

2022-13

**Publication Date**

December 1, 2022

**Stakeholders**

Municipal Advisors,  
Issuers

**Notice Type**

Request for Comment

**Comment Deadline**

January 30, 2023

**Category**

Professional Qualification

**Affected Rules**

[Rule G-3](#)

## Request for Comment on Draft Amendments to Create an Exemption for Municipal Advisor Representatives from Requalification by Examination

### Overview

As part of its ongoing retrospective review of its rules and published interpretations, the Municipal Securities Rulemaking Board (MSRB) is issuing this Request for Comment (RFC) seeking comment on draft amendments to MSRB Rule G-3, on professional qualifications. The draft amendments would create a new exemption within Rule G-3 to allow an individual who was previously qualified as a municipal advisor representative by taking and passing the Municipal Advisor Representative Qualification Examination (“Series 50 exam”) to forego requalification by examination if certain conditions are met. The draft amendments would replace the provision on waivers in extraordinary circumstances that currently appears in Rule G-3.

This request for comment is intended to elicit views and input, including on the benefits, burdens, and possible alternatives of the draft amendments. The comments will assist the MSRB in determining whether to pursue these changes further, such as through a future proposed rule change filed with the Securities and Exchange Commission (SEC).

The MSRB invites market participants and the public to submit comments in response to this request, along with any other information they believe would be useful to the MSRB. Comments should be submitted no later than January 30, 2023 and may be submitted by [clicking here](#) or in paper form. Comments submitted in paper form should be sent to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board,



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1300 I Street NW, Suite 1000, Washington, DC 20005. All comments will be available for public inspection on the MSRB's website.<sup>1</sup>

## Background

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>2</sup> the MSRB is charged with setting professional standards and continuing education (CE) requirements for municipal advisors. Section 15B(b)(2)(A) of the Securities Exchange Act of 1934 (the "Act") authorizes the MSRB to prescribe standards of training, experience, competence, and such other qualifications as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.<sup>3</sup> In connection with such standards, the MSRB has established professional qualification examinations— the Series 50 and Series 54 exams—and CE requirements for municipal advisors.<sup>4</sup> The MSRB has adopted professional qualification standards to ensure that associated persons of municipal advisors attain and maintain specified levels of competence and knowledge for each qualification category.

As industry and market practices evolved in recent years, the MSRB, in coordination with other self-regulatory organizations (SROs), advanced rulemaking initiatives to modernize applicable professional qualification and CE program requirements for brokers, dealers and municipal securities dealers (individually and collectively, "dealers") (CE Transformation).<sup>5</sup> The MSRB's recently approved amendments to Rule G-3 with respect to professional qualifications and CE program requirements are designed to afford reasonable flexibility to dealers to develop and maintain a depth of associated persons with professional qualifications.

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<sup>1</sup> Comments generally are posted on the MSRB's website without change. Personal identifying information such as name, address, telephone number or email address will not be edited from submissions. Therefore, commenters should submit only information that they wish to make available publicly.

<sup>2</sup> Pub. Law No. 111-203, 124 Stat. 1376 (2010).

<sup>3</sup> See 15 U.S.C. 78o-4(b)(2)(A).

<sup>4</sup> See 15B(b)(2)(L)(ii)-(iii) of the Act, 15 U.S.C. 78o-4(b)(2)(L)(ii)-(iii).

<sup>5</sup> See e.g., Securities Exchange Act Release No. 34-95684 (September 7, 2022), 87 FR 56137 (September 13, 2022) ([File No. SR-MSRB-2022-07](#)) (Proposed Rule Change to Amend MSRB Rule G-3 Continuing Education Program Requirements to Harmonize with Industry-Wide Transformation).

The MSRB believes that providing an opportunity for individuals to reassociate with municipal advisors without having to requalify by examination or obtain an examination waiver, if certain conditions are met, would promote greater flexibility for individuals to step away from the municipal securities market for a period of time, including for personal matters such as family needs or educational pursuits. Finally, easing such barriers to reentry would promote greater diversity and inclusion in the municipal securities market by providing municipal advisors with greater flexibility to attract and retain a broader pool of professionals.

