

Text of Proposed Amendments**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) - (c) No change.

(d) *Municipal Advisor Representative*

(i) No change.

(ii) Qualification Requirements.

(A) No change.

(B) Any person who ceases to be associated with or engaged in municipal advisory activities on behalf of a municipal advisor for two or more years at any time after having qualified as a municipal advisor representative in accordance with subparagraph (d)(ii)(A) (a “lapse in qualification”) [shall] must take and pass the Municipal Advisor Representative Qualification Examination prior to being qualified as a municipal advisor representative, unless [a waiver is granted] exempt pursuant to [sub]paragraph (h)(ii) of this rule.

(e) *Municipal Advisor Principal*

(i) No change.

(ii) Qualification Requirements.

(A) To become qualified as a municipal advisor principal a person must:

(1) As a pre-requisite take and pass the Municipal Advisor Representative Qualification Examination, unless exempt from taking the Municipal Advisor Representative Qualification Examination pursuant to paragraph (h)(ii) of this rule; and

(2) No change.

(B) Any person qualified as a municipal advisor principal who ceases to be associated with or engaged in municipal advisory activities on behalf of a municipal advisor for two or more years at any time after having qualified as a municipal advisor principal in accordance with subparagraph (e)(ii)(A) [shall] must take and pass the Municipal Advisor Representative Qualification Examination [and the Municipal Advisor Principal Qualification Examination prior to being qualified as a municipal advisor principal], unless [a waiver is granted] exempt from taking the Municipal Advisor Representative Qualification Examination pursuant to [sub]paragraph (h)(ii) of this rule, and must take and pass the Municipal Advisor Principal Qualification Examination prior to being qualified as a municipal advisor principal.

(C) No change.

(iii) No change.

(f) - (g) No change.

(h) *Waiver of and Exemption from Qualification Requirements.*

(i) No change.

(ii) [The requirements of paragraph (d)(ii)(A) and (e)(ii)(A) may be waived by the Board in extraordinary cases for a municipal advisor representative or municipal advisor principal.] An individual shall be exempt from the requirements of subparagraph (d)(ii)(B) if all of the following conditions are met:

(A) The individual was previously qualified as a municipal advisor representative by taking and passing the Municipal Advisor Representative Qualification Examination.

(B) The individual maintained the municipal advisor representative qualification for a period of at least three consecutive years while associated with and engaging in municipal advisory activities on behalf of one or more municipal advisors.

(C) Such qualification lapsed pursuant to subparagraph (d)(ii)(B) of this rule and no more than one year has passed since such lapse in qualification.

(D) The individual has not engaged in activities requiring qualification as a municipal advisor representative, as prescribed under subparagraph (d)(i)(A) of this rule, during the individual's lapse in qualification.

(E) The individual is not subject to any events or proceedings that resulted in a regulatory action disclosure report, civil judicial action disclosure report, customer complaint/arbitration/civil litigation disclosure report, criminal action disclosure report, or termination disclosure report on the Commission's Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities ("Commission Form MA-I").

(F) The individual has not previously obtained the exemption described in paragraph (h)(ii) of this rule.

(G) Prior to engaging in municipal advisory activities on behalf of the municipal advisor with which the individual is to associate (or reassociate), as evidenced by the filing of Commission Form MA-I, the municipal advisor provided, and the individual completed, continuing education covering, at minimum, the subject areas of:

(1) principles of fair dealing;

(2) the applicable regulatory obligations under Rules G-20, on gifts and gratuities; G-37, on political contributions and prohibitions on municipal securities business and municipal advisory business, G-40, on advertising by municipal advisors, and G-8, on books and records to be made and maintained;

(3) for non-solicitor municipal advisors, the core conduct standards under Rule G-42, including the fiduciary duty obligations owed to municipal entity clients, or for solicitor municipal advisors, the core obligations of Rule G-46; and

(4) any changes to applicable securities laws and regulations, including applicable MSRB rules that were adopted since the individual was last associated with a municipal advisor.

(H) Prior to engaging in municipal advisory activities on behalf of the municipal advisor with which the individual is to associate (or reassociate), as evidenced by the filing of Commission Form MA-I, the municipal advisor provided, and the individual reviewed, the compliance policies and procedures of the municipal advisor.

