

Rule G-3. Professional Qualification Requirements

No broker, dealer, municipal securities dealer, municipal advisor or person who is a municipal securities representative, municipal securities sales limited representative, limited representative - investment company and variable contracts products, municipal securities principal, municipal fund securities limited principal, municipal securities sales principal, municipal advisor representative or municipal advisor principal (as hereafter defined) shall be qualified for purposes of Rule G-2 unless such broker, dealer, municipal securities dealer, municipal advisor or person meets the requirements of this rule.

(a) *Municipal Securities Representative, Municipal Securities Sales Limited Representative and Limited Representative - Investment Company and Variable Contracts Products.*

(i) No changes.

(ii) Qualification Requirements.

(A) Except as otherwise provided in this paragraph (a)(ii), any person seeking to become qualified as a [every] municipal securities representative, in accordance with the requirements under this subparagraph, shall take and pass the Securities Industry Essentials Examination (“SIE”) and the Municipal Securities Representative Qualification Examination prior to being qualified as a municipal securities representative. [The passing grade shall be determined by the Board.]

(B) – (C) No changes.

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

(i) No changes.

(ii) Qualification Requirements.

(A) – (C) No changes.

(D) For the first [90] 120 calendar days after becoming a municipal securities principal, the requirements of subparagraph (b)(ii)(A) shall not apply to any person who is qualified as a municipal securities representative or [,] general securities representative, provided that such qualified representative has at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal provided, however, that each such person shall take and pass the Municipal Securities Principal Qualification Examination within that period.

(iii) No changes.

(iv) *Municipal Fund Securities Limited Principal.*

(A) No changes.

(B) Qualification Requirements.

(1) – (3) No changes.

(4) For the first [90] 120 calendar days after becoming a municipal fund securities limited principal, the requirements of clauses (b)(iv)(B)(1) and (2) shall not apply to any person who is qualified as a general securities representative[,] or investment company/variable contracts limited representative, provided that such qualified representative has at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal or investment company/variable contracts limited principal, provided, however, that each such person shall meet the requirements of clauses (b)(iv)(B)(1) and (2) within that period.

(C) – (D) No changes.

(c) *Municipal Securities Sales Principal.*

(i) Definition. No changes.

(ii) Qualification Requirements.

(A) – (C) No changes.

(D) For the first [90] 120 calendar days after becoming a municipal securities sales principal, the requirements of subparagraph (c)(ii)(A) shall not apply to any person who is qualified as a municipal securities representative or [,] general securities representative, provided that such qualified representative has at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal, provided, however, that each such person shall take and pass the General Securities Sales Supervisory Qualification Examination within that period.

(d) – (f) No changes.

(g) *Retaking of Qualification Examinations.* Any associated person of a broker, dealer, municipal securities dealer or municipal advisor who fails to pass a qualification examination prescribed by the Board shall be permitted to take the examination again after a period of 30 days has elapsed from the date of the prior examination, except that any person who fails to pass an examination three or more times in succession within a two-year period shall be prohibited from again taking the examination until a period of [six months] 180 calendar days has elapsed from the date of such person's last attempt to pass the examination.

(h) *Waiver of Qualification Requirements.*

(i) The requirements of paragraphs (a)(ii), (a)(iii), (b)(ii), (b)(iv)(B) and (c)(ii) may be waived in extraordinary cases for any associated person of a broker, dealer or municipal securities dealer who demonstrates extensive experience in a field closely related to the municipal securities activities of such broker, dealer or municipal securities dealer or as permitted pursuant to Supplementary Material .04 of this rule. Such waiver may be granted by

(A) - (B) No changes.

(ii) No changes.

(i) *Continuing Education Requirements*

(i) *Continuing Education Requirements for Brokers, Dealers, and Municipal Securities Dealers*—This paragraph prescribes requirements regarding the continuing education of certain registered persons subsequent to their initial qualification and registration with a registered securities association with respect to a person associated with a member of such association, or the appropriate regulatory agency as defined in Section 3(a)(34) of the Act with respect to a person associated with any other broker, dealer or municipal securities dealer ("the appropriate enforcement authority"). The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(A) *Regulatory Element*

(1) No changes.