## Current Requalification Requirements for Municipal Advisor Representatives

MSRB Rule G-3(d)(ii)(B) requires any municipal advisor representative<sup>6</sup> who ceases to be associated with a municipal advisor firm for two or more years, and thus has their qualification lapse, to requalify as a municipal advisor representative by retaking and passing the Series 50 exam unless a waiver of this requirement is obtained from the Board in extraordinary cases under Rule G-3(h)(ii).<sup>7</sup>

Rule G-3(h)(ii) provides that the re-examination requirement may be waived by the Board in extraordinary cases for a municipal advisor representative or principal. Supplementary Material .02, on waivers, further specifies that waivers are considered in extraordinary cases where the applicant either participated in the development of the Series 50 exam or Series 54 exam as a member of the Board's Professional Qualifications Advisory Committee or was previously qualified as a municipal advisor representative or principal by having taken and passed the Series 50 exam and/or the Series 54 exam, and

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<sup>6</sup> Rule G-3(d)(i)(A) defines the term "municipal advisor representative" to mean a natural person associated with a municipal advisor who engages in municipal advisory activities, on the municipal advisor's behalf, other than a person performing only clerical, administrative, support or similar functions. Individuals who engage in municipal advisory activities must qualify as a municipal advisor representative.

<sup>7</sup> The same requirements apply to any municipal advisor principal whose qualification has lapsed under Rule G-3(e)(ii)(B). Rule G-3(e)(i) defines the term "municipal advisor principal" to mean a natural person associated with a municipal advisor who is directly engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons. Individuals who engage in the management, direction or supervision of municipal advisory activities must qualify as a municipal advisor principal.

such qualification lapsed pursuant to subparagraphs (d)(ii)(B) or (e)(ii)(B) of Rule G-3.

## Summary of the Draft Amendments

The draft amendments to Rule G-3 and its Supplementary Material would remove provisions related to extraordinary waivers for individuals seeking to reassociate with municipal advisor firms without having to requalify by examination. In lieu of the waiver provisions, the MSRB seeks comment on draft amendments that would create a one-time exemption for an individual seeking to requalify as a municipal advisor representative if specified criteria are met. The draft amendments would not permit individuals seeking to requalify as municipal advisor principals to requalify without examination due to the nature of their roles and responsibilities. Because the fundamental role of municipal advisor principals is the supervision of firms' municipal advisory activities and that of its municipal advisor representatives, the MSRB believes that the supervisory obligations of municipal advisor principals require a heightened level of knowledge and experience that necessitates a more stringent requalification standard than that contemplated by the draft amendments.

### A. Criteria for Exemption

The draft amendments would add specified criteria to the rule that, if met, would permit a previously qualified municipal advisor representative to requalify without re-examination. In considering these criteria, the MSRB took into account similar condition-based qualification programs, like FINRA's Maintaining Qualifications Program (MQP).<sup>8</sup> The MSRB considered that individuals registered with broker-dealers are not subject to a fiduciary duty like municipal advisors and the MSRB understands there is generally no formal waiver or exemption process that exists for investment advisors, who also have a fiduciary duty standard. Accordingly, the MSRB sought to balance the high standards of qualification and competence inherent in the fiduciary relationship applicable to municipal advisors and the protections such standards afford issuers with broader goals consistent with that of the CE Transformation for dealers.

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<sup>8</sup> FINRA's MQP is designed to provide eligible individuals who terminate their registrations with the option of maintaining their qualifications for a requisite time period without having to requalify by exam or having to obtain an exam waiver, if certain conditions are met, including the completion of annual CE. See FINRA Rule 1240(c), Supplementary Material .01 and .02, [and FINRA Regulatory Notice 21-41](#).

As detailed further below, the draft amendments also would require the municipal advisor firm with which the individual is seeking to associate to provide written notice to the MSRB that the individual has met the criteria to requalify without re-examination before the individual engages in municipal advisor activities. Importantly, an exemption from the requirement to requalify by examination based on meeting the draft criteria would be available only once to any previously qualified municipal advisor representative. Should an individual's municipal advisor representative qualification lapse again<sup>9</sup> after such person avails themselves of the exemption, that individual would be required to requalify by taking and passing the Series 50 exam.

