



October 28, 2011

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Proposed Rule Change Regarding Professional Qualifications and Information  
Concerning Associated Persons

Dear Ms. Murphy:

On September 13, 2011, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change that proposed that, effective November 7, 2011, the Series 7 registration no longer qualify associated persons of brokers, dealers, or municipal securities dealers (“dealers”) for municipal securities activities other than sales to customers.<sup>1</sup> Performance of other municipal securities activities, such as underwriting and trading, would require passage of the Series 52 examination. Associated persons who have passed the Series 7 examination before November 7, 2011 would be grandfathered as long as they maintained that registration.

The SEC requested comment on the MSRB’s proposal, and the comment period ended October 21, 2011. The Commission received one comment letter related to the proposed rule change and the MSRB appreciates the opportunity to respond to the comment letter. The MSRB is not proposing any further changes to Rule G-3 at this time.

#### **SUMMARY OF COMMENT LETTER**

One comment letter was received from the Association of Registration Management, Inc. (“ARM”). A summary of the comments and MSRB’s responses follow.

- **Comment:** Most of ARM’s comments concerned the number of individualized examinations introduced by FINRA during the past 18 months.
- **MSRB Response:** The comment letter mistakenly says that the MSRB’s Series 52 and 53 examinations were among those new examinations. Comments of that nature are more appropriately addressed to the SEC or FINRA. The MSRB only took action with

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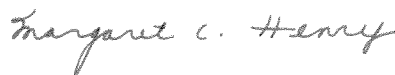
<sup>1</sup> See Securities Exchange Act Release No. 34-65393 September 26, 2011 (File No. SR-MSRB-2011-17).

respect to the Series 7 qualification because of FINRA's decision to change the focus of the exam.

- **Comment:** ARM inquired whether firms would be required to apply to FINRA for "MR position codes" in order for their associated persons to be grandfathered.
- **MSRB Response:** A dealer need take no action in order for its associated persons to be grandfathered.
- **Comment:** ARM requested guidance on whether the MSRB will permit FINRA to grandfather additional associated persons who might have let their Series 7 registrations lapse before November 7, 2011.
- **MSRB Response:** The MSRB's proposal would not permit such additional grandfathering.
- **Comment:** ARM also requested that the effective date of the MSRB's proposal be delayed until late in the first quarter of 2012.
- **MSRB Response:** The MSRB made the decision to have the changes to Rule G-3 take effect at the same time as FINRA's changes to the Series 7 examination. FINRA's revised Series 7 will begin to be implemented on November 7, 2011. At that time, the number of municipal questions will be reduced, and those questions will address only sales activities. Such an examination would no longer assess an associated person's ability to perform other municipal securities activities in a competent manner, so no delay in the effective date of the Rule G-3 changes is appropriate.

The MSRB appreciates the opportunity to provide these comments. Should any SEC staff members have any questions, I would be pleased to address them.

Very truly yours,



Margaret C. Henry  
General Counsel, Market Regulation

