

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="19"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2011"/> - * <input type="text" value="17"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Proposed Rule Change by **Municipal Securities Rulemaking Board**
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

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

First Name * <input type="text" value="Loretta"/>	Last Name * <input type="text" value="Jones"/>
Title * <input type="text" value="Director of Professional Qualifications"/>	
E-mail * <input type="text" value="ljones@msrb.org"/>	
Telephone * <input type="text" value="(703) 797-6600"/>	Fax <input type="text" value="(703) 797-6700"/>

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

Date <input type="text" value="09/13/2011"/>		
By <input type="text" value="Ronald W. Smith"/>	<input type="text" value="Corporate Secretary"/>	
(Name *)	(Title *)	

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change (required)

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of Proposed Rule Change

(a) The Municipal Securities Rulemaking Board (the “MSRB” or “Board”) is hereby filing with the Securities and Exchange Commission (the “SEC” or “Commission”) a proposed rule change consisting of proposed amendments to Rule G-3, professional qualifications, and Rule G-7, on information concerning associated persons (the “proposed rule change”). The MSRB requests that the proposed rule change be made effective on November 7, 2011, to coincide with proposed changes to the Series 7 examination filed by the Financial Industry Regulatory Authority (“FINRA”).¹

The text of the proposed rule change is set forth below:²

* * *

Rule G-3: Classification of Principals and Representatives; Numerical Requirements; Testing; Continuing Education Requirements

No broker, dealer or municipal securities dealer or person who is a municipal securities representative, municipal securities principal, municipal securities sales principal or financial and operations principal (as hereafter defined) shall be qualified for purposes of ~~[r]~~Rule G-2 unless such broker, dealer or municipal securities dealer or person meets the requirements of this rule.

(a) Municipal Securities Representative **and Municipal Securities Sales Limited Representative**.

(i) Definitions.

(A) The term “municipal securities representative” means a natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, whose activities include one or more of the following:

[(A)] (1) underwriting, trading or sales of municipal securities;

[(B)] (2) financial advisory or consultant services for issuers in connection with the issuance of municipal securities;

[(C)] (3) research or investment advice with respect to municipal securities; or

¹ See File Number SR-FINRA-2011-45.

² Underlining indicates additions; brackets denote deletions.

[(D)] (4) any other activities which involve communication, directly or indirectly, with public investors in municipal securities;

provided, however, that the activities enumerated in subparagraphs [(C)] (3) and [(D)] (4) above shall be limited to such activities as they relate to the activities enumerated in subparagraphs [(A)] (1) and [(B)] (2) above.

[(B)] The term “municipal securities sales limited representative” means a municipal securities representative whose activities with respect to municipal securities are limited exclusively to sales to and purchases from customers of municipal securities.

(ii) Qualification Requirements.

(A) No change.

(B) The requirements of subparagraph (a)(ii)(A) of this rule shall not apply to:

(1) any person who is duly qualified as a general securities representative by reason of having taken and passed the General Securities Registered Representative Examination before [the effective date of the proposed rule change], and

(2) a municipal securities sales limited representative who is duly qualified as a general securities representative by reason of having taken and passed the General Securities Registered Representative Examination.

(C) – (D) No change.

(iii) No change.

(b) Municipal Securities Principal; Municipal Fund Securities Limited Principal.

(i) No change.

(ii) Qualification Requirements.

(A) No change.

(B) Any person seeking to become qualified as a municipal securities principal in accordance with subparagraph (b)(ii)(A) of this rule must, prior to being qualified as a municipal securities principal:

(1) have been duly qualified as either a municipal securities representative or a general securities representative; provided, however, that any person who qualifies as a municipal securities representative solely by reason of subparagraph (a)(ii)(C) shall not be qualified to take the Municipal Securities Principal Qualification Examination on or after October 1, 2002, **and any person who qualifies as a municipal securities representative solely by reason of clause (a)(ii)(B)(2) shall not be qualified to take the Municipal Securities Principal Qualification Examination on or after [the effective date of the proposed rule change];** or

(2) have taken and passed either the Municipal Securities Representative Qualification or, **in the case of persons described in clause (a)(ii)(B)(1),** the General Securities Registered Representative Examination.

(C) – (D) No change.

(iii) – (iv) No change.

(c) – (h) No change.