(2) *Failure to Complete*—Unless otherwise determined by the Board, any registered persons who have not completed the Regulatory Element within the prescribed time frames will have their registrations deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this clause (i)(i)(A)(2) shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Such person may not receive any compensation for transactions in municipal securities, however, such person may receive trails, residual commissions or like compensation resulting from such transactions completed before the person's inactive status, unless the dealer with which the person is associated has a policy prohibiting such trails, residual commissions or like compensation. A registration that is inactive for a period of two years will be administratively terminated. A person whose registration is so terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements of the applicable provisions of this rule. The appropriate enforcement authority may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements.

(3) – (6) No changes.

(B) *Firm Element*

(1) No changes.

(2) *Standards for the Firm Element*

(a) No changes.

(b) **Minimum Standards for Training Programs**—Programs used to implement a broker, dealer or municipal securities dealer's training plan must be appropriate for the business of the broker, dealer or municipal securities dealer and, at a minimum must cover training in ethics and professional responsibility and the following matters concerning municipal securities products, services and strategies offered by the broker, dealer or municipal securities dealer:

(i) – (iii) No changes.

(c) No changes.

(3) – (4) No changes.

(ii) No changes.

(A) – (E) No changes.

Supplementary Material

.01 – .02 No changes.

.03 Permissive Qualification. A broker, dealer or municipal securities dealer shall be permitted to make application for, or maintain the qualification of, a municipal securities representative, municipal securities principal or municipal fund securities limited principal for any associated person, including persons whose functions are solely clerical or ministerial or engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary. Any person maintaining a permissive qualification shall be considered a “registered person” for purposes of MSRB rules to the extent relevant to their activities.

.04 Waiver from Requalification by Examination for Individuals Working for a Financial Services Industry Affiliate of a Broker, Dealer or Municipal Securities Dealer. The requirement to requalify by examination for a lapsed qualification pursuant to subparagraphs (a)(ii)(C), (b)(ii)(C) and (b)(iv)(B)(3) of this rule shall be waived upon request to the proper registered securities association or the appropriate regulatory agency consistent with paragraph (h) of this rule for an individual if the following conditions are satisfied:

(1) An individual must have been registered with a broker, dealer or municipal securities dealer for a total of five years within the most recent 10-year period, including the most recent year with the broker, dealer or municipal securities dealer having designated the individual as eligible for a waiver by having met the requirement of this subparagraph;

- (2) The waiver request is made within seven years of the individual's initial designation.
- (3) The individual continuously worked for a financial services industry affiliate(s) of a broker, dealer or municipal securities dealer since terminating association with a broker, dealer or municipal securities dealer;
- (4) The individual has completed the Regulatory Element portion of continuing education consistent with the requirements in Rule G-3(i)(i)(A) based on the person's most recent registration status and on the same Regulatory Element cycle had the person remained registered; and
- (5) The individual does not have any pending or adverse regulatory matters or terminations and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was working for a financial services industry affiliate(s) of a broker, dealer or municipal securities dealer.

As used under this Supplementary Material, the term "financial services industry affiliate of a broker, dealer or municipal securities dealer" means any legal entity that controls, is controlled by or is under common control with a broker, dealer or municipal securities dealer and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

.05 Status of Qualified Persons Serving in the Armed Forces of the United States.

