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Category
Professional Qualification

Affected Rules
[Rule G-3](#)

MSRB Amends Rule G-3 on Dealer Continuing Education Program Requirements

Overview

The Municipal Securities Rulemaking Board (MSRB) filed with the Securities and Exchange Commission (SEC)¹ a proposed rule change to amend Rule G-3 to align continuing education (CE) obligations under MSRB Rule G-3 for brokers, dealers, and municipal securities dealers (collectively, “dealers”) (“MSRB proposed rule change”) with Commission-approved amendments to the Financial Industry Regulatory Authority’s (FINRA) CE rules,² and facilitate the recommendations of the Securities Industry/Regulatory Council on Continuing Education (CE Council) that enhance CE requirements for municipal securities industry professionals.³ The MSRB proposed rule change does not modify continuing education obligations under Rule G-3 for municipal advisors.

The proposed rule change was filed for immediate effectiveness.

The MSRB proposed rule change will transition the Regulatory Element component of CE for dealers to an annual requirement for each dealer qualification category, extend Firm Element component of CE for dealers to all registered persons, permit firms to consider other outside training

¹ File No. SR-MSRB-2022-07

² See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (File No. SR-FINRA-2021-015). See also [FINRA Regulatory Notice 21-41](#) (November 17, 2021).

³ See [“Enhancements Under Consideration for the Securities Industry Continuing Education Program,”](#) CE Council (September 18, 2018) (“Concept Release”) and Rule G-3. The CE Council oversees the development, implementation and ongoing operation of the Securities Industry Continuing Education Program (CE Program) through its members, including the MSRB, other self-regulatory organizations (SROs) and representatives from broker-dealers, as well as liaisons from the Securities and Exchange Commission (SEC) and the North American Securities Administrators Association.



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programs toward satisfying Firm Element requirements, and enable previously registered eligible individuals who have temporarily stepped away from the industry to maintain their qualification through continuing education for up to five years. The MSRB proposed rule change also contains technical amendments to Rule G-3.

The rule language becomes operative on September 30, 2022, with the Regulatory and Firm Element requirements having a compliance date of January 1, 2023. As addressed below, representatives and principals will have until December 31, 2023, to comply with their annual obligation to complete Regulatory Element.

Background

The MSRB is charged with setting professional qualification standards for dealers. Accordingly, over the years, the MSRB has adopted professional qualification standards to ensure that associated persons of dealers attain and maintain specified levels of competence and knowledge for each qualification category.⁴

Since the SEC's approval of the MSRB's initial CE rules in 1995,⁵ the MSRB and other SROs have amended their CE rules as industry and market practices evolved. The CE Council's Concept Release exploring potential enhancements to the CE Program was issued in 2018.⁶ In support of the CE Council, MSRB and FINRA issued Requests for Comment from securities industry participants about the enhancements under consideration to elicit feedback that would inform the CE Council.⁷ After reviewing the comment

⁴ Similarly, with respect to municipal advisors, the MSRB is charged with establishing standards of training, experience, competence and other qualifications as the MSRB finds necessary. See 15 U.S.C. 78o-4(b)(2)(A)

⁵ See Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426 (February 14, 1995) (File No. SR-MSRB-94-17) (approving MSRB Rule G-3(h), on continuing education requirements).

⁶ See *supra* note 1.

⁷ See [MSRB Notice 2018-21](#) "CE Council Requests Comment on Continuing Education Program Considerations" (May 4, 2018) and [FINRA Regulatory Notice 18-26](#) "FINRA Requests Comments on Enhancements Under Consideration by the Securities Industry/Regulatory Council on Continuing Education" (Sept. 26, 2018). FINRA's RFC elicited 22 responses that are summarized in [FINRA Regulatory Notice 20-05](#) "FINRA Requests Comment on a Proposal to Implement the Recommendations of the CE Council Regarding Enhancements to Continuing Education Program for Securities Industry Professionals" (February 19, 2020).

letters and further discussions, the CE Council issued recommendations on September 12, 2019.⁸ Following those 2019 recommendations, FINRA filed its CE rule amendment which was by and large based on the CE Council's 2019 recommendations.⁹

Summary of Rule Changes

The MSRB's proposed rule change reflects the MSRB's intention to generally align the MSRB's CE program requirements with FINRA's CE rule amendment to facilitate the implementation of recommendations by the CE Council and for purposes of promoting regulatory consistency and fostering cooperation between regulators.