* * *

Rule G-7: Information Concerning Associated Persons

(a) No associated person (as hereinafter defined) of a broker, dealer or municipal securities dealer shall be qualified for purposes of [r]Rule G-2 of the Board unless such associated person meets the requirements of this rule. The term "associated person" as used in this rule means (i) a municipal securities principal, (ii) a municipal securities sales principal, (iii) a financial and operations principal, [and] (iv) a municipal securities representative, **(v) a municipal securities sales limited representative, and (vi) a municipal fund securities limited principal.**

(b) Every broker, dealer and municipal securities dealer shall obtain from each of its associated persons (as defined in section (a) of this rule), and each associated person shall furnish to the broker, dealer or municipal securities dealer with which such person is or seeks to be associated, **[a questionnaire, which shall be signed by a municipal securities principal or general securities principal, containing at least the following information:]**

[(i) such person's name, residence address, social security number, and the starting date or anticipated starting date of such person's employment or other association with such broker, dealer or municipal securities dealer;]

[(ii) date of birth;]

[(iii) a complete, consecutive statement of employment and personal history for at least the immediately preceding ten years, including full time and part time employment, self employment, military service, unemployment, or full-time education. For each period of employment, the position held at the time of leaving said employment;]

[(iv) a record of all residential addresses for at least the immediately preceding five years;]

[(v) a record of any denial of membership or registration, and of any disciplinary action taken against, or sanction imposed upon, such person by any federal or state securities or federal or state bank regulatory agency or by any national securities exchange or registered securities association, including any finding that such person was a cause of any disciplinary action or violated any law;]

[(vi) a record of any denial, suspension or revocation of registration with the Commission as a broker, dealer, or municipal securities dealer or of any denial, suspension or revocation of, or expulsion from, membership in a national securities exchange or a registered securities association, of any broker, dealer, or municipal securities dealer with which such person was associated in any capacity when such action was taken;]

[(vii) a record of any permanent or temporary injunction entered against such person pursuant to which such person was enjoined from acting as an investment advisor, underwriter, broker, dealer, or municipal securities dealer, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with purchase or sale of any security;]

[(viii) a record of any convictions of such person within the past ten years involving the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, or conspiracy to commit any such offense; or arising out of the conduct of the business of a broker, dealer, municipal securities dealer, investment advisor, bank, insurance company or fiduciary; or involving the larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities; or involving the violation of section 152, 1341, 1342, or 1343 or chapter 25 or 47 of title 18, United States Code;]

[(ix) a record of any refusal by a surety company to issue a fidelity bond covering such person; any payments made by a surety company on

coverage of such person or cancellation of such coverage; and a statement whether such person is currently bonded; and]

[(x) a record of any other name or names by which such person has been known or which such person has used.]

[A] a completed Form **[U-4] U4** or similar form prescribed by the Commission or a registered securities association for brokers, dealers and municipal securities dealers other than bank dealers or, in the case of a bank dealer, a completed Form MSD-4 or similar form prescribed by the appropriate regulatory agency for such bank dealer[, **containing the foregoing information, shall satisfy the requirements of this section].**

(c) To the extent any information **on the form** furnished by an associated person pursuant to section (b) of this rule is or becomes materially inaccurate or incomplete, such associated person shall furnish in writing to the broker, dealer or municipal securities dealer with which such person is or seeks to be associated a **corrected form or a** statement correcting such information.

(d) No change.

(e) Every broker, dealer and municipal securities dealer shall maintain and preserve a copy of the **form [questionnaire]** furnished pursuant to section (b) of this rule, and of any **corrected forms or** additional statements furnished pursuant to section (c) of this rule, until at least three years after the associated person's employment or other association with such broker, dealer or municipal securities dealer has terminated.

(f) Every broker, dealer and municipal securities dealer shall maintain and preserve a record of the name and residence address of each associated person, designated by the category of function performed (whether municipal securities principal, municipal securities sales principal, municipal securities representative or financial and operations principal) and indicating whether such person has taken and passed the qualification examination for municipal securities principals, municipal securities sales principals, municipal securities representatives, **municipal securities sales limited representatives, municipal fund securities limited principals** or financial and operations principals prescribed by the Board or was exempt from the requirement to take and pass such examination, indicating the basis for such exemption, until at least three years after the associated person's employment or other association with such broker, dealer or municipal securities dealer has terminated.

(g) – (h) No change.

* * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was adopted by the MSRB at its January 28-29, 2010 meeting. Questions concerning this filing may be directed to Loretta Jones, Director, Professional Qualifications, at 703-797-6600.

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

(a) MSRB Rule G-3(a)(i) defines a municipal securities representative as a natural person associated with a broker, dealer or municipal securities dealer ("dealer"), other than a person whose functions are solely clerical or ministerial, whose activities include one or more of the following:

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

provided, however, that the activities enumerated in 3 and 4 above are limited to such activities as they relate to the activities enumerated in 1 and 2 above.

An individual seeking to become qualified as a municipal securities representative must pass either of two qualification examinations – the Municipal Securities Representative Qualification Examination (Series 52) or the General Securities Registered Representative Examination (Series 7).

