**SEC Release No. 34-26100, Part III**

Availability and review of official statements **SEC Rule 15c2-12**

4.2.2 New issue syndicate practices

4.2.2.1 Definitions **MSRB Rule G-11(a)**

4.2.2.2 Disclosure of capacity **MSRB Rule G-11(b)**

4.2.2.3 Confirmations of sale **MSRB Rule G-11(c)**

4.2.2.4 Disclosure of group orders **MSRB Rule G-11(d)**

- 4.2.2.5 Priority provisions **MSRB Rule G-11(e)**
- 4.2.2.6 Communications relating to issuer syndicate requirements, priority provisions and order period **MSRB Rule G-11(f)**
- 4.2.2.7 Designations and allocation of securities **MSRB Rule G-11(g)**
- 4.2.2.8 Disclosure of syndicate expenses and other information **MSRB Rule G-11(h)**
- 4.2.2.9 Retail order period and required disclosures **MSRB Rule G-11(k)**
  
- 4.2.3 Disclosures in connection with primary offerings
  - 4.2.3.1 Customer disclosure requirements **MSRB Rule G-32(a)**
  - 4.2.3.2 Underwriter submissions to Electronic Municipal Market Access (EMMA<sup>®</sup>) website **MSRB Rule G-32(b)**
  - 4.2.3.3 Definitions **MSRB Rule G-32(d)**
  
- 4.2.4 New issue advertisements **MSRB Rule G-21(d)**
  
- 4.2.5 CUSIP numbers and new issue requirements
  - 4.2.5.1 New issue securities **MSRB Rule G-34(a)**
  - 4.2.5.2 Exemptions **MSRB Rule G-34(c)**
  
- 4.2.6 Syndicate administration
  - 4.2.6.1 Underwriting assessments **MSRB Rule A-13(a), (b)**
  - 4.2.6.2 Prohibition on charging fees to issuers **MSRB Rule A-13(e)**
  - 4.2.6.3 Definition of primary offering **MSRB Rule A-13(f)**
  - 4.2.6.4 Records concerning primary offerings **MSRB Rule G-8(a)(viii)**
  - 4.2.6.5 Records concerning disclosures in connection with primary offerings pursuant to Rule G-32 **MSRB Rule G-8(a)(xiii)**
  - 4.2.6.6 Settlement of syndicate or similar account **MSRB Rule G-11(i)**
  - 4.2.6.7 Payments of designations **MSRB Rule G-11(j)**

### 4.3 Any Recently Enacted Rules Governing Origination and Syndication

## PART 5: TRADING (10% OF TEST QUESTIONS)

### 5.0 Ensure understanding of the rules and regulations related to supervision of trading of municipal securities.

Demonstrate understanding of the rules related to quotations of municipal securities.

Understand record keeping responsibilities for principal and agency transactions.

Understand procedures and timeframes for reporting every municipal securities transaction to the MSRB or its designee.

Understand responsibilities related to the assignment of CUSIP numbers in secondary market trading.

Understand the prohibition against dissemination of fictitious trade reports.

### 5.1 Quotations

5.1.1 Applicability of the rule and definition of quotation **MSRB Rule G-13(a)**

5.1.2 Bona fide quotations **MSRB Rule G-13(b)**

5.1.3 Multiple markets in the same securities **MSRB Rule G-13(c)**

### 5.2 Execution of Transactions

5.2.1 Best execution **MSRB Rule G-18**

5.2.2 Broker's brokers **MSRB Rule G-43**

5.2.3 Prices and commissions  
Principal transactions **MSRB Rule G-30(a)**  
Agency transactions **MSRB Rule G-30(b)**

5.2.4 Time of trade disclosure **MSRB Rule G-47**

### 5.3 Reports of Sales or Purchases

5.3.1 Prohibition against dissemination of false trade reports **MSRB Rule G-14(a)**

5.3.2 Transaction reporting requirements and RTRS procedures **MSRB Rule G-14(b)**

5.3.3 Definitions relating to reporting requirements for specific types of transactions  
**MSRB Rule G-14, RTRS Procedures, Sect. (d)**