Under the draft amendments, the conditions that would need to be met for individuals to avail themselves of the exemption include:

- The individual was previously qualified as a municipal advisor representative by passing the Series 50 exam.
- The individual maintained such qualification for a period of at least three consecutive years while associated with, and engaging in municipal advisory activity on behalf of, one or more municipal advisor firms.
- No more than three years has passed since the individual was last associated with, and engaging in municipal advisory activity on behalf of, a municipal advisor.
- The individual has not engaged in municipal advisory activity during the period the qualification has lapsed.
- The individual does not have civil judicial or adverse regulatory matters or terminations that the firm would be required to disclose on SEC Form MA or Form MA-I.
- Upon an individual's reassociation with a municipal advisor, after experiencing a lapse in qualification, the municipal advisor must provide, and such individual must complete, all continuing education required under Rule G-3 and any other continuing education that was required by the firm during the period of time

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<sup>9</sup> An individual's qualification may lapse if the individual ceases to be associated with a municipal advisor or ceases to be engaged in municipal advisory activities for two or more years after having qualified as a municipal advisor representative. Therefore, an individual's qualification would lapse after two years if, while continuing to remain associated with a firm that is dually-registered as a municipal advisor and dealer, the individual stopped engaging in municipal advisory activities on behalf of the firm as evidenced by the firm's filing of an amendment to SEC Form MA-I indicating that the individual is no longer an associated person of the municipal advisor firm or no longer engages in municipal advisory activities on its behalf.

in which such individual was not associated with a municipal advisor.

- Upon reassociating with a municipal advisor, the individual reviewed the municipal advisor firm’s compliance policies and procedures.
- Prior to the individual engaging in municipal advisory activities on behalf of the municipal advisor, the municipal advisor submits to the SEC a Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities.

## B. Notice Requirement Upon Reassociation

Upon reassociation by an individual with a municipal advisor firm, and prior to the individual engaging in municipal advisory activities on behalf of the firm, the draft amendments would require the firm to provide written notice to the MSRB that the individual has met the specified criteria required for the exemption (the “Attestation Notice”). One of the criteria specified to meet the exemption would include that the municipal advisor firm has submitted to the SEC a Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities (“Form MA-I”) to satisfy the exemption. The Form MA-I must be filed within the three-year period from the time the individual was last associated with a municipal advisor firm, as evidenced by the date that the municipal advisor firm with which the individual is no longer associated last filed a Form MA-I with the SEC indicating that the individual was no longer engaging in municipal advisory activities on its behalf. The municipal advisor firm seeking to employ such an individual would have 30 days from the date of submission of the Form MA-I to the SEC to submit the Attestation Notice to the MSRB; otherwise, such exemption would no longer be available, and the individual would have to requalify by taking and passing the Series 50 exam.

As proposed, the Attestation Notice would be required to include the following information:

- The municipal advisor’s MSRB ID number.
- The individual’s name and, as applicable, Central Registration Depository number.
- The start date of the individual’s association with the municipal advisor firm.
- An affirmative statement that the municipal advisor has undertaken a diligent effort to establish a reasonable belief that the individual has met the criteria outlined in the exemption.

- An affirmative statement, including signed affirmation from the individual, that the firm provided CE training and training on the municipal advisor's compliance policies and procedures and the date the individual completed the training provided by the firm.
- An affirmative statement that the firm has, prior to or at the time of providing the Attestation Notice to the MSRB, filed the appropriate Form MA-I to the SEC.

Under the draft amendments, a municipal advisor would be required to maintain a record of the Attestation Notice sent to the MSRB.

The MSRB believes that the criteria outlined above balances the goal of providing reasonable regulatory flexibility with the demands of the fiduciary standard applicable to municipal advisors coupled with the MSRB's mandate to protect issuers and maintain high standards for fiduciaries.

For example, the requirement that individuals have been duly qualified as a municipal advisor representative for at least three consecutive years ensures a reasonable level of professional experience has been established before individuals step away from engaging in municipal advisory activities and later avail themselves of the exemption. In contrast, this period is not so long as to hinder the ability to step away as needed at points in one's professional career (*e.g.*, individuals who, after three years as a municipal advisor representative, seek the opportunity to pursue an advanced degree or care for family). Additionally, the MSRB believes that completion of three years' worth of CE requirements upon reassociation enhances an individual's familiarity with regulatory and business developments during their time away from the industry but is not so unduly burdensome as to hinder reassociation.