I. Transition Regulatory Element to an Annual Requirement

MSRB Rule G-3(i)(i)(A)(1) provides that the Regulatory Element of the CE Program shall be completed two years after the registered person's initial registration date ("base date") and every three years thereafter. The CE Council recommended moving to an annual requirement for the Regulatory Element to provide registered persons more current and effective training on recent regulatory developments. In order to implement this recommendation and in alignment with amended FINRA Rule 1240(a), MSRB amended Rule G-3(i)(i)(A)(1) to require each covered person¹⁰ to complete the Regulatory Element annually by December 31st of each calendar year. Representatives or principals may complete the Regulatory Element at any time during the calendar year, which provides firms with increased flexibility in the form of more time to develop and

FINRA's comment period was extended to May 31, 2020. MSRB received one comment letter that generally supported the CE Council's goals. See [Wells Fargo Advisors Letter](#).

⁸ See CE Council "[Recommended Enhancements for the Securities Industry Continuing Education Program Securities Industry/Regulatory Council on Continuing Education to the CE Program](#)" (September 12, 2019).

⁹ FINRA's CE rule amendment was approved by the Commission on September 21, 2021. See *supra* note 2.

¹⁰ Under Rule G-3(i)(i)(A)(5) a covered person means, "any person registered or registering as a municipal with the appropriate enforcement authority as a municipal securities representative, municipal securities principal, municipal fund securities limited principal or municipal securities sales principal, including any person who is permissively registered as such pursuant to Supplementary Material .03, of Rule G-3, and any person who is designated as eligible for a waiver pursuant to Supplementary Material .04, of Rule G-3.

implement their Regulatory Element training in coordination with other CE Program requirements, including Firm Element.¹¹ Municipal securities representatives and municipal securities principals would be required to complete Regulatory Element content appropriate to each qualification held in order to satisfy CE program requirements.

II. Failure to Complete

Currently, MSRB Rule G-3(i)(i)(A)(2), on failure to complete, prescribes that unless otherwise determined by the Board, any registered persons who have not completed the Regulatory Element component of CE within the required time frames would have their registrations deemed inactive until such time as the requirements of the program had been satisfied.¹² The Rule also provides that a registration that is inactive for a period of two years would be administratively terminated; and subsequently, that the qualification requirements must be satisfied prior to a person's registration being reactivated.¹³

As amended, Rule G-3(i)(i)(A)(2), similar to FINRA Rule 1240(a)(2), requires dealers to make a request for an extension of time in writing and provide supporting documentation. The MSRB believes the proposed rule change will further regulatory consistency and foster the appropriate enforcement authority's determination on whether to grant additional time to complete the Regulatory Element component of CE.

¹¹ Nothing in the Rule shall prohibit dealer firms from requiring its covered persons to complete their Regulatory Element prior to December 31 of each calendar year.

¹² More specifically, the prior requirements stated that any person whose registration has been deemed inactive is required to cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such persons may not receive any compensation for transactions in municipal securities, however such person may receive trails, residual commissions or like compensation resulting from such transactions completed before the person's inactive status, unless the dealer with which the person is associated has a policy prohibiting such trails, residual commissions or like compensation.

¹³ The appropriate enforcement authority may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements.

III. Reassociation

Currently, MSRB Rule G-3(i)(i)(A)(4), on reassociation, states that any registered person who has terminated association with a dealer and who becomes reassociated in a registered capacity with a dealer, within two years, shall participate in the Regulatory Element at the required intervals that apply based on such person's initial registration anniversary date rather than the date of reassociation in a registered capacity. Also, the rule requires former registered persons who become reassociated with a dealer in a registered capacity after a two-year period to satisfy CE program requirements in their entirety based on the most recent registration date.

