

# FAQs on the Municipal Advisor Principal Qualification Examination (Series 54 Exam)

## INTRODUCTION

The Municipal Securities Rulemaking Board (MSRB) developed this document to provide guidance to municipal advisors and their associated persons on the classification, qualification and examination requirements under MSRB Rule G-2 on Standards of Professional Qualification and MSRB Rule G-3 on Professional Qualification Requirements.

MSRB Rule G-2 requires, in part, that no municipal advisor shall engage in municipal advisory activities, unless the municipal advisor and every natural person associated with the municipal advisor is qualified in accordance with the rules of the MSRB.

MSRB Rule G-3 outlines the professional qualification requirements that must be satisfied in order for municipal advisor professionals to engage in municipal advisory activities on behalf of the municipal advisor and/or to engage in the management, direction or supervision of the municipal advisory activities of the municipal advisor firm.

## FREQUENTLY ASKED QUESTIONS

### CLASSIFICATIONS

#### 1. Who must qualify by examination with the Series 54 exam?

Any natural person associated with a municipal advisor who intends to engage in the management, direction or supervision of the municipal advisory activities of the municipal advisor firm and that of its associated persons must pass the Series 54 exam to be qualified as a municipal advisor principal.<sup>1</sup>

#### 2. Who is deemed to be a municipal advisor principal?

Pursuant to MSRB Rule G-3, a 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 that of its associated persons, is a municipal advisor principal.

#### 3. Is a sole proprietor required to take and pass the Series 54 exam?

The requirement to designate an individual as a municipal advisor principal, pursuant to MSRB Rule G-3, also applies in the case of a sole proprietorship where the sole proprietor is acting in the capacity of both the municipal advisor representative and the municipal advisor principal on behalf of the municipal advisor firm. Thus, under such business model, sole proprietors would need to qualify as a municipal advisor principal by taking and passing the Series 54 exam.

<sup>1</sup> Those who meet the definition of a municipal advisor principal, as defined under Rule G-3(e)(i), (i.e., individuals engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons) must take and pass both the Municipal Advisor Representative Qualification Examination (Series 50 exam) and the Series 54 exam prior to becoming properly qualified as a municipal advisor principal.

#### 4. Will the MSRB grandfather municipal advisor professionals who have passed other MSRB examinations or MSRB-recognized examinations (e.g., the Series 53 or Series 24) or obtained designations (e.g., CFA or CPA)?

The MSRB carefully reviewed comments received during the rulemaking process for the MSRB's professional qualification exams related to grandfathering individuals who have passed MSRB or MSRB-recognized principal-level qualification examinations or who hold professional designations. The MSRB determined that, in order to ensure all municipal advisor professionals are sufficiently qualified to supervise municipal advisory activities, there will be no grandfathering based on MSRB or MSRB-recognized qualification examinations or the holding of professional designations. All individuals acting in the capacity of municipal advisor principals will need to qualify by taking and passing the Series 54 exam.

Similarly, individuals cannot seek a waiver from the initial obligation to take and pass the Series 54 exam.<sup>2</sup>

#### 5. If I am functioning in the capacity of a municipal advisor principal at my firm, am I required to take and pass the Series 50 exam or will I need to take and pass the Series 54 exam?

In accordance with MSRB Rule G-3, individuals meeting the definition of a municipal advisor principal are required to take and pass both the Series 50 exam and Series 54 exam prior to becoming properly qualified as a municipal advisor principal.

### ABOUT THE SERIES 54 EXAM

#### 6. Is the Series 54 exam customized to the particular business areas of municipal advisor firms (e.g., advice on swaps or investments only)?

The Series 54 exam is designed to test a specified level of competency and knowledge by measuring a candidate's

ability to apply the applicable federal securities laws, including MSRB rules to the municipal advisory activities of a municipal advisor. The MSRB adhered to recognized test development standards by performing an industry-wide job study<sup>3</sup> to determine the appropriate topics to be covered and weighting of such topics on the Series 54 exam.

The examination is not designed to specifically or extensively test each specialized functional area or service that may be provided or offered by a particular municipal advisor. Passing the Series 54 exam does not, therefore, confer the degree of knowledge, experience nor training necessary to discharge the supervisory responsibilities under MSRB Rule G-44.

#### 7. What is the passing score for the Series 54 exam?

The passing score for the Series 54 exam is 70%.

#### 8. How much time will be allotted to take the Series 54 exam?

Individuals have 180 minutes to complete the Series 54 exam. Before the 180-minute exam begins, each individual is provided a short tutorial on the administration of the computerized exam.

#### 9. How many questions are on the Series 54 exam?

Each individual will receive 100 unique computer-generated questions drawn from a large collection of test questions available for the Series 54 exam. The random selection of test questions is subject to restrictions to ensure that the content covered by the examination and the overall difficulty of the examination is the same for all candidates.

In addition to the 100 questions, the exam includes 10 additional questions that are randomly distributed throughout the examination and do not count for scoring purposes. These 10 questions serve to pretest items to ensure that they meet acceptable measurement standards prior to use in future administrations of the Series 54 exam.

<sup>2</sup> Pursuant to Supplementary Material .02 of Rule G-3, on waivers, the MSRB "will consider waiving the requirement to become qualified as a municipal advisor representative or municipal advisor principal in extraordinary cases where [...] 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."

<sup>3</sup> A job study is an assessment of the essential skills that are required to complete a particular function and is used as a basis for defining relevant or suitable content for exam questions.