As previously mentioned, the draft amendments which would allow individuals to reassociate with a municipal advisor within the requisite time without having to requalify by exam would replace the current extraordinary waiver process for municipal advisor representatives and municipal advisor principals under MSRB Rule G-3. The MSRB believes that this process would provide greater certainty and flexibility to municipal advisors in their hiring practices than the current waiver provision.

## Preliminary Economic Analysis

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules be designed not to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Board has historically carefully considered the costs and benefits of new and

amended rules. Accordingly, the Board's policy states that, prior to proceeding with rulemaking, the Board should evaluate the need for the potential rule change and determine whether the rule change as drafted would, in its judgment, meet that need.<sup>10</sup> The MSRB does not believe that the draft amendments would result in any burden on competition in accordance with the purposes of the Act. The MSRB seeks comment on the economic effects of amending MSRB Rule G-3.

Rule G-3 currently provides that a municipal advisor representative or principal whose qualification has lapsed must requalify either by re-taking the appropriate qualification exam or by applying to the Board for a waiver in extraordinary cases. The purpose of the draft amendments is to afford an individual whose qualification has lapsed the opportunity to forego requalification by examination if certain, specified conditions are met. These conditions would include, among other things, that individuals maintained their qualification for at least three consecutive years by being associated with, and engaging in municipal advisory activity on behalf of, one or more municipal advisors prior to their qualification lapsing, and that no more than one year has passed since the individual's qualification lapsed. The draft amendments would also replace the provisions in Rule G-3 governing waivers from the Board from the re-examination requirement.

#### **A. The Need for the Draft Amendments to Rule G-3**

The draft amendments are intended to provide flexibility, additional certainty, and eliminate the extraordinary nature of the waiver process without reducing the protection for issuers who expect that a municipal advisor has met established professional qualification standards. For example, under current Rule G-3, municipal advisors that intend to hire individuals seeking a waiver in extraordinary cases may experience a delay in having such an individual begin functioning as a municipal advisor representative until the individual's qualification status is resolved.<sup>11</sup> In addition, some individuals may determine to hire legal counsel to assist with applying for a waiver, which would introduce additional economic and time burden. The draft amendments also are intended to provide more certainty for individuals and municipal advisor firms as to how, and whether, an individual can be exempted from having to retake the Series 50 examination. In addition, the draft amendments

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<sup>10</sup> See MSRB's [Policy on the Use of Economic Analysis in MSRB Rulemaking](#).

<sup>11</sup> Similar statements were made by commenters when the Series 50 exam was first proposed. See [NACP Comment Letter](#) (May 14, 2014).



are also intended to provide greater flexibility and clarity to individuals who pause their career due to personal or other reasons.

Pursuant to Rule G-3(d)(ii)(B), municipal advisor representatives' qualification(s) do not lapse until after a two-year period; as a result, the draft amendments would effectively extend the current two-year period by one additional year, under certain conditions, before an individual must requalify by re-examination. Given the conditions to the exemption, the MSRB does not believe that this additional year would result in a negative impact to issuers. More specifically, to qualify for the exemption an individual would have had to maintain such qualification for a period of at least three consecutive years while associated with and engaging in municipal advisory activities on behalf of one or more municipal advisor firms, ensuring a sound foundation of experience. While Rule G-3 currently does not require a minimum of experience to reassociate with a municipal advisor firm within two years, the MSRB believes that establishing criteria allowing individuals to reassociate after three years with three years of past experience promotes issuer protection by ensuring individuals have a foundation of professional knowledge.

#### **B. Relevant baselines against which the likely economic impact of the draft changes can be considered**

To evaluate the potential impact of the draft amendments, a baseline or baselines must be established as a point of reference to compare the expected state with current Rule G-3. The economic impact of the draft changes is generally viewed as the difference between the baseline state and the expected state. For the purposes of this request for comment, the baseline is the current Rule G-3 sections on professional qualification requirements for municipal advisor representatives and waiver of qualifications requirements. These sections currently provide that requalification after a lapse in qualification is achieved either by re-taking and passing the appropriate qualification exam or by obtaining a waiver from this requirement from the Board in extraordinary cases.

