

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 30	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 08 Amendment No. (req. for Amendments *)
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Filing 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 type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

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 action (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 action.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * Fax

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.
(Title *)

Date By

(Name *)

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 EFFF website.

Form 19b-4 Information *

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 *

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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, security-based swap submission, or advance notice 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 the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² the Municipal Securities Rulemaking Board (“Board” or “MSRB”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) revisions to the content outline for the Municipal Advisor Representative Qualification Examination (the “proposed rule change”). The proposed rule change, has been filed for immediate effectiveness pursuant to Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder.⁴ The MSRB proposes to implement the revised Municipal Advisor Representative Qualification Examination (the “Series 50 examination”) program on September 12, 2016. The proposed revisions to the content outline update the material to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by a Municipal Advisor Representative. In addition, the Board is proposing to make changes to the format of the content outline. The MSRB is not proposing in this filing any textual changes to its rules.

- (a) The Series 50 examination content outline is attached as Exhibit 3a.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board on May 20, 2016. The MSRB has filed the proposed rule change for immediate effectiveness and proposes to implement the revised Series 50 examination program on September 12, 2016. Questions concerning this filing may be directed to Michael Cowart, Deputy Director of Professional Qualifications – Assistant General Counsel, at (202) 838-1500.

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

- (a) Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1). See also letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000, attached as Exhibit 3b.

Section 15B(b)(2)(L)(iii) of the Act requires the MSRB to establish professional standards for municipal advisors.⁵ The Act further requires associated persons of municipal advisors to pass such examinations as the Board may establish to demonstrate that such individuals meet the standards as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.⁶ A professional qualification examination is intended to determine whether an individual meets the MSRB's basic qualification standards for a particular registration category. The examination measures a candidate's knowledge of the business activities, as well as the regulatory requirements, including MSRB rules, SEC rules, rule interpretations and other federal law, applicable to a particular registration category.

MSRB Rule G-3(d) defines a municipal advisor representative as 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. Pursuant to MSRB Rule G-3(d), every Municipal Advisor Representative is required to pass the Municipal Advisor Representative Qualification Examination prior to acting in such capacity.

The Series 50 examination will consist of 100 multiple-choice questions. Candidates are allowed 180 minutes to complete the examination.⁷ Consistent with other financial regulatory qualification examinations, candidates may receive (at the option of their firm) an informational breakdown of their performance on each section of the examination and their pass/fail status at the completion of the testing session. The passing score for the Series 50 examination is 71%.

Current Content Outline

The Series 50 examination content outline has been prepared to assist municipal advisor representative candidates in preparing for the Series 50 examination and is available on the MSRB's website. The Series 50 examination content outline describes the following five topical sections comprising the examination:

- (1) Understanding SEC and MSRB Rules Regarding Municipal Advisors (12 questions);
- (2) Understanding Municipal Finance (35 questions);
- (3) Performing Issuer's Credit Analysis and Due Diligence (12 questions);

⁵ 15 U.S.C. 78o-4(b)(2)(L)(iii).

⁶ See Section 15B(b)(2)(A)(iii) of the Act, 15 U.S.C. 78o-4(b)(2)(A)(iii).

⁷ Prior to beginning the examination, candidates will receive a tutorial on how to complete the computerized examination. Candidates will be given 30 minutes to complete the tutorial in addition to the 180 minutes allowed to complete the examination.

- (4) Structuring, Pricing and Executing Municipal Debt Products (31 questions); and
- (5) Understanding Requirements Related to the Issuance of Municipal Debt (10 questions).

The reference materials section of the Series 50 examination content outline is intended to provide candidates with a list of resources, which when used in conjunction with the Series 50 examination content outline, can assist candidates in preparing for the Series 50 examination. The reference materials were recommended by municipal advisors as having been helpful resources in carrying out the job functions of a municipal advisor. The reference materials are not intended to be all-inclusive, nor are the reference materials intended to specifically represent content that may be covered on the examination.

Proposed Revisions

As a result of recent changes to MSRB rules, revisions to the Series 50 content outline are necessary to indicate the current rule requirements and rule citations. A summary of the changes to the content outline for the Series 50 examination, detailed by major topic headings, is provided below:

Introduction

- The passing score of 71% as approved by the Board was added to the introduction section of the outline.