## 10. How much does the Series 54 exam cost?

The fee to take the Series 54 exam is \$265, which includes the examination fee pursuant to MSRB Rule A-16 and the test administration fee paid to the Financial Industry Regulatory Authority (FINRA) as the designated test administrator for the Series 54 exam.

## 11. What information is available to help me prepare for the exam?

The [content outline](#) for the Series 54 exam is available and highlights each topic area covered on the exam.

## 12. How do I enroll to take the Series 54 exam?

Individuals associated with a municipal advisor firm that is not a FINRA member will need to utilize FINRA's Test Enrollment Services System (TESS) to enroll to take the Series 54 exam. TESS can be accessed from [FINRA's website](#) and individuals can begin the exam enrollment process by clicking the "enroll" button under the section for "MSRB Exams" and following the prompts.<sup>4</sup>

Individuals associated with a municipal advisor firm that is also a FINRA member will need to have their firm enroll them to take the Series 54 exam by amending the individual's Form U4 (Uniform Application for Securities Industry Registration or Transfer Form) to request the Series 54 exam by checking the "S54" box found under Section 7 (Examination Requests) of the Form U4.

Once an individual's exam enrollment request has been processed by FINRA, whether via TESS or Form U4, FINRA will send an email notification to the individual, who can then schedule an exam appointment with a Prometric testing center to take the Series 54 exam. A 120-calendar day exam enrollment window will open, during which time the individual can take the Series 54 exam.

For assistance with enrolling for the Series 54 exam, individuals can contact **FINRA's Candidate Services:** 1-800-999-6647

Hours of Operation:

8:00 a.m. – 6:00 p.m. ET

[CandidateServices@finra.org](mailto:CandidateServices@finra.org)

Additionally, FINRA has a set of [Frequently Asked Questions about the Test Enrollment Services System \(TESS\)](#).

## 13. How do I schedule an appointment with a Prometric testing center to take the Series 54 exam?

An appointment can be made by contacting the testing center either using the online web registration page or by phone:

- Prometric: [www.prometric.com/finra](http://www.prometric.com/finra) or 800-578-6273 (toll free)

If an individual chooses to call a selected testing center to schedule the examination, the call center representative will need the following information:

- Individual's name and unique candidate ID number given to the individual upon completing the TESS enrollment process;
- Individual's contact phone number; and
- Name of the qualifying examination or its identifying series ID (*i.e.*, Municipal Advisor Principal Qualification Examination or Series 54).

## 14. When will I find out if I passed the Series 54 exam?

Once an individual has completed the Series 54 exam at the test center, the test results will be displayed on the computer screen indicating whether the individual passed or failed the exam. In addition, the test center will provide each individual with a print-out of their exam results. Individuals should provide a copy of this notification to their firm's compliance officer and be sure to keep the information for their records.

## 15. If I did not pass the Series 54 exam, how do I enroll to retake the exam and is there a waiting period?

Following a failed attempt, an individual can re-enroll to take the Series 54 exam either by using TESS or by submitting a new amendment to the individual's Form U4 requesting the Series 54 exam, as applicable, and then paying the appropriate examination fee (see Q.12 for detailed information on how to enroll for the exam).

<sup>4</sup> The first step in accessing TESS is to create a user account by registering as a new user in FINRA's enrollment system. If an individual has previously created a user account through FINRA's enrollment system, an individual must use his or her existing user account information to login (*i.e.*, User ID and Password).

As provided for under MSRB Rule G-3, and consistent with other MSRB examinations, an individual who fails to pass the Series 54 exam is only permitted to retake the exam after waiting a period of 30-calendar days from the date of the failed examination.

However, an individual does not have to wait 30-calendar days from the date of the failed examination to schedule an appointment to retake the exam. If an individual fails the Series 54 exam three times in succession, the individual must wait 180-calendar days (six months) from the date the individual last failed the exam to retake the exam.

Importantly, an individual who is unable to achieve the passing score on the Series 54 exam is not permitted to supervise the municipal advisory activities of the municipal advisor or that of its associated persons.

### 16. Can I appeal my Series 54 exam result?

No. Exam results are final and the MSRB will not make any adjustments or special considerations in reassessing an individual's score. Due to the confidential nature of qualification examinations, the exam itself and individual exam questions will not be available for review after the exam.

Importantly, MSRB Rule G-3 prohibits individuals from disclosing questions—or answers to any questions—on any qualification exam, including the Series 54 exam, to any individual.

## Information for Municipal Advisor Firms

### 17. How will market participants be able to verify an individual's successful passage of the Series 54 exam?

The MSRB intends to publish the names of Series 54-qualified municipal advisor principal(s) who are employed with MSRB-registered municipal advisor firms on its website at [MSRB.org](https://www.msrb.org).

It is important to note that discrepancies between the information submitted on SEC Form MA-I (Information Regarding Natural Persons Who Engage in Municipal Advisory Activities) and the information submitted to enroll to take the Series 54 exam could delay the display of a municipal advisor principal's name on [MSRB.org](https://www.msrb.org) (e.g., a misspelled name or lack of uniformity in the individual's first, middle and last name or providing a "doing business as" name or using the name of an affiliate rather than the firm's legal name used on Form A-12 to register with the MSRB).

### About the MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its Electronic Municipal Market Access (EMMA®) website, the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market and conducts extensive education and outreach to market stakeholders. The MSRB is a self-regulatory organization governed by a board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is overseen by the Securities and Exchange Commission and Congress.