#### **C. Identifying and evaluating reasonable alternative regulatory approaches**

The MSRB policy on economic analysis in rulemaking addresses the need to consider reasonable potential alternative regulatory approaches, when applicable. Under this policy, only reasonable regulatory alternatives should be considered and evaluated. One alternative the MSRB considered was to update the qualification requirements of Rule G-3 to change the timeframe for when an individual that has the municipal

advisor representative qualification can be away from the industry without having to requalify by examination from two years to five years. By changing the amount of time, individuals would be given greater flexibility when making decisions to step away from industry and can have certainty that they can return to the industry with only a limited compliance burden on individuals and municipal advisory firms. However, it is necessary to maintain uniform standards for all registered municipal advisors, and an individual who returns to the industry five years after leaving may not be aware of the latest regulatory and industry changes. The MSRB believes those individuals who are away for longer than three years will benefit from retaking the Series 50 examination, which is designed to help ensure that individuals are knowledgeable about the regulatory framework in which they operate, as well as to protect issuers who may rely on financial advice from a qualified municipal advisor. The MSRB therefore deemed this alternative inferior to the draft amendments.

#### **D. Assessing the benefits and costs of the draft changes**

The MSRB policy on economic analysis in rulemaking requires consideration of the likely costs and benefits of a draft rule change when the rule change proposal is fully implemented against the context of the economic baselines. The MSRB is currently unable to quantify the economic effects of the draft amendments in totality because not all the information necessary to provide a reasonable estimate is available. Given the limitations on the MSRB's ability to conduct a quantitative assessment of the costs and benefits associated with the draft amendments, the MSRB has considered these costs and benefits primarily in qualitative terms. The MSRB is seeking, as part of this Request for Comment, additional data or studies relevant to the costs and benefits of the proposed amendments.

#### **Benefits**

Based on the MSRB's review, the draft amendments provide several benefits to individuals. First, by increasing the number of years after which an individual can requalify without re-examination, the draft amendments would provide flexibility for individuals with a minimum of three years of experience who need to address life events, such as child-caring and seeking higher education, and require absence from the municipal advisory

business.<sup>12</sup> Additionally, the draft amendments would reduce uncertainty by providing clarity on the specific criteria that would allow individuals to requalify without examination and more immediately begin to engage in municipal advisory activities on behalf of a firm with which the individual associates. Thus, municipal advisor firms would be better positioned to assess a potential hire's qualifications by evaluating the conditions specified in Rule G-3.

Finally, to date, the MSRB has only received and approved one waiver request from a previously qualified individual. The new explicit exemptions could potentially increase the number of individuals seeking to return to the industry without having to retake the municipal advisor representative qualification examination without impairing the protections afforded to the issuer and obligated person clients of municipal advisors.

### Costs

The MSRB acknowledges the potential for one-time upfront costs for municipal advisor firms related to setting up and/or revising existing policies and procedures related to the draft amendments. However, the MSRB believes that these costs would be minor. In addition, under the criteria individuals and firms must meet under the draft amendments, there may be additional costs to municipal advisory firms associated with conducting due diligence and retraining the individuals. However, for municipal advisor firms who are not hiring an individual with a lapsed qualification, there would be no additional costs incurred.

For individuals who are away from the industry for more than three years, their only option would be to take and pass the Series 50 examination again under the draft amendments, as the waiver request option, available only in extraordinary circumstances, would no longer be available. However, given the limited use of the waiver process, the MSRB does not believe the elimination of this option would have a significant impact on individuals seeking to return to the industry.

In aggregate, the MSRB believes the draft amendments would provide more certainty and impose minimal additional time and costs on municipal advisory firms, likely about three hours in each incidence, especially

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<sup>12</sup> Draft amendments may provide greater flexibility to individuals who may be absent from their career to be the primary caregiver for children or for aging family. See [The Female Face of Family Caregiving](#) (November 2018).

considering there are costs associated with training and performing due diligence currently in the baseline state as well.

### **Effect on Competition, Efficiency, and Capital Formation**

The MSRB believes the draft amendments would neither impose a burden on competition nor hinder capital formation, as the draft amendments would make it easier for individuals to return to the industry. The MSRB believes that the draft amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by providing municipal advisors with a clearer understanding of the exemption process for an individual to associate and begin engaging in municipal advisory activities on behalf of a municipal advisor firm. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses, but believes the overall benefits accumulated over time for market participants would outweigh the minimal upfront costs of revising policies and procedures and the minor ongoing costs when a municipal advisory firm hires an individual exempted from having to retake and pass the Series 50 examination.