Amended MSRB Rule G-3(i)(i)(A)(4) specifies that the CE requirements that must be satisfied in order for individuals to have their re-registration approved by the appropriate enforcement authority.¹⁴ More specifically, the amended rule requires persons who are re-registering with the appropriate examining authority to complete the Regulatory Element component of CE for the registration category annually by December 31 of each calendar year. The MSRB's amended rule also reflects technical amendments to add the phrase "or registering" to MSRB Rule G-3(i)(i)(A)(5) to provide that the Regulatory Element requirements apply to individuals who are registered or in the process of registering as a representative or principal.

IV. Enhancements to the Firm Element Component of CE

The MSRB supports a principles-based approach to compliance with the Firm Element requirement and affords dealers considerable flexibility in developing the scope and content for their Firm Element, subject to the enumerated minimum content requirements. A dealer's Firm Element, as prescribed in MSRB Rule G-3(i)(i)(B)(2)(b), on minimum standards for training programs, must address, with respect to municipal securities products, services and strategies offered by the dealer, at a minimum:

- (i) General investment features and associated risk factors;

¹⁴ Similarly, FINRA Rule 1240(a)(4) provides that persons who have not completed the Regulatory Element component of CE for a registration category by December 31 of each calendar year prior to re-registering, would not be approved for registration for that category until the appropriate qualification requirement is satisfied.

- (ii) Suitability and sales practice considerations; and
- (iii) Applicable regulatory requirements.

MSRB Rule G-3(i)(i)(B)(4) also provides that the appropriate enforcement authority may require a dealer, individually or as part of a larger group, to provide specific training to its covered persons in such areas that the enforcement authority deems appropriate.

Currently, under MSRB Rule G-3(i)(i)(B)(1), “covered registered persons” includes any person registered and qualified as a representative or principal with a dealer in accordance with MSRB Rule G-3 or as a general securities principal and who regularly engages in or supervises municipal securities activities.

In alignment with FINRA,¹⁵ the MSRB amended this rule to extend Firm Element training requirements to all registered persons; thereby deleting the specific requirement for dealers to only conduct annual municipal securities training for registered representatives who regularly engage in, and municipal securities principals who regularly supervise, municipal securities activities. Accordingly, the term “covered” has been deleted from the phrase “covered registered persons” in MSRB Rule G-3(i)(i)(B)(1) and all applicable cross references under MSRB Rule G-3(i)(i)(B) have been updated.

As the MSRB previously stated, from the inception of Rule G-3, the MSRB has intended for dealers to consider regulatory developments and the scope of their municipal securities activities in preparing their annual written training plan. Therefore, the MSRB no longer deems it necessary to prescribe specific subject matters for Firm Element and has deleted the enumerated topics from MSRB Rule G-3(i)(i)(B)(2)(b), on minimum standards for training programs. The Rule amendments expressly provide that the training provided by dealers must be appropriate for the business of the firm and at a minimum must cover training topics related to the role, activities or responsibilities of the registered person. Moreover, dealers are reminded that in developing a written training plan, each dealer must take into consideration the firm’s size, organizational structure, scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element.

¹⁵ See FINRA Rule 1240(b)(1). FINRA deleted the reference to “covered” in its present definition of registered persons, expanding the definition to be inclusive of all registered persons, including any person permissively registered as a representative or principal pursuant to FINRA Rule 1210.02, on permissive registrations.

V. Recognition of Other Outside Training and Credentialing Programs to Satisfy Firm Element

The MSRB did not previously have a rule that expressly provides for the use of other outside training and credentialing programs to satisfy the Firm Element requirements. Consistent with amended FINRA requirements under FINRA Rule 1240(b)(2)(B), the MSRB adopted subparagraph (d) under MSRB Rule G-3(i)(i)(B)(2), thereby allowing dealers to count their Anti-Money Laundering Compliance Program training towards satisfying registered persons' Firm Element requirement. Additionally, the amended rule permits annual compliance training (i.e., the Annual Compliance Meeting), to satisfy Firm Element requirements for those persons associated with a member of a registered securities association.¹⁶

VI. Facilitate Maintaining Qualifications Through Continuing Education for Previously Registered Persons of Dealers

As noted above, there was not a mechanism in place for persons to maintain their qualification(s) after the expiration of two years since the date of termination of any registration(s). Accordingly, a person whose registration(s) were terminated for two or more years did not have a path to maintain qualification and thus, was required to requalify by taking and passing the applicable qualification examination(s) or by obtaining a waiver of such requirements. As amended, MSRB Rule G-3(i)(i)(C) now provides a mechanism for persons who have terminated their registration(s) to maintain their qualifications by participating in the continuing education program administered by FINRA and satisfying the specified conditions.¹⁷ The

¹⁶ To date, FINRA is the only registered securities association.