On September 7, 2011, FINRA filed with the Commission a proposed rule change to restructure the Series 7 examination to focus on a broader range of securities products available for sale by registered representatives. The effect of these changes would be a de-emphasis on non-sales aspects of the activities of securities professionals. In focusing on general principles applicable to the buying and selling of a broad range of securities, rather than specific products, the restructured Series 7 examination would reduce the number of questions that test for specific knowledge of municipal securities and the rules of the MSRB. Given the shift in emphasis of the Series 7 examination and the reduced number of municipal questions, in the view of the MSRB, passage of the Series 7 examination would no longer represent a useful gauge of whether a securities professional was qualified to perform municipal securities activities other than sales to, and purchases from, customers³ of municipal securities ("sales activities").

³ "Customer" is defined in MSRB Rule D-9 as "any person other than a broker, dealer, or municipal securities dealer acting in its capacity as such or an issuer in transactions involving the sale by the issuer of a new issue of its securities."

As a result of this restructured Series 7 examination, the MSRB determined to file the proposed rule change consisting of amendments to MSRB Rule G-3, on professional qualifications. The proposed rule change would provide that the Series 7 examination would no longer qualify individuals as “municipal securities representatives,” unless they were engaged solely in sales activities or they passed the Series 7 examination prior to the effective date of the proposed rule change. Instead, passage of the Series 52 examination would be required for any municipal securities activities other than sales activities.

The proposed rule change would create a sub-category of municipal securities representative referred to as a “municipal securities sales limited representative” and would apply to individuals whose activities with respect to municipal securities are limited exclusively to sales activities. The proposed rule change would provide that an individual could qualify as a municipal securities sales limited representative by passage of the Series 7 examination. Other individuals would be required to pass the Series 52 examination in order to qualify as full municipal securities representatives, unless they had passed the Series 7 examination prior to the effective date of the proposed rule change and had maintained this registration.

The proposed rule change would also require a municipal securities limited representative who wished to become a municipal securities principal to pass the Series 52 examination prior to taking the Series 53 municipal securities principal examination. Otherwise, the proposed amendments to Rule G-3 would not distinguish between “municipal securities sales limited representatives” and other “municipal securities representatives.”

The MSRB is also filing proposed amendments to MSRB Rule G-7, on information concerning associated persons. Rule G-7 requires brokers, dealers and municipal securities dealers (“dealers”) to keep records concerning their associated persons, including the category of function they perform “whether municipal securities principal, municipal securities sales principal, municipal securities representative or financial and operations principal.” The proposed rule change would add “municipal securities sales limited representative” to that list.⁴ Additionally, the proposed rule change would streamline Rule G-7(b) by simply requiring that dealers obtain either Form U4 (in the case of non-bank dealers) or Form MSD-4 (in the case of bank dealers), rather than repeating the categories of information required by those forms.

(b) The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Securities Exchange Act of 1934 (the “Exchange Act”), which authorizes the MSRB to prescribe “standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities

⁴ The proposed rule change would also add “municipal fund securities limited principal” to this list to reflect the previous creation of this separate category.

or obligated persons.” Section 15B(b)(2)(A) of the Act also provides that the Board may appropriately classify municipal securities brokers, municipal securities dealers, and municipal advisors and persons associated with municipal securities brokers, municipal securities dealers, and municipal advisors and require persons in any such class to pass tests prescribed by the Board.

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Exchange Act in that the proposed rule change will ensure that individuals seeking to engage in more than sales activities will be tested on their qualification and competency to engage in such other municipal securities activities. These individuals will be required to pass an examination that includes questions both on municipal securities and the municipal markets and on U.S. government, federal agency and other financial instruments, economic activity, government policy, factors affecting interest rates, and applicable federal securities laws and regulations. The proposed rule change will also more closely align the information dealers are required to obtain pursuant to Rule G-7 with the information already required by FINRA and the bank regulators, thereby reducing the administrative burden on such dealers.

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

The MSRB does not believe that the proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply equally to all dealers.

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

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

6. Extension of Time Period of Commission Action

The MSRB declines to consent to an extension of the time period specified in Section 19(b)(2) of the Exchange Act.

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

Not applicable.

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

Not applicable.

9. Exhibit

1. Federal Register Notice

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(RELEASE NO. 34- ; File No. SR-MSRB-2011-17)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Amendments Regarding Professional Qualifications and Information Concerning Associated Persons

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 13, 2011, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The MSRB is filing with the SEC a proposed rule change consisting of proposed amendments to Rule G-3, on professional qualifications, and Rule G-7, on information concerning associated persons (the “proposed rule change”). The MSRB requests that the proposed rule change be made effective on November 7, 2011, to coincide with proposed changes to the Series 7 examination filed by the Financial Industry Regulatory Authority (“FINRA”).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See File Number SR-FINRA-2011-45.

