

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-58406; File No. SR-MSRB-2008-06)

August 21, 2008

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 51 Examination Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 18, 2008, the Municipal Securities Rulemaking Board (“MSRB” or “Board”), filed with the Securities and Exchange Commission (“Commission” or “SEC”) 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 of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act,<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. 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 Commission revisions to the study outline and selection specifications for the Municipal Fund Securities Limited Principal Qualification

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

Examination (Series 51) program.<sup>5</sup> The proposed revisions consolidate certain job responsibilities (such as the recordkeeping functions) and regroup others in order to allow more detailed testing of particular rule requirements. The MSRB is not proposing any textual changes to its rules.

The revised study outline is available on the MSRB's Web site (<http://www.msrb.org>), 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)(A) of the Act<sup>6</sup> authorizes the MSRB to prescribe standards of training, experience, competence, and such other qualifications as the Board finds

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<sup>5</sup> The MSRB is also proposing corresponding revisions to the Series 51 question bank, but based upon instructions from the Commission staff, the MSRB is submitting SR-MSRB-2008-06 for immediate effectiveness pursuant to Section 19(b)(3)(A)(i) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is available for Commission review.

<sup>6</sup> 15 U.S.C. 78o-4(b)(2)(A).

necessary or appropriate in the public interest or for the protection of investors. The MSRB has developed examinations that are designed to establish that persons associated with brokers, dealers and municipal securities dealers that effect transactions in municipal securities have attained specified levels of competence and knowledge. The MSRB periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

MSRB Rule G-3(b)(iv) states that the municipal fund securities limited principal has responsibility to oversee the municipal securities activities of a securities firm or bank dealer solely as such activities relate to transactions in municipal fund securities. In this capacity, the municipal fund securities limited principal manages, directs or supervises one or more of the following activities relating to municipal fund securities: underwriting, trading or selling municipal fund securities; rendering financial advisory or consultant services to issuers of municipal fund securities; research or investment advice, or communications with customers, about any of the activities named heretofore; maintaining records on activities in municipal fund securities; processing, clearing, and (in the case of securities firms) safekeeping of municipal fund securities; and training of principals and representatives.<sup>7</sup> The only examination that qualifies a municipal fund securities limited principal is the Municipal Fund Securities Limited Principal Qualification Examination.

A committee of industry members and MSRB staff (the Series 51 Committee) recently undertook a review of the Series 51 examination program. As a result of this

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<sup>7</sup> A municipal securities principal (Series 53) is also qualified to supervise these responsibilities.

review, the MSRB is proposing to make revisions to the study outline to consolidate certain job responsibilities (such as the recordkeeping functions) and regroup others in order to allow more detailed testing of particular rule requirements. In addition, the detail on some existing topics is being expanded to include specific cites to rules that had been amended since the last update of the outline. The revised examination continues to cover areas of knowledge required for effective supervision of municipal fund securities activities. A summary of the changes to the content outline for the Series 51 Examination, detailed by major topic heading, is provided below.

#### Part Three—General Supervision

- The topic “Restrictions on apprentices” was moved to this major heading from the major heading Sales Supervision (Part Five) to be grouped with the qualification requirements for apprentices.
- A reference to “Supervisory Controls” under Rule G-27 was added.
- Technical changes to rule citations were made to reflect amendments to  
Rule G-27.

#### Part Five—Sales Supervision

- Reference to “Restrictions on apprentices” was moved to Part Three to be grouped with the qualification requirements for apprentices.
- Technical changes to rule citations were made to reflect amendments to  
Rule G-27.
- “Records of agency transactions” was moved to Part Seven to be grouped with similar requirements for the maintenance of books and records.

- The topic “Books and records maintained by transfer agents” was moved to Part Seven to be grouped with similar requirements for the maintenance of books and records.

#### Part Six—Underwriting and Disclosure Obligations

- The sub-heading “Obligations of Municipal Underwriters under SEC Rules” was changed to “Obligations of Municipal Underwriters” in order to include relevant MSRB rules under the sub-heading.

#### Part Seven—Operations

- The topic “Records of agency transactions” was moved under this major heading from Part Five to be grouped with similar requirements for the maintenance of books and records.
- The topic “Books and records maintained by transfer agents” was moved under this major heading from Part Five to be grouped with similar topics on the maintenance of books and records.

The MSRB is proposing similar changes to the Series 51 selection specifications and question bank. The examination will continue to consist of 60 multiple choice-questions assigned to the seven areas of the examination as shown below. The percentages given for each section are rounded to an even number.

Regulatory Structure	5%
Product Knowledge	27%
General Supervision	17%
Fair Practice and Conflicts of Interest	17%
Sales Supervision	18%

Underwriting and Disclosure Obligations	6%
Operations	10%

Candidates will continue to be allowed one and one-half hours for each testing session. Each question will continue to count one point, and each candidate must correctly answer 70 percent of the questions in order to receive a passing grade.

A candidate for the Series 51 must also pass the General Securities Principal Examination (Series 24) or the Investment Company Products/Variable Contracts Limited Principal Examination (Series 26). The Series 51 Committee considered subject matter that would be covered in either of these examinations when developing the specifications for the Series 51 Examination.

## 2. Statutory Basis

The MSRB believes that the proposed revisions to the Series 51 examination program are consistent with the provisions of Section 15B(b)(2)(A) of the Act,<sup>8</sup> 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. Section 15B(b)(2)(A) of the Act also provides that the Board may appropriately classify municipal securities brokers and municipal securities dealers and their associated personnel and require persons in any such class to pass tests prescribed by the Board.

### 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 that is not necessary or appropriate in furtherance of the purposes

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<sup>8</sup> 15 U.S.C. 78o-4(b)(2)(A).

of the Act, as amended.

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.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act<sup>9</sup> and Rule 19b-4(f)(1) thereunder,<sup>10</sup> 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 self-regulatory organization. The MSRB proposes to implement the revised Series 51 examination program on November 1, 2008. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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.<sup>11</sup>

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:

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>10</sup> 17 CFR 240.19b-4(f)(1).

<sup>11</sup> See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2008-06 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MSRB-2008-06. 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 Web site (<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 inspection and copying 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 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-2008-06 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.<sup>12</sup>

Florence E. Harmon  
Acting Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).