The MSRB does not expect that the draft amendments would add a burden on competition for the municipal advisory industry. Those firms that would utilize this process could have an upfront cost for revising policies and procedures for conducting the due diligence in the hiring process and the process of complying with the exemption. Such costs are expected to be minor for all municipal advisory firms and the ongoing costs for hiring an individual that was previously qualified would be proportional to the municipal advisory firm size, as larger-sized firms would presumably hire more individuals than smaller-sized firms. Finally, the reduced burden for requalification would be applicable to all individuals regardless of the size of a municipal advisory firm they are associated with upon re-association.

### **Request for Comment**

The MSRB seeks comments in response to the following questions, as well as on any other topic relevant to the draft amendments. The MSRB particularly welcomes statistical, empirical, and other data from commenters that may support their views and/or relate to the economic analysis, topics, statements or questions raised in this request for comment.

1. Should a one-time, criteria-based exemption from the requirement that an individual requalify as a municipal advisor representative after two years by retaking and passing the Series 50 exam be available to

individuals?

2. Are the criteria to exempt individuals from the requirement to requalify as a municipal advisor representative the appropriate criteria? If not, what other criteria should the MSRB consider?
3. Would the draft amendments, on balance, achieve the objectives of providing greater flexibility and certainty for firms with respect to the requalification process under Rule G-3? Would the draft amendments be beneficial to municipal advisors in assessing the hiring of personnel? If not, how might the MSRB better achieve these objectives while still ensuring that individuals seeking to engage in municipal advisory activities meet the prescribed standards of training, experience, and competence?
4. Is the three-year minimum qualification requirement to be eligible for the draft exemption reasonable? If not, what are more appropriate time frames and why?
5. Should the requisite continuing education training for an individual seeking to have an exemption be more prescriptive? If so, please provide suggestions.
6. Is the three-year period to allow an individual to be eligible for the draft exemption the appropriate amount of time to balance issuer protection with promoting greater flexibility in hiring practices? If not, how can issuer protections be enhanced?
7. Do the draft amendments concerning a municipal advisor's obligation to provide an Affirmation Notice to the MSRB that an individual associating with the firm meets the criteria for the draft exemption present any undue burdens or challenges?
8. How would the draft amendments benefit or burden market participants, particularly in terms of market competition, market efficiency, compliance burdens, or issuer protection?
9. Do the criteria for the draft exemption effectively balance affording greater flexibility to municipal advisors in their hiring process while balancing issuer protection?
10. Are there studies or data available to assist the MSRB in quantifying the benefits and burdens of the draft amendments? Are the burdens of the draft amendments appropriately outweighed by the benefits?

11. What are the likely direct and indirect costs associated with the draft amendments? Who might be affected by these costs and in what way? Is there data on these costs that the MSRB should consider?
12. Would the draft amendments reduce a burden on small municipal advisors or result in a disproportionate and/or undue burden for small municipal advisors? If so, do commenters have any suggestions to address these burdens while still promoting the objectives of the draft amendments?
13. Would the draft amendments reduce a burden on minority and women-owned business enterprise (MWBE), veteran-owned small business enterprise (VOSB) or other special designation municipal advisor firms or would the draft amendments result in a disproportionate and/or undue burden? If so, do commenters have any suggestions to address these burdens while still promoting the objectives of the draft amendments?
14. Would the draft amendments create any undue compliance burdens unique to minority and women-owned business enterprise (MWBE), veteran-owned business enterprise (VBE), or other special designation firms? If so, please provide suggestions on how to alleviate any undue burden or impact.
15. Are there any other potential considerations the MSRB should be aware of related to the draft amendments, or the exemption process outlined in Rule G-3? For example, should the MSRB consider a like exemption that would allow individuals seeking to act in the capacity of a municipal advisor principal the ability to reassociate with a municipal advisor firm without having to requalify by examination after a lapse of qualification? If so, what conditions should be imposed on someone wanting to avail themselves of an exemption and not have to requalify by taking and passing the Series 54 examination?

## Questions

Questions about this notice should be directed to Bri Joiner, Director, Regulatory Compliance, or Billy Otto, Assistant Director, Market Regulation, at 202-838-1500.