Function 1: Understanding SEC and MSRB Rules Regarding Municipal Advisors

1.1.3 MSRB rules governing activities of municipal advisors (e.g., professional qualification; fiduciary duty; recordkeeping)

- The rule reference to “MSRB Rule G-32 Disclosure in Connection with Primary Offerings” is being removed from the outline.
- The rule reference to “MSRB Rule G-20 Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance” is being added to the content outline to reflect the applicability of Rule G-20 to municipal advisors.
- The rule reference to “MSRB Rule G-37 Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business” is being added to the content outline to reflect the applicability of Rule G-37 to municipal advisors.
- The rule reference to “MSRB Rule G-42 Duties of Non-Solicitor Municipal Advisors” is being added to the content outline to reflect the applicability of Rule G-42 to municipal advisors.

Function 2: Understanding Municipal Finance

2.1.5 Rating agencies

- The reference to “(major (three))” rating agencies is being removed from the content outline.

Sample Questions

- Sample questions 2, 3, and 4 were replaced with updated sample questions.

(b) Statutory Basis

Section 15B(b)(2)(A) of the Act authorizes the MSRB to prescribe standards of training, experience, competence, and such other qualifications for associated persons of municipal advisors as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.⁸ Section 15B(b)(2)(A)(i)-(iii) of the Act also provides that the Board may appropriately classify municipal advisors and persons associated with municipal advisors and require persons in any such class to pass tests prescribed by the Board.⁹

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15(B)(b)(2)(A) of the Act¹⁰ in that the revisions will ensure that certain key concepts and rules are tested on the Series 50 examination in order to test the competency of individuals seeking to qualify as Municipal Advisor Representatives with respect to their knowledge of MSRB rules and the municipal securities market.

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

The MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The updated Series 50 examination content outline aligns with the functions and associated tasks currently performed by Municipal Advisor Representatives and tests knowledge of the most current laws, rules, and regulations and skills relevant to those functions and associated tasks. As such, the proposed rule change would make the Series 50 examination more efficient and effective.

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

⁸ 15 U.S.C. 78o-4(b)(2)(A).

⁹ 15 U.S.C. 78o-4(b)(2)(A)(i)-(iii).

¹⁰ 15 U.S.C. 78o-4(b)(2)(A).

Not applicable.

6. Extension of Time Period for Commission Action

The MSRB declines to consent to an extension of the time period specified in Section 19(b)(2) or Section 19(b)(7)(D) of the Act.

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

The MSRB has designated the proposed rule change as being immediately effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act¹¹ and Rule 19b-4(f)(1) thereunder,¹² in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the MSRB.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 Completed Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 3a Revised Content Outline for the Series 50 Examination

Exhibit 3b Letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000

¹¹ 15 U.S.C. 78s(b)(3)(A)(i).

¹² 17 CFR 240.19b-4(f)(1).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-_____ ; File No. SR-MSRB-2016-08)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Content Outline for the Municipal Advisor Representative Qualification Examination (Series 50)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on the Municipal Securities Rulemaking Board (the “MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The MSRB has designated the proposed rule change as “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission.⁵ 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

⁵ See also letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000, attached as Exhibit 3b.

The MSRB filed with the Commission proposed revisions to the content outline for the Municipal Advisor Representative Qualification Examination (Series 50) (the “proposed rule change”). The MSRB proposes to implement the revised Series 50 examination program on September 12, 2016. The proposed revisions to the content outline update the material to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by a Municipal Advisor Representative. As a result of recent changes to MSRB rules, revisions to the Series 50 content outline are necessary to indicate the current rule requirements and rule citations. In addition, the Board is proposing to make changes to the format of the content outline. The MSRB is not proposing in this filing any textual changes to its rules.

The text of the proposed rule change is available on the MSRB’s website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2016-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 MSRB 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

Section 15B(b)(2)(L)(iii) of the Act requires the MSRB to establish professional standards for municipal advisors.⁶ The Act further requires associated persons of municipal advisors to pass such examinations as the Board may establish to demonstrate that such individuals meet the standards as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.⁷ A professional qualification examination is intended to determine whether an individual meets the MSRB's basic qualification standards for a particular registration category. The examination measures a candidate's knowledge of the business activities, as well as the regulatory requirements, including MSRB rules, SEC rules, rule interpretations and other federal law, applicable to a particular registration category.

