

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68274; File No. SR-MSRB-2012-09)

November 20, 2012

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Revisions to the Study Outline for the Municipal Securities Principal Qualification Examination (Series 53)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 16, 2012, the Municipal Securities Rulemaking Board (“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 of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i)<sup>3</sup> of the Act and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The implementation date of the proposed rule change, as well as the effective date of the revised study outline, will be December 22, 2012. 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

---

<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).

The MSRB is filing with the Commission revisions to the study outline for the Municipal Securities Principal Qualification Examination (Series 53).

The text of the proposed rule change is available on the MSRB's website at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2012-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2012-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)(A) of the Act<sup>5</sup> 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, municipal entities or obligated persons. 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 and those who supervise such persons have attained specified levels of competence and knowledge. The MSRB periodically reviews the content of the examinations to

---

<sup>5</sup> 15 U.S.C. 78o-4(b)(2)(A).

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) states that a municipal securities principal has responsibility to oversee the municipal securities activities of a broker, dealer or municipal securities dealer. In this capacity, a municipal securities principal manages, directs or supervises one or more of the following activities associated with the conduct of municipal securities business: underwriting; trading; buying or selling municipal securities to or from customers; rendering financial advisory or consultant services to issuers of municipal securities; communications to customers about any municipal securities activities; processing, clearing, and (in the case of securities firms) safekeeping of municipal securities; maintenance of records with respect to municipal securities activities; and training of municipal securities principals and municipal securities representatives. The only examination that qualifies a municipal securities principal is the Municipal Securities Principal Qualification Examination (Series 53).

The Series 53 examination is designed to determine whether an individual meets the Board's qualification standards for municipal securities principals. To do this, the examination measures a candidate's knowledge of Board rules, rule interpretations and federal statutory provisions applicable to municipal securities activities. It also measures an individual's ability to apply these rules and interpretations to given fact situations. The examination consists of 100 multiple-choice questions. Each question is worth one point, and the passing grade is 70%. Candidates are allowed three and one-half hours for each testing session.

The study outline serves as a guide to the subject matter tested by the Series 53 examination. It lists the topics covered by the examination, and provides learning objectives associated with those topics that are intended to assist candidates preparing for the examination.

The outline also provides sample questions similar to the type used in the examination. The arrangement of the subject matter in the study outline reflects the various aspects of municipal securities activity within a securities firm or bank dealer and the tasks of a municipal securities principal in supervising such activities. Reference is made to the appropriate MSRB rule or federal regulation which governs each task.

In order to assist candidates preparing for the Series 53 examination, the study outline has been updated to remove rescinded rules and include amendments and additions to MSRB rules that have been promulgated since the last revision of the study outline.<sup>6</sup> The descriptions for some rules listed have been changed accordingly. The changes are technical in nature and will not change the specifications for the examination. The MSRB will announce the December 22, 2012 implementation date of the revised study outline in a notice to be published at least 30 days prior to such implementation date.

A summary of the changes to the study outline for the Series 53 examination, detailed by major topic headings, is provided below. Changes are stated as revisions to the current outline.

### Introduction

- fn. 1: References to “NASD” are changed to “FINRA;” FINRA URL is corrected.

### Part Two—General Supervision

#### Definitional Rules

- “Municipal advisory activities, D-13” is added.

#### Qualification and Registration

- “name or address” is added to the description for Rule A-15.

---

<sup>6</sup> See Release No. 34-54141, File No. SR-MSRB-2006-05 (June 27, 2006).

- “preservation” is added to the description For Rules G-7; G-9; and Exchange Act Rule 17a-4.
- “municipal securities sales limited representatives” is added to the description of Rule G-3(a)(i) and (ii) to reflect amendment to the rule.

### Supervisory Responsibilities

- Rule citation for “Written record of designations” is changed to “G-27(b)(ii)(B)” to reflect amendment to the rule.
- Rule citation for “Appropriate principal” is changed to “G-27(b)(ii)(C)” to reflect amendment to the rule.
- Topic heading and rule citation is changed to “Duty to establish, maintain and enforce supervisory control policies and written procedures” to reflect amendment to the rule.