5.3.4 Transaction and technology assessments **MSRB Rule A-13(c)**

**5.4 Secondary Market Securities *MSRB Rule G-34(b)***

**5.5 Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers and Municipal Advisors**

5.5.1 Records for agency transactions *MSRB Rule G-8(a)(vi)*

5.5.2 Records for transactions as principal *MSRB Rule G-8(a)(vii)*

5.5.3 Records of secondary market trading account transactions *MSRB Rule G-8(a)(xxiv)*

5.5.4 Broker's brokers activities *MSRB Rule G-8(a)(xxv)*

5.5.5 Records for alternative trading systems *MSRB Rule G-8(a)(xxvi)*

**5.6 Any Recently Enacted Rules Governing Trading**

## PART 6: OPERATIONS (15% OF TEST QUESTIONS)

- 6.0 Ensure understanding of the rules and record keeping requirements related to the operational aspects of supervision of the municipal securities business.**
- Understand the items required to confirm transactions.
  - Understand the settlement process for trades.
  - Understand the mechanics of delivery of securities and the requirements for handling trade or settlement problems.
  - Understand procedures and timeframes for reporting of municipal securities trades to the MSRB.
  - Demonstrate knowledge of various types of records that are required to be maintained, and the timeframes required for their maintenance.
  - Understand requirements and rules governing the transfer of customer accounts to other firms.
- 6.1 Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers**
- 6.1.1 Confirmation requirements**
    - 6.1.1.1 Customer confirmations** *MSRB Rule G-15(a)*
    - 6.1.1.2 Interdealer confirmations** *MSRB Rule G-12(c)*
    - 6.1.1.3 Comparison and verification of interdealer confirmations; unrecognized transactions** *MSRB Rule G-12(d)*
  - 6.1.2 Settlement dates** *MSRB Rules G-15(b) and G-12(b)*
  - 6.1.3 Delivery of securities**
    - 6.1.3.1 Deliveries to customers** *MSRB Rule G-15(c)*
    - 6.1.3.2 Customer DVP/RVP transactions** *MSRB Rule G-15(d)*
    - 6.1.3.3 Interdealer deliveries** *MSRB Rule G-12(e)*
    - 6.1.3.4 Minimum denominations** *MSRB Rule G-15(f)*
    - 6.1.3.5 Forwarding official communications** *MSRB Rule G-15(g)*
  - 6.1.4 Transaction reporting**
    - 6.1.4.1 Use of automated comparison, clearance and settlement systems** *MSRB Rule G-12(f)*
    - 6.1.4.2 Transaction reporting procedures** *MSRB Rule G-14(b)*
  - 6.1.5 Interest payment claims**
    - 6.1.5.1 Customer claims** *MSRB Rule G-15(e)*
    - 6.1.5.2 Interdealer claims** *MSRB Rule G-12(l)*



6.1.6 Rejections and reclamations **MSRB Rule G-12(g)**

6.1.7 Close-outs **MSRB Rule G-12(h)**

## 6.2 Books and Records

6.2.1 Books and records required to be made<sup>6</sup>

6.2.1.1 Records of original entry **MSRB Rule G-8(a)(i)**

6.2.1.2 Account records **MSRB Rule G-8(a)(ii)**

6.2.1.3 Securities records **MSRB Rule G-8(a)(iii)**

6.2.1.4 Subsidiary records **MSRB Rule G-8(a)(iv)**

6.2.1.5 Records of put options and repurchase agreements **MSRB Rule G-8(a)(v)**

6.2.1.6 Copies of confirmations and certain other notices to customers **MSRB Rule G-8(a)(ix)**

6.2.1.7 Financial records specified by SEC rules **MSRB Rule G-8(a)(x)**

6.2.2 Manner in which books and records are to be maintained **MSRB Rule G-8(b)**

6.2.3 Non-clearing brokers and dealers **MSRB Rule G-8(c)**

6.2.4 Introducing brokers and dealers **MSRB Rule G-8(d)**

6.2.5 Books and records maintained by transfer agents for municipal fund securities transactions **MSRB Rule G-8(g)**

6.2.6 Definition of customer **MSRB Rule G-8(e)**

6.2.7 Compliance with SEC rules **MSRB Rule G-8(f)**

6.2.8 Preservation of records

Period of time records must be preserved **MSRB Rule G-9(a)** through **MSRB Rule G-9(c)**

Accessibility and availability **MSRB Rule G-9(d)**

Method of record retention **MSRB Rule G-9(e)**

Effect of lapse in dealer's registration **MSRB Rule G-9(f)**

Requirements of SEC rules **MSRB Rule G-9(g)**

## 6.3 Customer Account Transfers **MSRB Rule G-26**

## 6.4 Calculations (general knowledge) **MSRB Rule G-33**

## 6.5 Any Recently Enacted Rules Governing Operations

---

<sup>6</sup> Other required books and records are listed under specific topics.