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breakdown of their performance on each section of the examination and their pass/fail status at the completion of the testing session. The passing score for the Series 50 examination is 71%.

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Function 2: Understanding Municipal Finance

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Sample Questions

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The MSRB believes that the proposed rule change is consistent with the provisions of Section 15(B)(b)(2)(A) of the Act¹¹ in that the revisions will ensure that certain key concepts and rules are tested on the Series 50 examination in order to test the competency of individuals seeking to qualify as Municipal Advisor Representatives with respect to their knowledge of MSRB rules and the municipal securities market.

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

The MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The updated Series 50 examination content outline aligns with the functions and associated tasks currently performed by Municipal Advisor Representatives and tests knowledge of the most

⁹ 15 U.S.C. 78o-4(b)(2)(A).

¹⁰ 15 U.S.C. 78o-4(b)(2)(A)(i)-(iii).

¹¹ 15 U.S.C. 78o-4(b)(2)(A).

current laws, rules, and regulations and skills relevant to those functions and associated tasks. As such, the proposed rule change would make the Series 50 examination more efficient and effective.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and paragraph (f)(1) of Rule 19b-4 thereunder.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 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-2016-08 on the subject line.

Paper Comments:

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(1).

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

All submissions should refer to File Number SR-MSRB-2016-08. 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 Internet 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 the filing also will be available for inspection and copying at the principal office of the MSRB. 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-2016-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.¹⁴

Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

Municipal Advisor Representative Qualification Examination (Series 50)

CONTENT OUTLINE



Municipal Securities Rulemaking Board

Municipal Advisor Representative Qualification Examination (Series 50)

INTRODUCTION

This content outline is intended to help candidates prepare for the Municipal Advisor Representative Qualification Examination (Series 50) by providing relevant information about the examination itself and sharing pertinent information about the content areas that are covered. The sample questions that appear on page 11 are similar to the types of multiple-choice questions that will appear in the examination. In addition, regulatory and industry websites and other references that may be useful in preparing for the examination are provided at the end of the outline.

The questions used in the examination are reviewed and updated on a regular basis and reflect current market practices. Questions that test new rules or amendments will be included in the examination after the effective date of the rule or rule change. Existing questions on rules or portions of rules that have been deleted will be removed from the examination prior to the effective date of the amendment. The Series 50 exam is developed and maintained by the Municipal Securities Rulemaking Board, the self-regulatory organization that establishes rules for municipal securities dealers and municipal advisors.

PURPOSE FOR AND DEVELOPMENT OF THE EXAMINATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act required that the MSRB develop a regulatory framework for municipal advisors, including establishing professional standards. The Series 50 examination for municipal advisor representatives was developed as a part of the fulfillment of that mandate. A municipal advisor representative is a natural person associated with a municipal advisor who engages in municipal advisory activities on the municipal advisor's behalf.

The content areas covered by the examination were determined by a panel of practicing municipal advisor professionals who represented various types of municipal advisors that were nationally diverse. The examination is intended to measure the degree to which candidates have demonstrated knowledge and skills necessary to perform the responsibilities of a municipal advisor representative.

ELIGIBILITY REQUIREMENTS

In order to register for the Series 50 examination, a candidate must be associated with a municipal advisor firm that is registered with both the Securities and Exchange Commission and the MSRB.

STRUCTURE OF THE EXAMINATION

The Series 50 examination consists of 100 multiple choice questions that are organized under the following major functions:

Function	Description	Number of Questions
1	Understanding SEC and MSRB Rules Regarding Municipal Advisors	12
2	Understanding Municipal Finance	35
3	Performing Issuer's Credit Analysis and Due Diligence	12
4	Structuring, Pricing and Executing Municipal Debt Products	31
5	Understanding Requirements Related to the Issuance of Municipal Debt	10
		100

Each candidate receives a unique sample of 100 questions that are drawn from the collection of test questions available for the examination, subject to two constraints—the content covered by the examination and the overall difficulty of the examination is the same for all candidates.