December 1, 2022

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## Text of [Proposed] Amendments\*

### Rule G-3: Professional Qualification Requirements

(a) - (c) No change.

(d) Municipal Advisor Representative

(i) No change.

(ii) Qualification Requirements.

(A) No change.

(B) Any person who ceases to be associated with or engaged in municipal advisory activities on behalf of a municipal advisor for two or more years at any time after having qualified as a municipal advisor representative in accordance with subparagraph (d)(ii)(A) shall take and pass the Municipal Advisor Representative Qualification Examination prior to being qualified as a municipal advisor representative, unless ~~a waiver exempt is granted~~ pursuant to subparagraph (h)(ii) of this rule.

(e) - (g) No change.

(h) Waiver and Exemption from ~~of~~ Qualification Requirements.

(i) No change.

(ii) The requirements of subparagraph (d)(ii)(A) and (e)(ii)(A) shall not apply waived by the Board in extraordinary cases for a municipal advisor representative or municipal advisor principal subject to the following conditions:

(A) The individual was previously qualified as a municipal advisor representative by passing the Municipal Advisor Representative Qualification Examination.

(B) The individual maintained the municipal advisor representative qualification for a period of at least three-consecutive years while associated with and engaging in municipal advisory activities on behalf of one or more municipal advisors.

(C) Such qualification lapsed pursuant to subparagraphs (d)(ii)(B) of this rule and has not been lapsed for more than one year.

(D) The individual has not engaged in municipal advisory activities during the period the qualification has lapsed.

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\* Underlining indicates new language; strikethrough denotes deletions.

- (E) The individual does not have any pending civil judicial or adverse regulatory matters or terminations that would cause a disclosure report on the Securities and Exchange Commission's Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities.
- (F) Upon associating with a municipal advisor, the municipal advisor provided, and the individual completed, continuing education, consistent with the requirements of Rule G-3(i)(ii)(B), for the period of time since the individual was last associated with a municipal advisor.
- (G) Upon associating with a municipal advisor, the municipal advisor provided, and the individual reviewed the compliance policies and procedures of the municipal advisor.
- (H) Prior to the individual engaging in municipal advisory activities on behalf of the municipal advisor, the municipal advisor filed a completed Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities with the Securities and Exchange Commission on behalf of the individual, and provided notification electronically to the MSRB that the individual has met the criteria to be exempt from the requirements of subparagraph (d)(ii)(A). The notice required shall be on firm letterhead, signed by a municipal advisor principal of the firm and include the following information:
1. Firm's MSRB ID number;
  2. Individual's name;
  3. Individual's CRD number, if applicable;
  4. Start date of the individual's association with the municipal advisor;
  5. Affirmative statement that the firm has undertaken a diligent effort to have a reasonable belief that the individual has met the requirements of subparagraphs (h)(ii)(A) through (E) above, and the date the individual completed the continuing education training and a review of the municipal advisor's compliance policies and procedures as required under subparagraphs (h)(ii)(F) and (h)(ii)(G) above;
  6. The date the municipal advisor filed the Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities as required under subparagraph (h)(ii)(H).

Municipal advisors must provide the notice required under subparagraph (h)(ii)(H) above in accordance with Supplementary Material .02 of this rule.

### **Supplementary Material**

.01 No change.

~~.02-Waivers.~~ Notification. The notice provided pursuant to subparagraph (h)(ii)(H) must be sent to [Compliance@msrb.org](mailto:Compliance@msrb.org) or other address or mechanism specified by the Board in a notice made publicly available on the MSRB website. Municipal advisors must maintain a record of the notification sent to the MSRB. ~~The Board will consider waiving the requirement to become qualified as a municipal advisor representative or municipal advisor principal in extraordinary cases where: (1) the applicant participated in the development of the Municipal Advisor Representative Qualification Examination or the Municipal~~



~~Advisor Principal Qualification Examination, as applicable, as a member of the Board's Professional Qualifications Advisory Committee; or (2) the applicant was previously qualified as a municipal advisor representative by passing the Municipal Advisor Representative Qualification Examination and/or was previously qualified as a municipal advisor principal by passing the Municipal Advisor Representative Qualification Examination and the Municipal Advisor Principal Qualification Examination and such qualification lapsed pursuant to subparagraphs (d)(ii)(B) or (e)(ii)(B) of this rule.~~

.03 - .16 No change.