¹⁷ More specifically, the proposed rule change would provide those persons who have terminated their registration(s) would be permitted to maintain their qualification(s) beyond the current two-year timeframe for up to five years by satisfying annual CE requirements, if such a person:

- (i) was registered in the terminated registration category for at least one year immediately prior to the termination of his/her registration;
- (ii) elects to enter the proposed continuing education program upon terminating their registration or within two years from such termination of registration;
- (iii) completes the prescribed continuing education annually by December 31st; and

retention of industry professionals who know and understand securities laws, regulations and MSRB rules will serve the market.

In structuring a framework that allows industry professionals to maintain their qualifications after termination of their registrations, the amendments contain rigorous continuing education standards that ensure that these persons maintain up-to-date knowledge about securities laws, regulations and MSRB rules, among other things, and specific eligibility requirements, which both serve to promote investor protection and the public interest.

VII. Facilitate Eligibility of Persons Enrolled in the Financial Services Industry Affiliate Program to Transition to Proposed Continuing Education Program

Currently, Supplementary Material .04 of MSRB Rule G-3 contains an exception to the present requalification by examination by granting a waiver from the examination requirement for individuals who work for a financial services industry affiliate of a dealer. Under current Supplementary Material .04, such individuals could be designated as FSAWP-eligible, if the eligibility requirements are met, which include: 1) a requirement that such persons be registered as a representative or principal for a total of five years within the most recent 10-year period; 2) the waiver request is made within seven years of such persons' initial designation; 3) persons continuously worked for a financial services affiliate of a dealer since terminating association with a dealer; 4) persons who completed the Regulatory Element portion of CE consistent with Rule requirements based on such persons' most recent registration status and on the same Regulatory Element cycle, if they remained registered; and 5) such persons have no pending or adverse regulatory matters or termination and have not otherwise been subject to a statutory disqualification while working for a financial services industry affiliate(s) of a dealer.

Due to the establishment of the new continuing education program requirements, which allows persons who have terminated their registration(s) to maintain their qualifications by completing the requisite annual continuing education requirements, Supplementary

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- (iv) re-registers with a FINRA member firm and would be required to satisfy all other requirements relating to the registration process; and is not subject to a statutory disqualification or becomes subject to a statutory disqualification.

Material .04 of MSRB Rule G-3, has been amended to no longer allow individuals to become designated as an FSA-eligible individual.¹⁸

Compliance Dates

The compliance date for the amendments to the Regulatory Element is January 1, 2023, but individuals will have until December 31, 2023, to complete the required annual training. In addition, all other changes, including changes related to Firm Element and re-registration have a compliance date of January 1, 2023.

Questions about this notice should be submitted to Bri Joiner, Director, Regulatory Compliance, or Lisa Wilhelmy, Assistant Director, at 202-838-1500.

August 30, 2022

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Text of Amendments*

Rule G-3: Professional Qualification Requirements

No change.

(a) No change.

(i) No change.

(ii) Qualification Requirements.

(A) – (B) No change.

(C) Any person who ceases to be associated with a broker, dealer or municipal securities dealer (whether as a municipal securities representative or otherwise) for two or more years at any time after having qualified as a municipal securities representative in accordance with subparagraph (a)(ii)(A) or (B) shall again meet the requirements of subparagraph (a)(ii)(A) or (B) of this rule prior to being qualified as a municipal securities

¹⁸ On or after March 15, 2022, individuals were no longer able to be designated as an FSA-eligible individual for the waiver program set forth under Supplementary Material .04 of MSRB Rule G-3.

* Underlining indicates new language; strikethrough denotes deletions.

representative, unless such person has maintained his or her qualification status in accordance with Rule G-3(i)(i)(C) or as otherwise permitted by the Board.

(b) No change.

(i) No change.

(ii) Qualification Requirements.

(A) - (B) No change.