ADMINISTRATION OF THE EXAMINATION

Consistent with the administration of other securities industry examinations, this 100-question examination is administered at a computer. Candidates receive a short tutorial providing details of the examination administration prior to initiating the test. Including the 30 minutes permitted for the tutorial, candidates are allowed three and one-half hours to complete the Series 50 examination.

A candidate must select one of the four answer choices that are presented for each question in order to complete the examination. Candidates should remember these relevant points about the examination:

- Each correct answer is worth one point.
- It is to the candidate's advantage to answer each question, even if the candidate is uncertain of the correct response.
- Candidates are given three hours to complete the examination.
- Any materials needed to complete the examination will be provided by the test center or within the test itself.

A candidate's total score will be equal to the number of questions answered correctly. To establish the passing score for the examination, the MSRB administered a pilot exam based on the content of the final outline. Following a well-established practice known as standard setting, a committee of industry professionals working as municipal advisors evaluated the results of the pilot, assessing such factors as content difficulty and industry trends, among others. The passing score set by the Board for the Series 50 exam is 71%.

CONFIDENTIALITY

In order to ensure that its examinations constitute valid tests of the qualifications of persons who take them, the MSRB has instituted various procedures, in the question-writing and administrative phases, which are designed to preserve the confidentiality of the examinations. On several occasions, the MSRB has found it necessary to take legal action, alleging copyright violations, against securities training schools that had used in their training material questions and answers that were determined to have been taken from questions contained in MSRB qualification examinations. In addition, candidates are advised that the practice of "debriefing" persons who have taken a qualification examination may not only give rise to an infringement of the MSRB's copyright but would be a violation of MSRB rules for the candidate. MSRB Rule G-3(f) on "Confidentiality of Qualification Examinations" states that:

No associated person of a broker, dealer, municipal securities dealer, or municipal advisor shall:

(i) in the course of taking a qualification examination required by this rule receive or give assistance of any nature;

(ii) disclose to any person questions, or answers to any questions, on any qualification examination required by this rule;

(iii) engage in any activity inconsistent with the confidential nature of any qualification examination required by this rule, or with its purpose as a test of the qualification of persons taking such examinations; or

(iv) knowingly sign a false certification concerning any such qualification examination.

MUNICIPAL ADVISOR REPRESENTATIVE EXAMINATION (SERIES 50)

FUNCTION 1: Understanding SEC and MSRB Rules Regarding Municipal Advisors (12% of exam questions)

1.1 Assess application of SEC and MSRB rules to firm activities

Educate clients on implication of rules for issuers

Use various resources (web, books, internal policies, etc.) to gain understanding of regulatory framework and rules

Maintain records for compliance with SEC and MSRB rules

Knowledge Required

1.1.1 Dodd-Frank anti-fraud provision

1.1.2 SEC rules: Activities requiring registration as a municipal advisor; municipal advisor recordkeeping

SEC Rules

Exchange Act 15B Registration of municipal advisors

Exchange Act 17a-3 Records to Be Made by Certain Exchange Members, Brokers, and Dealers

Exchange Act 17a-4 Records to Be Preserved by Certain Members, Brokers, and Dealers

1.1.3 MSRB rules governing activities of municipal advisors (e.g., professional qualification; fiduciary duty; recordkeeping)

MSRB Rules

Rule A-12 "Registration"

Rule D-11 "Associated Persons"

Rule D-13 "Municipal Advisory Activities"

Rule D-14 "Appropriate Regulatory Agency"

Rule G-3 Professional Qualification Requirements

Rule G-8 Books and Records to Be Made By Brokers, Dealers, Municipal Securities Dealers and Municipal Advisors

Rule G-9 Preservation of Records

Rule G-17 Conduct of Municipal Securities and Municipal Advisory Activities

Rule G-20 Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance

Rule G-37 Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business

Rule G-42 Duties of Non-Solicitor Municipal Advisors

Rule G-44 Supervisory and Compliance Obligations of Municipal Advisors

FUNCTION 2: Understanding Municipal Finance (35% of exam questions)

2.1 Identify market participants

Understand roles of participants in the issuance of municipal securities

Identify and determine the participant roles needed to complete the issuance of municipal securities