(I) Upon meeting all of the conditions of subparagraphs (h)(ii)(A)-(H) above, the municipal advisor filed a completed Commission Form MA-I. Within 30 days of acceptance, by the Commission, of a completed Commission Form MA-I identifying such individual as engaging in municipal advisory activities on behalf of the municipal advisor, the municipal advisor provided notification electronically to the MSRB (the "affirmation notification") that the individual met the criteria to be exempt from the requirements of subparagraph (d)(ii)(B). The affirmation notification required must be on firm letterhead and include the following information:

(1) Municipal Advisor's MSRB ID number;

(2) Individual's First and Last name;

(3) Individual's FINRA Central Registration Depository (CRD) number, if applicable;

(4) Start date of the individual's association (or reassociation) with the municipal advisor;

(5) Affirmative statement that the municipal advisor has undertaken a diligent effort to reasonably conclude that the individual met the applicable requirements of this paragraph (h)(ii);

(6) Affirmative statement attesting that the municipal advisor provided both the requisite continuing education and the municipal advisor's compliance policies and procedures to the individual for review along with the date the individual completed the continuing education and review of the municipal advisor's compliance policies and procedures provided by the municipal advisor;

(7) Date the municipal advisor filed Commission Form MA-I (and the date of acceptance) with respect to the individual as required under subparagraph (h)(ii)(I) and;

(8) Signature by the individual seeking to obtain the criteria-based exemption attesting that the conditions of subparagraphs (h)(ii)(A) through (h)(ii)(H) have been met and a signature by a municipal advisor principal, on behalf of the municipal advisor, attesting that, based on the exercise of reasonable diligence, the conditions of subparagraphs (h)(ii)(A) through (h)(ii)(I) have been met.

The municipal advisor must provide the affirmation notification required under this paragraph in accordance with Supplementary Material .02 of this rule.

(i) No change.

Supplementary Material

.01 No change.

.02 [Waivers.] Affirmation Notification. The affirmation notification required to be provided to the MSRB pursuant to subparagraph (h)(ii)(I) of this rule must be sent to Compliance@mrb.org. [The Board will consider waiving the requirement to become qualified as a municipal advisor representative or municipal advisor principal in extraordinary cases where: (1) the applicant participated in the development of the Municipal Advisor Representative Qualification Examination or the Municipal Advisor Principal Qualification Examination, as applicable, as a member of the Board's Professional Qualifications Advisory Committee; or (2) 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.]

.03 - .09 No change.

Rule G-8 Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors

(a) – (g) No change.

(h) *Municipal Advisor Records*. Every municipal advisor that is registered or required to be registered under Section 15B of the Act and the rules and regulations thereunder shall make and keep current the following books and records:

(i) - (vi) No change.

(vii) *Records Concerning Compliance with Professional Qualification Requirements of [Continuing Education Requirements] Rule G-3*

(A) Copies of the municipal advisor's needs analysis and written training plan as required by subparagraphs (i)(ii)(B)(1) and (i)(ii)(E)(1) of Rule G-3; [and]

(B) Records documenting the content of the training programs and completion of the programs by each covered person as required by Rule G-3(i)(ii)(B)(3)[.]; and

(C) The following records to evidence compliance with the requirements of Rule G-3(h)(ii)(A)-(I):

(1) A record evidencing that the individual seeking to obtain the exemption was previously duly qualified as a municipal advisor representative (e.g., copy of the print-out of the individual exam results or exam result certification letter provided by the MSRB);

(2) Documentation supporting the municipal advisor firm's exercise of reasonable diligence in determining that the conditions outlined in Rule G-3(h)(ii)(A) through (I) were met in making the required affirmation notification in accordance with Rule G-3(h)(ii)(I)(8) (e.g., copies of relevant Commission form filings reviewed; records related to continuing education provided and completed; compliance policies and procedures provided and reviewed; and attestations or other documentation to support such a determination);

(3) A copy of the affirmation notification sent to the MSRB required by Rule G-3(h)(ii)(I); and

(4) A record evidencing that the affirmation notification was made in the prescribed manner and within the required period of time as described in Rule G-3(h)(ii)(I) (e.g., automatic email delivery receipt).

(viii) No change.

Supplementary Material

.01 - .02 No change.