(C) Any person who ceases to act as a municipal securities principal for two or more years at any time after having qualified as such shall meet the requirements of subparagraphs (b)(ii)(A) and (B) of this rule prior to being qualified as a municipal securities principal, unless such person has maintained his or her qualification status in accordance with Rule G-3(i)(i)(C) or as otherwise permitted by the Board.

(D) No change.

(iii) No change.

(iv) No change.

(A) – (B) No change.

(1) – (2) No change.

(3) Any person who ceases to act as a municipal fund securities limited principal for two or more years at any time after having qualified as such shall meet the requirements of clauses (b)(iv)(B)(1) and (2) of this rule prior to being qualified as a municipal fund securities limited principal, unless such person has maintained his or her qualification status in accordance with Rule G-3(i)(i)(C) or as otherwise permitted by the Board.

(4) No change.

(C) – (D) No change.

(c) No change.

(i) No change.

(ii) No change.

(A) – (B) No change.

(C) Any person who ceases to act as a municipal securities sales principal for two or more years at any time after having qualified as such shall meet the requirements of subparagraphs (c)(ii)(A) and (B) of this rule prior to being qualified as a municipal securities sales principal, unless such person has maintained his or her qualification status in accordance with Rule G-3(i)(i)(C) or as otherwise permitted by the Board.

(D) No change.

(d) – (g) No change.

(h) Waiver of Qualification Requirements.

(i) The requirements of paragraphs (a)(ii), ~~(a)(iii)~~, (b)(ii), (b)(iv)(B) and (c)(ii) may be waived in extraordinary cases for any associated person of a broker, dealer or municipal securities dealer who demonstrates extensive experience in a field closely related to the municipal securities activities of such broker, dealer or municipal securities dealer or as permitted pursuant to Supplementary Material .04 of this rule. Such waiver may be granted by

(A)-(B) No change.

(ii) No change.

(i) Continuing Education Requirements

(i) Continuing Education Requirements for Brokers, Dealers, and Municipal Securities Dealers— This paragraph prescribes requirements regarding the continuing education of ~~certain~~ specified registered persons subsequent to their initial qualification and registration with a registered securities association with respect to a person associated with a member of such association, or the appropriate regulatory agency as defined in Section 3(a)(34) of the Act with respect to a person associated with any other broker, dealer or municipal securities dealer ("the appropriate enforcement authority"). The requirements shall consist of a Regulatory Element and a Firm Element as set forth below. This subsection of this rule also sets forth a continuing education program through which specified persons may maintain their qualification in a representative or principal registration category following the termination of that registration category.

(A) Regulatory Element.

(1) – Requirements – No broker, dealer or municipal securities dealer shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person, unless such person has complied with the requirements of subparagraph (i)(i)(A) hereof.

Each ~~registered~~ covered person qualified in a representative or principal category immediately preceding January 1, 2023, shall complete the Regulatory Element ~~on the occurrence of their second anniversary registration anniversary date and for each~~

applicable registration category annually by December 31, 2023, and by December 31 of every three years thereafter in which the person remains registered, or as otherwise prescribed by the Board.

Each covered person registering with the appropriate enforcement authority in a representative or principal registration category for the first time on or after January 1, 2023 shall complete the Regulatory Element for each applicable registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes registered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Board. Nothing in this subparagraph (A)(1) shall prohibit a broker, dealer, or municipal securities dealer from requiring its covered persons to complete their Regulatory Element for each applicable registration category at any time during the calendar year. On each occasion, the Regulatory Element must be completed within 120 days after the person's registration anniversary date. A person's initial registration date, also known as the "base date," shall establish the cycle of anniversary dates for purposes of this subparagraph (i)(i)(A). The content of the Regulatory Element shall be determined by the Board for each registration category of persons subject to the rule and shall be appropriate to each representative or principal registration category. A covered person shall complete Regulatory Element content for each applicable registration category that such person holds. The content of the Regulatory Element for a covered person designated as eligible for a waiver pursuant to Supplementary Material .04 of this rule shall be determined based on the person's most recent registration(s), and the Regulatory Element shall be completed based on the same annual cycle had the person remained registered.