Develop selection criteria for participants in an issuer transaction

Monitor performance and completion of participant tasks in an issuer transaction

Knowledge Required

- 2.1.1 **Definitions and categories of municipal advisor professionals:** *Financial advisors, pricing consultants; investment advisers (GIC; investment of municipal bond proceeds); swap advisors; pension funds and advisors; financial feasibility consultants; appraisers; market consultants; rate consultants; solicitors (third-party marketers; placement agents)*
- 2.1.2 **Issuer participants:** *State governments and instrumentalities (states and state treasurers; state agencies and authorities; state conduit issuers); municipal entities and instrumentalities; 501(c)(3) organizations; obligated persons (e.g., health care entities, private colleges); quasi-governmental agencies (Joint powers agencies, inter-local agencies); multi-state agencies*
- 2.1.3 **Non-issuer participants:** *Legal (bond/issuer counsel; disclosure counsel; tax counsel; underwriter's counsel; general/issuer's counsel; trustees counsel; borrower's counsel; specialized counsel; product counsel (for structured products); swap counsel); market intermediaries (broker dealers and dealer banks—underwriters, traders, placement agents, market makers; lease marketers; solicitors for investments)*
- 2.1.4 **Credit enhancers/liquidity providers** *(bond insurer; letter of credit banks; standby purchasers for variable rate obligations; guarantors)*
- 2.1.5 **Rating agencies** *(rating agencies; underlying ratings; absence of rating)*
- 2.1.6 **Investors** *(retail; direct institutional (including banks, insurance companies, corporations); mutual funds and ETFs; public entities (e.g., GSEs))*
- 2.1.7 **Trustees, paying agents and registrars**
- 2.1.8 **Verification agents**
- 2.1.9 **Other service providers** *(DTCC; CUSIP Service Bureau)*

2.2 Consider possible financing solutions for municipal issuers

Understand benefits and risks of various financing products

Identify types and purpose of products

Knowledge Required

- 2.2.1 **Bonds:** *General obligation (limited, unlimited); revenue; special type (special tax; special assessment; moral obligation; double-barreled); tax increment/allocation financing; taxable municipal securities (Build America Bonds (BABs); other taxable municipal bonds; tax credit bonds); notes (e.g., variable rate demand obligations (VRDOs); tax anticipation notes (TANs); tax and revenue anticipation notes (TRANs); construction loan notes (CLN); tax-exempt commercial paper); leases; installment purchase agreements and certificates of participation (annual appropriation leases; abatement leases; installment purchase provisions); bank loans (securities; non-securities transactions); other funding alternatives (other federal programs; grants; state or federal appropriations; pay-as-you-go funding; bond banks and clean water*

- 2.2.2 Bond proceeds investment strategies:** Escrow (e.g., open market, SLGS); Treasury, federal agencies, investment contracts (GICs; forward delivery agreements); money market instruments (certificates of deposit; commercial paper); investment of bond proceeds (investment suitability; investment policy of issuer; liquidity and spending schedules; indenture requirements)
- 2.2.3 Municipal fund securities** (Local Government Invest Pools (LGIP) and 529 College Savings Plans)
- 2.2.4 Swaps/derivatives:** swap markets; market participants; use of derivative products in liabilities structuring and management: types and structures (mark-to-market (MTM), fixed/floating, basis, options); applications: hedging (cash flows, future issuance); risks (basis risk, termination, collateral, counterparty); ISDA documentation: credit terms, collateral and legal provisions; suitability and use of swap advisors
- 2.2.5 Risks associated with products:** Types (credit risk, counterparty risk, interest rate risk; liquidity risk (for variable debt), market access risk, basis risk, political risk); issuer risk management (policies, monitoring, metrics)