## REFERENCES

Listed below are government and self-regulatory organization websites that provide information candidates may find useful in preparing for the exam. In addition to information about rules, the organizations listed may publish glossaries of terms, explanations of products and compliance procedures. Candidates are encouraged to refer to the websites for regulatory notices and interpretive guidance concerning amendments to the rules and announcements of new rules that may relate to the exam. It is recommended that candidates refer to the content outline as part of their preparation to take the exam. Candidates are responsible for planning their course of study in preparation for the exam. The MSRB produces only the content outline and is not involved with, nor does it endorse, any particular course of study.

Board of Governors of the Federal Reserve System (Fed)

<https://www.federalreserve.gov/supervisionreg.htm>

Commodity Futures Trading Commission (CFTC)

<https://cftc.gov/LawRegulation/CommodityExchangeAct/index.htm>

Federal Deposit Insurance Corporation (FDIC)

<https://www.fdic.gov/regulations/>

Financial Industry Regulatory Authority (FINRA)

<http://www.finra.org/industry/rules-and-guidance>

Municipal Securities Rulemaking Board (MSRB)

<http://msrb.org/Rules-and-Interpretations/MSRB-Rules.aspx>

<http://msrb.org/Rules-and-Interpretations/Regulatory-Notices.aspx>

Municipal Securities Rulemaking Board Education on 529 and ABLE Programs

<http://msrb.org/EducationCenter/Municipal-Market/529-Plans.aspx>

Municipal Market Education for Professionals (MuniEdPro®)

<http://msrb.org/Regulated-Entities/MuniEdPro.aspx>

Office of the Comptroller of the Currency (OCC)

<https://occ.gov/topics/laws-regulations/index-laws-regulations.html>

Securities and Exchange Commission (SEC)

<https://www.sec.gov/rules.shtml>

Securities Industry / Regulatory Council on Continuing Education (CE Council)

<http://cecouncil.org/>

## 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 subjects covered in 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. SIPC coverage provides protection on a joint account with two owners to what extent?
  - (A) \$500,000 total, including a maximum of \$100,000 for cash balances
  - (B) \$500,000 in securities, plus a maximum of \$100,000 for cash balances
  - (C) \$500,000 total, including a maximum of \$250,000 for cash balances
  - (D) \$1,000,000 total, including a maximum of \$200,000 for cash balances
  
2. During an internal suitability review, a branch manager questions a salesperson on the sale of a 5-year \$500,000 treasury ladder to a recently widowed 60-year-old customer. Which factors would the manager expect the salesperson to have considered in making his recommendation to the customer?
  - I. Effect of the minimum required distribution of the customer's IRA
  - II. Ability of the customer to have access to a portion of the principal for emergencies
  - III. Monthly income needs until social security benefits begin at age 62
  - IV. Effects of the unified credit exclusion for estate planning purposes
  - (A) I and III
  - (B) I and IV
  - (C) II and III
  - (D) II and IV
  
3. Written statements regarding retail order period requirements must be provided by the senior syndicate manager to:
  - (A) Members of the syndicate.
  - (B) Underwriter's counsel.
  - (C) Bond counsel.
  - (D) Rating agency.
  
4. When would a trade confirmation be issued without a yield?
  - (A) For a transaction effected to the call date
  - (B) If the trade was done at par
  - (C) When commissions are included
  - (D) On bonds called at par
  
5. Under MSRB rules, all of the following are included in the term advertisement EXCEPT:
  - (A) Telemarketing scripts.
  - (B) Preliminary official statements or official statements.
  - (C) A letter summarizing a municipal security mailed to a customer list.
  - (D) Newspaper announcements of an upcoming bond offering.

ANSWERS: 1. (C) 2. (C) 3. (A) 4. (B) 5. (B)