(2) Failure to Complete—Unless otherwise determined by the Board, as provided in this paragraph (i)(i)(A)(2), any registered covered persons, other than a covered person designated as eligible for a waiver pursuant to Supplementary Material .04, who have not completed the Regulatory Element within the prescribed time frames calendar year in which the Regulatory Element is due will have their such person's registration(s) deemed inactive until such time as the requirements of the program have been satisfied such person completes all required Regulatory Element, including any Regulatory Element that becomes due while such person's registration(s) are is deemed inactive.

Any covered person, other than a covered person designated as eligible for a waiver pursuant to Supplementary Material .04 of this rule, whose registration(s) has been deemed inactive under this clause (i)(i)(A)(2) shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Such covered person may not receive any compensation for transactions in municipal securities, however, such covered person may receive trails, residual commissions or like compensation resulting from such transactions completed before the covered person's inactive status, unless the dealer with which

the covered person is associated has a policy prohibiting such trails, residual commissions or like compensation.

A registration that ~~is~~ remains inactive for a period of two consecutive years will be administratively terminated by the appropriate enforcement authority. A person whose registration(s) is so terminated or who otherwise fails to complete the required Regulatory Element for two consecutive years may reactivate the registration(s) only by reapplying for registration and meeting the qualification requirements of the applicable provisions of this rule. The two-year period under this clause (i)(i)(A)(2) is calculated from the date a person's registration(s) is deemed inactive. If a covered person designated as eligible for a waiver pursuant to Supplementary Material .04 fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver. The appropriate enforcement authority may, upon written application, with supporting documentation, and a showing of good cause, allow for additional time for a ~~registered~~ covered person to satisfy the ~~program~~ Regulatory Element requirements.

(3) *Disciplinary Actions*—~~Unless otherwise determined~~ A covered person, other than a covered person designated as eligible for a waiver pursuant to Supplementary Material .04 of this rule, may be required to complete assigned continuing education as prescribed by the appropriate enforcement authority, a registered person will be required to retake the Regulatory Element and satisfy all of its requirements] in the event such person:

(a)-(b) No change.

(c) is ordered as a sanction in a disciplinary action to ~~retake the Regulatory Element~~ complete continuing education by any securities governmental agency, the appropriate enforcement authority or securities self-regulatory organization.

~~The retaking of the Regulatory Element shall commence with participation]~~ Such covered person must complete any continuing education required under subparagraph (A)(3) of this rule within 120 days of the-registered covered person becoming subject to the statutory disqualification, in the case of clause (a) above, or the completion of the sanction or the disciplinary action becomes final, in the case of clause (b) or clause (c) above. The date that the disciplinary action becomes final will be deemed the person's new base date for purposes of subparagraph (i)(i)(A).

(4) ~~Reassociation~~ Re-registration - Any ~~registered~~ covered person who re-registers with the appropriate enforcement authority in a representative or principal registration category shall complete ~~who has terminated association with a broker, dealer or municipal securities dealer and who has, within two years of the date of~~

termination, become reassociated in a registered capacity with a broker, dealer or municipal securities dealer shall participate in the Regulatory Element content for each applicable registration category at such intervals that apply (second registration anniversary and every three years thereafter) based on the initial registration anniversary date rather than based on the date of reassociation in a registered capacity, annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes re-registered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the appropriate enforcement authority, provided that such person has already completed the Regulatory Element content for that registration category for the calendar year in which such person is re-registering; such person is re-registering by having passed an examination for that registration category; or such person is re-registering by having obtained an unconditional examination waiver for that registration category.

Any covered person who is re-registering with the appropriate enforcement authority in a representative or principal registration category without having completed any Regulatory Element content for that registration category for the calendar year in which such person is re-registering or without having passed an examination for that registration category or without having obtained an unconditional examination waiver for that registration category shall complete the Regulatory Element content for that registration category annually by December 31 of the calendar year in which such person re-registers and by December 31 of every year thereafter in which such person remains registered, or as otherwise prescribed by the Board.

If a covered person has not completed any Regulatory Element content for a registration category in the prior calendar year(s) to re-registering, such persons would need to either: (i) complete the requisite Regulatory Element content; (ii) pass an examination for that registration category; or (iii) obtain an unconditional examination waiver for that registration category, as applicable, for purposes of the appropriate enforcement authority to consider approving the registration request.