2.3 Perform quantitative analysis

Knowledge Required

- 2.3.1 Bond valuation**
 - 2.3.1.1 Security calculations and quoting conventions:** Mathematical calculations for bonds (day count conventions, accrued interest; price vs. price plus accrued interest (clean price and dirty price); price-yield conversion (yield to maturity (YTM), yield to call (YTC), YTP, YTW, cash flow yield (CFY); dollar value of a basis point (DV01); dollar price of 1/32nd; portfolio based yields (CFY; true interest cost (TIC); option-adjusted TIC); net interest cost (NIC); premiums and discounts; average life; arbitrage yield limit)
 - 2.3.1.2 Valuation of bonds:** Spot rates derived from optionless yield curve; discounting of certain cash flows; valuation of call option given uncertain interest rates; new issue structuring; duration, convexity and option-based risk measures
- 2.3.2 Refundings**
 - 2.3.2.1 Refunding considerations:** present value (PV) savings; forfeited option value; future value savings; "high to low" advance refunding; "low to high" advance refunding; other considerations (e.g., covenants)
 - 2.3.2.2 Current refunding**
 - 2.3.2.3 Advance refunding:** Net cash; full net cash; crossover
- 2.3.3 Interest rate derivatives valuation fundamentals** (e.g., swaps; options)
- 2.3.4 Defeasance of bonds**

2.4 Monitor current interest rates and market conditions

- Determine optimal timing for issuer transactions
- Evaluate municipal supply
- Understand general factors affecting interest rates

Knowledge Required

- 2.4.1 Monetary policy**
- 2.4.2 Fiscal policy**
- 2.4.3 Economic policy** (e.g., supply and demand)
- 2.4.4 Other factors affecting interest rates**

FUNCTION 3: Performing Issuer's Credit Analysis and Due Diligence (12% of exam questions)

- 3.1 Review relevant financial information
 - Consider feasibility and suitability of financing plan
 - Evaluate cost and benefits of obtaining credit rating
 - Evaluate credit factors that may impact ability to access market
 - Evaluate issuer risk tolerance
 - Financial reporting and accounting

Knowledge Required

- 3.1.1 Governance
 - 3.1.2 Economic and demographic factors
 - 3.1.3 Financial information: *budgets; financial plans*
 - 3.1.4 Financial statements: *Comprehensive Annual Financial Reports (CAFR (annual audits))*
 - 3.1.5 Debt and liabilities
- 3.2 Components of financial statements: *Derivative's disclosure; auditor's opinion; pension liabilities; Other Post Employment Benefits (OPEBs)*
 - 3.3 Performing due diligence to know your client
 - 3.4 Distressed events (*e.g., bankruptcy, default*)

FUNCTION 4: Structuring, Pricing and Executing Municipal Debt Products (31% of exam questions)

- 4.1 Define characteristics of proposed transaction
 - Assist issuer with creation of debt model
 - Articulate structure of proposed transaction to issuer and other participants
 - Structure financing according to financing plan
 - Determine need for credit enhancement (i.e., insurance)

Knowledge Required

- 4.1.1 Debt service structure: *serial, term bonds*
- 4.1.2 Legal/credit provisions
- 4.1.3 Redemption/call/prepayment provisions
- 4.1.4 Proceed funds commonly created: *project/construction/acquisition fund; reserve fund; revenue fund; debt service fund*
- 4.1.5 Coverage requirements/ratios
- 4.1.6 Additional bonds requirements
- 4.1.7 Default provisions and remedies
- 4.1.8 Put options/tender options
- 4.1.9 When/how to use expert work products (*e.g., feasibility consultants, etc.*): *types, issues*
- 4.1.10 Non-appropriation provisions
- 4.1.11 Federal and state tax treatment: *interest income; alternative minimum tax; amortization of premium/accretion of discount; capital gains/loss; taxable securities; bank qualified; de minimis rule*

- 4.2 Price negotiated bond transactions
 - Research comparable transactions
 - Understand factors considered in pricing
 - Obtain indicative scales/pricing from underwriters
 - Evaluate proposed pricing strategy (account, timing, etc.)
 - Conduct discussions with existing and potential investors

Knowledge Required

- 4.2.1 Comparable securities pricing
- 4.2.2 Presale orders
- 4.2.3 Effects of flipping on pricing
- 4.2.4 Liquidity
- 4.2.5 Market volatility
- 4.2.6 Bank qualified vs. non-bank qualified
- 4.2.7 Cost and value of ratings and credit enhancements
- 4.2.8 Economic indicators
- 4.2.9 Par/premium/discount bonds (*couponing*)

- 4.3 Conduct competitive sales
 - Evaluate and determine method of sale

Knowledge Required

- 4.3.1 **Methods of primary financing:** *public offering (competitive sale, negotiated sale); private placement; direct loans*
- 4.3.2 **Dealers (sales and trading):** *underwriting syndicate preliminary pricing; priority of orders; order period*