(a) Inactive Status for Current Associated Persons

- (1) An associated person of a broker, dealer, municipal securities dealer or municipal advisor who volunteers for or is called into active U.S. military service shall be deemed inactive for purposes of qualification for the period that such person is on active U.S. military service. If applicable, such person will not be required to requalify by examination upon such person's return to employment with a broker, dealer, municipal securities dealer or municipal advisor so long as such person returns to employment with a broker, dealer, municipal securities dealer or municipal advisor within 30 calendar days upon the conclusion of such person's active U.S. military service.
- (2) An associated person, as identified in subparagraph (a)(1) of this Supplementary Material, shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing broker, dealer, municipal securities dealer or municipal advisor of such associated person may also allow another associated person of the broker, dealer, municipal securities dealer or municipal advisor to enter into an arrangement to take over and service the clients' accounts of such associated person and to share transaction-related compensation based upon the business generated by such accounts with the associated person who is placed on inactive status pursuant to subparagraph (a) of this Supplementary Material.

(3) An associated person who is placed on inactive status pursuant to subparagraph (a) of this Supplementary Material shall not be required to complete continuing education program requirements as set forth in Rule G-3(i) during the pendency of the person's inactive status.

(4) Notice must be provided electronically to the MSRB within 30 calendar days, upon the conclusion of active U.S. military service and such person's return to employment with such broker, dealer, municipal securities dealer or municipal advisor with which the person was associated with during the period of active U.S. military service or employment with another broker, dealer, municipal securities dealer or municipal advisor. The notice required shall be on firm letterhead and include the following information:

(a) Firm's MSRB ID number;

(b) Individual's name;

(c) Individual's CRD number, if applicable;

(d) Start and end dates of the individual's active U.S. military service; and

(e) Branch of service.

(b) *Inactive Status for Sole Proprietors*

(1) A broker, dealer, municipal securities dealer or municipal advisor that is a sole proprietor who temporarily closes his or her business because of volunteering for or being called into active U.S. military service shall be placed on inactive status after proper notification to the registered securities association with which the broker, dealer, municipal securities dealer or municipal advisor is registered or the Board with respect to any other broker, dealer, municipal securities dealer or municipal advisor. Such sole proprietor will not be required to requalify by examination upon such person's return to his or her municipal securities or municipal advisory business.

(2) A sole proprietor placed on inactive status as set forth in this paragraph (b) shall not be required to pay fees assessed under Rule A-11 and Rule A-12, as applicable, that accrue during such period of inactive status.

(3) Notice must be provided electronically to the MSRB within 30 calendar days, upon the conclusion of active U.S. military service and such person's return from active U.S. military service to his or her municipal securities or municipal advisory business. The notice required shall be on firm letterhead and include the following information:

(a) Firm's MSRB ID number;

(b) Individual's name;

(c) Individual's CRD number, if applicable;

d) Start and end dates of the individual's active U.S. military service; and

(e) Branch of service.

Absent notice to the MSRB, former associated persons of a broker, dealer, municipal securities dealer or municipal advisor will not have such person's lapse in qualification requirements deferred and such person's period of time while on active U.S. military service will not be tolled.

(c) Status for Former Associated Persons

(1) If a person who was formerly associated with a broker, dealer, municipal securities dealer or municipal advisor volunteers for or is called into active U.S. military service at any time within the two-year period after the date such person ceases to be associated with a broker, dealer, municipal securities dealer or municipal advisor, the lapse of such person's representative and principal-level qualifications, pursuant to subparagraphs (a)(ii)(C), (b)(ii)(C) and (b)(iv)(B)(3) of this rule, shall be deferred (i.e., tolling of the two-year expiration period).

(2) The deferral of the lapse in qualification requirements for associated persons of a broker, dealer, municipal securities dealer or municipal advisor would commence on the date the person begins active U.S. military service, provided that notice is provided to the MSRB.

(3) Notice must be provided electronically to the MSRB within 90 calendar days upon such person's completion of active U.S. military service and include the following information:

(a) Individual's name;

(b) Individual's CRD number, if applicable;

(c) Start and end dates of the individual's active U.S. military service; and

(d) Branch of service.

Absent notice to the MSRB, former associated persons of a dealer or municipal advisor will not have such person's lapse in qualification requirements deferred and such person's period of time while on active U.S. military service will not be tolled.