Nothing in this subparagraph (A)(4) shall prohibit a broker, dealer or municipal securities dealer from requiring its covered persons, other than a covered person designated as eligible for a waiver pursuant to Supplementary Material .04 of this rule, to complete their Regulatory Element for their registration categories at any time during the calendar year.

(5) *Definition of ~~Registered~~ Covered Person*—For purposes of this subparagraph, the term "registered covered person" means any person registered or registering with the appropriate enforcement authority as a municipal securities representative, municipal securities principal, municipal fund securities limited principal or municipal securities sales principal or financial and operations principal, including

any person who is permissively registered as such pursuant to Supplementary Material .03, of this rule, and any person who is designated as eligible for a waiver pursuant to Supplementary Material .04, of this rule.

(6) *Delivery of the Regulatory Element*—The ~~continuing education~~ Regulatory Element ~~program will~~ shall be administered through Web-based delivery or such other technological manner and format as specified by the Board.

(B) *Firm Element*

(1) *Persons Subject to the Firm Element*—The requirements of this subparagraph shall apply to any person registered or registering with a broker, dealer or municipal securities dealer, including any person who is permissively registered as a representative or principal pursuant to Supplementary Material .03 of this rule and who qualified as a representative or principal in accordance with this rule or as a general securities principal and who regularly engages in or supervises municipal securities activities (~~collectively, "covered registered persons"~~).

(2) *Standards for the Firm Element*

(a) Each broker, dealer and municipal securities dealer must maintain a continuing and current education program for its ~~covered~~ registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each broker, dealer and municipal securities dealer shall at least annually evaluate and prioritize its training needs, develop a written training plan, and conduct training annually on municipal securities for ~~covered~~ registered persons. The plan must take into consideration the broker, dealer and municipal securities dealer's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of ~~covered~~ registered persons in the Regulatory Element.

(b) Minimum Standards for Training Programs—Programs used to implement a broker, dealer or municipal securities dealer's training plan must be appropriate for the business of the broker, dealer or municipal securities dealer and, at a minimum must cover training topics related to the role, activities or responsibilities of the registered person in ethics and to professional responsibility, ~~and the following matters concerning municipal securities products, services and strategies offered by the broker, dealer or municipal securities dealer:~~

- ~~(i) General investment features and associated risk factors;~~
- ~~(ii) Suitability and sales practice considerations; and~~
- ~~(iii) Applicable regulatory requirements.~~

(c) Administration of Continuing Education Program—A broker, dealer or municipal securities dealer must administer its continuing education programs under this subparagraph (B) in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by ~~covered~~ registered persons.

(d) Participation in Other Required Training - A broker, dealer or municipal securities dealer may consider a registered person's participation in the broker, dealer or municipal securities dealer's anti-money laundering compliance training as required by a registered securities association of which the broker, dealer or municipal securities dealer is a member or the appropriate regulatory agency; and a registered person's participation in such broker, dealer or municipal securities dealer's annual compliance training, as required by the registered securities association, towards satisfying the registered person's continuing education requirement under this subparagraph (B).

(3) Participation in the Firm Element— ~~Covered~~ Registered persons included in a broker, dealer or municipal securities dealer's plan under this subparagraph (B) must take all appropriate and reasonable steps to participate in continuing education programs as required by the broker, dealer or municipal securities dealer.

(4) Specific Training Requirements—The appropriate enforcement authority may require a broker, dealer or municipal securities dealer, individually or as part of a larger group, to provide specific training to its ~~covered~~ registered persons in such areas the appropriate enforcement authority deems appropriate. Such a requirement may stipulate the class of ~~covered~~ registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

(C) Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category

A person who terminates any of his or her representative or principal registration categories with the appropriate enforcement authority may maintain qualification for any of the terminated registration categories for a period of five years following the termination of the registration category, subject to the following conditions:

(1) The person was registered in the registration category for at least one year immediately preceding the termination of the registration category and the person

was not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act during the registration period;

(2) Prior to entering, or during the course of, the CE Program, the person does not have a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in subclause (i)(i)(A)(2) of this rule under this subparagraph (C);

(3) The person does not become subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act following the termination of his or her registration category or while participating in the program under this subparagraph (C); and

(4) The person completes annually by December 31st of the calendar year in the manner specified, all prescribed continuing education during such person's participation in the program under this subparagraph (C) of this rule.