- 4.4 Participate in disclosure preparation process

Knowledge Required

- 4.4.1 **Primary sources of information:** *Notice of Sale; official statement (preliminary, final); issuer/borrower websites; new issue wires*
- 4.4.2 **Aggregators of information:** *EMMA (issuer/borrower information, trading/pricing information); print and electronic news services*

FUNCTION 5: Understanding Requirements Related to the Issuance of Municipal Debt (10% of exam questions)

5.1 Monitor for arbitrage rebate compliance (ARC)

Assist with preparation and filing of continuing disclosure obligations

Knowledge Required

- 5.1.1 **Broker/dealer registration requirements related to loans vs. the issuance of securities**
- 5.1.2 **Taxable vs. tax-exempt issues:** *private activity limits; private activity TEFRA requirements*
- 5.1.3 **Issuer disclosure:** *initial offering (official statement content, municipal advisor responsibilities, underwriter's responsibilities); continuing disclosure (annual filings; event notices)*
- 5.1.4 **Arbitrage:** *Transferred proceeds; yield restriction; rebate; tax rules for investment of proceeds; project funds (general spending exceptions and temporary periods); exception for small issuers; debt service funding limitations; record keeping requirements (time period, documents retained, document format)*

5.2 Develop process for post-issuance compliance

Knowledge Required

- 5.2.1 **Written post-issuance policies**
- 5.2.2 **Issuer recordkeeping**

REFERENCE MATERIAL

The following list of reference materials has been suggested by municipal advisors as having been helpful in the performance of the job functions of a municipal advisor. It is not intended to be all-inclusive, nor is it intended to specifically represent knowledge covered on the examination.

Ballard, Frederic L. Jr., *ABCs of Arbitrage. Tax Rules for Investment of Bond Proceeds by Municipalities*. Chicago, IL: ABA Book Publishing (2011)

California Debt and Investment Advisory Commission, *California Debt Issuance Primer*. <http://www.treasurer.ca.gov/cdiac/debtpubs/primer.pdf>

Fabozzi, Frank J. and Steven V. Mann (ed.), *The Handbook of Fixed Income Securities. Seventh edition*. New York, NY: McGraw-Hill (2005)

Hull, John C., *Fundamentals of Futures and Options Markets*. Eighth edition. Upper Saddle River, NJ: Prentice-Hall (2013)

Internal Revenue Service. Information for the Tax Exempt Bond Community. www.irs.gov/Tax-Exempt-Bonds

Lamb, Robert, James Leigland, Stephen P. Rappaport, *The Handbook of Municipal Bonds and Public Finance*. New York, NY: New York Institute of Finance / Simon & Schuster (1993)

Lamb, Robert, Stephen P. Rappaport, *Municipal Bonds: The Comprehensive Review of Municipal Securities and Public Finance*. New York, NY: McGraw-Hill Companies (1987)

Marlin, George J., Joe Mysak, *The Guidebook to Municipal Bonds: The History, The Industry, The Mechanics*, New York, NY: Thomson Financial (1991)

Mintz, Joel A., Larry Allen Bakken, Ronald H. Rosenberg, *The Fundamentals of Municipal Finance*. Chicago, IL: ABA Book Publishing (2010)

Municipal Securities Rulemaking Board. MSRB Education Center. Washington, DC: MSRB. <http://msrb.org/EducationCenter.aspx>

Municipal Securities Rulemaking Board. MSRB Rule Book. Washington, DC: MSRB. <http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules.aspx>

Mysak, Joe, *Encyclopedia of Municipal Bonds*. Hoboken, NJ: John Wiley & Sons, Inc. (2012)

Securities and Exchange Commission, Office of Municipal Securities. <http://www.sec.gov/municipal>

SIFMA, *The Fundamentals of Municipal Bonds*. Sixth edition. Hoboken, NJ: John Wiley & Sons, Inc. (2011)

Temel, Judy Wesalo, *The Fundamentals of Municipal Bonds. Fifth Edition*. New York, NY: John Wiley & Sons, Inc. (2001)

White, Wilson, *The Municipal Bond Investment Advisor*. Chicago, IL: Probus Professional Publishing (1991)

SAMPLE QUESTIONS

The following questions are similar in format and content to questions on the Series 50 examination. The sample questions, however, are not intended to parallel either the level of difficulty or the subject coverage of the examination. The sample questions are only intended to assist candidates in preparing for the types of multiple-choice questions that will appear on the examination.