The text of the proposed rule change is available on the MSRB's website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2011-Filings.aspx, at the MSRB's principal office, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

MSRB Rule G-3(a)(i) defines a municipal securities representative as a natural person associated with a broker, dealer or municipal securities dealer ("dealer"), other than a person whose functions are solely clerical or ministerial, whose activities include one or more of the following:

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

provided, however, that the activities enumerated in 3 and 4 above are limited to such activities as they relate to the activities enumerated in 1 and 2 above.

An individual seeking to become qualified as a municipal securities representative must pass either of two qualification examinations – the Municipal Securities Representative Qualification Examination (Series 52) or the General Securities Registered Representative Examination (Series 7).

On September 7, 2011, FINRA filed with the Commission a proposed rule change to restructure the Series 7 examination to focus on a broader range of securities products available for sale by registered representatives. The effect of these changes would be a de-emphasis on non-sales aspects of the activities of securities professionals. In focusing on general principles applicable to the buying and selling of a broad range of securities, rather than specific products, the restructured Series 7 examination would reduce the number of questions that test for specific knowledge of municipal securities and the rules of the MSRB. Given the shift in emphasis of the Series 7 examination and the reduced number of municipal questions, in the view of the MSRB, passage of the Series 7 examination would no longer represent a useful gauge of whether a securities professional was qualified to perform municipal securities activities other than sales to, and purchases from, customers⁴ of municipal securities (“sales activities”).

As a result of this restructured Series 7 examination, the MSRB determined to file the proposed rule change consisting of amendments to MSRB Rule G-3, on professional qualifications. The proposed rule change would provide that the Series 7 examination would no longer qualify individuals as “municipal securities representatives,” unless they were engaged

⁴ “Customer” is defined in MSRB Rule D-9 as “any person other than a broker, dealer, or municipal securities dealer acting in its capacity as such or an issuer in transactions involving the sale by the issuer of a new issue of its securities.”

solely in sales activities or they passed the Series 7 examination prior to the effective date of the proposed rule change. Instead, passage of the Series 52 examination would be required for any municipal securities activities other than sales activities.

The proposed rule change would create a sub-category of municipal securities representative referred to as a “municipal securities sales limited representative” and would apply to individuals whose activities with respect to municipal securities are limited exclusively to sales activities. The proposed rule change would provide that an individual could qualify as a municipal securities sales limited representative by passage of the Series 7 examination. Other individuals would be required to pass the Series 52 examination in order to qualify as full municipal securities representatives, unless they had passed the Series 7 examination prior to the effective date of the proposed rule change and had maintained this registration.

The proposed rule change would also require a municipal securities limited representative who wished to become a municipal securities principal to pass the Series 52 examination prior to taking the Series 53 municipal securities principal examination. Otherwise, the proposed amendments to Rule G-3 would not distinguish between “municipal securities sales limited representatives” and other “municipal securities representatives.”

The MSRB is also filing proposed amendments to MSRB Rule G-7, on information concerning associated persons. Rule G-7 requires brokers, dealers and municipal securities dealers (“dealers”) to keep records concerning their associated persons, including the category of function they perform “whether municipal securities principal, municipal securities sales principal, municipal securities representative or financial and operations principal.” The

proposed rule change would add “municipal securities sales limited representative” to that list.⁵ Additionally, the proposed rule change would streamline Rule G-7(b) by simply requiring that dealers obtain either Form U4 (in the case of non-bank dealers) or Form MSD-4 (in the case of bank dealers), rather than repeating the categories of information required by those forms.

2. Statutory Basis

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

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Exchange Act in that the proposed rule change will ensure that individuals seeking to engage in more than sales activities will be tested on their qualification and competency to engage in such other municipal securities activities. These individuals will be required to pass an examination that includes questions both on municipal securities and the municipal markets and on U.S. government, federal agency and other financial instruments, economic activity, government policy, factors affecting interest rates, and applicable federal securities laws and regulations. The proposed rule change will also more closely align the

⁵ The proposed rule change would also add “municipal fund securities limited principal” to this list to reflect the previous creation of this separate category.

information dealers are required to obtain pursuant to Rule G-7 with the information already required by FINRA and the bank regulators, thereby reducing the administrative burden on such dealers.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply equally to all dealers.

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

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

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should

be disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2011-17 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2011-17. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the MSRB's offices. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2011-17 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Elizabeth M. Murphy
Secretary

⁶ 17 CFR 200.30-3(a)(12).