A person must elect to participate in the continuing education program under this subparagraph (C) within two years from the termination of such person's registration category, provided that if the person commences participation at a later date, the person shall complete within two years from the termination of such person's registration category any continuing education that was due under the program between the date of termination of such person's registration category and the later date such person commences participation in the program.

(ii) No change.

Supplementary Material

.01 - .03 No change.

.04 Waiver from Requalification by Examination for Individuals Working for a Financial Services Industry Affiliate of a Broker, Dealer or Municipal Securities Dealer. The requirement to requalify by examination for a lapsed qualification pursuant to subparagraphs (a)(ii)(C), (b)(ii)(C) and (b)(iv)(B)(3) of this rule shall be waived upon request to the proper registered securities association or the appropriate regulatory agency consistent with subparagraph (h) of this rule for an individual if the following conditions are satisfied:

(1) No change.

(2) The waiver request is made within seven years of the individual's initial designation;

(3)-(5) No change.

As used under this Supplementary Material, the term "financial services industry affiliate of a broker, dealer or municipal securities dealer" means any legal entity that controls, is controlled by or is under common control with a broker, dealer or municipal securities dealer and is regulated by the SEC, CFTC, state securities

authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

On or after March 15, 2022, individuals are no longer able to be designated as an FSA-eligible individual for the waiver program set forth under this Supplementary Material .04 of this rule.

.05 Eligibility of Other Persons to Participate in the Continuing Education Program. A person qualified in a representative or principal registration category with the MSRB within two years immediately preceding March 15, 2022, shall be eligible to participate in the continuing education program under subparagraph (i)(i)(C), provided that such person satisfies the conditions set forth in subparagraph (i)(i)(C)(1) through (5) of this rule. In addition, a person who previously obtained a waiver from requalification by examination by participating in the Financial Services Affiliate Waiver Program under Supplementary Material .04 immediately preceding March 15, 2022, shall be eligible to participate in the continuing education program under subparagraph (i)(i)(C), provided that such person satisfies the conditions set forth in subparagraph (i)(i)(C)(3), and (C)(5) through (C)(6) of this rule.

Persons eligible under this Supplementary Material .05 shall make their election to participate in the continuing education program under subparagraph (i)(i)(C). If such persons elect to participate in the continuing education program, such persons must comply with the requirements of the registered securities association, with respect to the timeframe for making such an election.

.06 Re-Eligibility to Participate in the Continuing Education Program. A person who previously participated in the continuing education program pursuant to subparagraph (i)(i)(C) of this rule may become re-eligible to participate in the program if such person re-registers with a member of a registered securities association or appropriate regulatory agency and subsequently satisfies the conditions set forth in subparagraph (i)(i)(C)(1) and (C)(3) of this rule. In such an event, the person may elect to again participate in the program subject to satisfying the remaining conditions set forth in subparagraph (i)(i)(C).

.07 All Registered Representatives and Principals Must Satisfy the Regulatory Element of Continuing Education. If a registered person has a continuing education deficiency with respect to that registration as provided under Rule G-3(i)(i)(A), such persons shall not be permitted to be qualified in another registration category under Rule G-3 until such persons have satisfied the deficiency.

.08 Extension of Time Period to Complete Continuing Education Under the CE Maintenance Program. If a person is unable to complete the prescribed continuing education, as provided under Rule G-3(i)(i)(C) by December 31st of the required calendar year, such person may apply for an extension of time by submitting a written application with supporting documentation to the registered securities association.

.059 Status of Qualified Persons Serving in the Armed Forces of the United States

(a) – (c) No change.

.0610 Temporary Relief for Municipal Securities Principal.

.0711 Temporary Relief for Municipal Securities Limited Principal.

~~.08~~12 Temporary Relief for Municipal Securities Sales Principal.

~~.09~~13 Temporary Relief for Municipal Advisor Principal.

~~.10~~4 Temporary Relief for Regulatory Element Standards.

~~.11~~5 Temporary Relief for Firm Element Standards.

~~.12~~6 Temporary Relief for Municipal Advisor Continuing Education Requirements.