1. General information which may be provided to a municipal entity without being considered advice includes all of the following **except**:
 - (A) Information regarding a financial institution's currently available investments
 - (B) Recommendations regarding the municipal entity's refinancing opportunities
 - (C) Current prices and yields on the municipal entity's outstanding bonds
 - (D) Comparison of the risks and advantages of variable rate debt

2. Non-compliance with federal tax law requirements applicable to a tax-exempt bond transaction may result in which two of the following?
 - I. Interest on the bonds is taxable for federal income taxes purposes as of issuance of the bonds.
 - II. Interest on the bonds is taxable for federal income tax purposes as of the date of the IRS determination.
 - III. Additional arbitrage rebate penalties may be owed by the borrower.
 - IV. The borrower is prohibited from using tax-exempt debt for a period of five (5) years.
 - (A) I and III
 - (B) I and IV
 - (C) II and III
 - (D) II and IV

3. An investor is likely to analyze all of the following information to determine whether the anticipated earnings of a project would support a municipal revenue bond issue **except**:
 - (A) Tax collection record
 - (B) Additional bonds test
 - (C) Demographic report
 - (D) Feasibility study

4. Which two of the following would be advantages to an issuer of investing in U.S. Treasury securities rather than entering into guaranteed investment contracts (GICs)?
 - I. Increased trading liquidity
 - II. Reduced counterparty risk
 - III. Negotiable maturity dates
 - IV. Negotiable principal repayment schedules
 - (A) I and II
 - (B) II and III
 - (C) I and IV
 - (D) III and IV

5. A municipal revenue bond has a net revenue pledge. From the debt service reserve fund, the flow of funds then goes into which fund?
 - (A) Debt service fund
 - (B) Operations and maintenance fund
 - (C) Renewal and replacement fund
 - (D) Revenue fund

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



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

July 24, 2000

Ms. Diane G. Klinke
General Counsel of the Board
Municipal Securities Rulemaking Board
1150 18th Street, N.W.
Suite 400
Washington, D.C. 20036

Re: Procedure for Filings Relating to Qualification Examinations

Dear Ms. Klinke: ^{Diane}

I am writing to inform you of a change in the filing requirements for proposed rule changes involving qualification examinations for associated persons. In the past, the Division required the SROs to file question banks for new examinations for Commission approval pursuant to Section 19(b)(2) of the Exchange Act. The Division also required SROs to file questions being added to the question bank for Commission approval.

The Division has decided that it is no longer necessary for SROs to file new exam question banks for Commission approval under Section 19(b)(2). In the future, any new examinations should be filed as non-controversial rule changes for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Exchange Act and Rule 19b-4(f)(6) thereunder. As you know, Rule 19b-4(f)(6) requires the SRO to give notice to the Commission of its intent to file a proposed rule change five days before doing so. During the five days prior to filing, the Division will determine if the proposed rule change is appropriately filed as non-controversial. To assist us in our analysis, please include a complete description of the examination in your rule filing. For example, the proposed rule change should address who will be required to take the exam, what information the exam will cover, the time allotted for each section, the weight assigned to each topic, the effective date of the exam requirement, and any other information that would be helpful to us in determining whether the proposal should become effective on filing. Also, pursuant to Rule 19b-4(f)(6), the rule change should be designated as effecting a change that does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition and, by its terms, does not become operative for 30 days after the date of the filing.

Diane G. Klinke

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Filings to modify an existing examination should be submitted as "constituting a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule..." pursuant to Section 19(b)(3)(A) of the Exchange Act.

Our goal in changing these procedures is to expedite the effectiveness of proposed rule changes involving examination requirements for persons associated with SRO members. Please contact Kathy England, Assistant Director, at 202-942-0154, or Karl Varner, Special Counsel, at 202-942-7125, if you have any questions.

Sincerely,



Belinda Blaine
Associate Director