### Conduct of Business

- “Definitions; general standard for advertisements” is added to the description for Rule G-21(a).
- “Product” is added to the topic description for Rule G-21(e).

### Part Three—Sales Supervision

#### Opening Customer Accounts

- Rule citation for “Review and approval by a principal” is changed to “G-27(c)(i)(G)(1)” to reflect amendment to the rule.

#### Communications with Customers

- Rule citation for “Review and retention of correspondence” is changed to “G-27(e)” to reflect amendment to the rule.

#### Discretionary Accounts

- Rule citation for “Written supervisory procedures” is changed to “G-27 (c)(i)” to reflect amendment to the rule.

#### Part Four—Origination and Syndication

##### Financial Advisors

- Rule citation for “applicability of state or local law” is changed to G-23(f) to reflect amendment to the rule.
- “Basis of compensation” is deleted; “Agreement with respect to financial advisory relationship” is added for the description of Rule G-23(c). Changes reflect the amendment to the rule.
- The description of Rule G-23(d) is changed to “Prohibition on engaging in underwriting activities” in accordance with the amendment to the rule.
- “Disclosures to customers, G-23(h)” is deleted in accordance with the amendment to the rule.
- “Disclosures to issuer of corporate affiliation, G-23(f)” is deleted in accordance with the amendment to the rule.
- “Records concerning the activities of financial advisors, G-23(g); G-9” is deleted in accordance with the amendment to the rule.
- “Responsibility to make official statement available” is changed to “Preparation of official statement by financial advisors;” rule citation is changed to “G-32(c)” in accordance with the amendment to the rule.

##### New Issue Syndicate Practices

- “Responsibility of managing underwriters and sole underwriters” is replaced with “Underwriter submissions to EMMA;” rule citation is changed to “G-32(b)” in accordance with amendments to the rule.
- “Delivery of official statements, advance refunding documents, and Forms G-36(OS) and G-36(ARD) to the Board or its designee; G-36” is deleted. Rule was rescinded.
- Topic heading is changed to “Records concerning primary offerings” in accordance with amendment to Rule G-8(a)(viii).
- Topic heading is changed to “Records concerning disclosures in connection with primary offerings pursuant to Rule G-32” in accordance with amendment to Rule G-8(a)(xiii).
- “Records concerning delivery of official statements, advance refunding documents and Forms G-36(OS) and G-36(ARD) to the Board or its designee; G-8(a)(xv)” is deleted. Topic is no longer tested.
- “Good faith deposits; G-12(i)” is deleted. Rule was rescinded.
- Rule citation for “Settlement of syndicate or similar account” is changed to “G-11(i)” in accordance with the amendment to the rule.
- Topic heading is changed to “Payments of designations;” rule citation changed to “G-11(j)” in accordance with the amendment to the rule.

## Part Five—Trading

### Execution of Transactions

- Topic heading for Rule G-18 is changed to “Transactions as agent” to reflect amendment to the rule.
- “Broker’s brokers; G-43” is added.

### Reports of Sales or Purchases

- Rule citation for “Definitions” is changed to “G-14, RTRS Procedures, Sect. (d)” for clarification.
- Topic heading for Rule A-13(c) is changed to “Transaction and technology assessments” in accordance with the amendment to the rule.

### Recordkeeping Responsibilities

- “Records of secondary market trading account transactions; G-8(a)(xxiv)” is added.
- “Broker’s brokers activities; G-8(a)(xxv)” is added.
- “Records for alternative trading systems; G-8(a)(xxvi)” is added.

### Part Six—Operations

#### Books and Records

- “Records concerning consultants; G-8(a)(xviii)” is deleted. No longer tested in the examination.
- “Books and records maintained by transfer agents for municipal fund securities transactions; G-8(g)(i)” is added.
- Correct rule citation is added to “Compliance with SEC rules” and “Records to be made” is deleted as a subtopic.

### Sample Questions

One sample question is deleted and a new sample question is added.

#### 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(A) of the Act, 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 and municipal entities or



obligated persons. Section 15B(b)(2)(A) of the Act also provides that the Board may appropriately classify municipal securities brokers, municipal securities dealers, and municipal advisors and persons associated with municipal securities brokers, municipal securities dealers, and municipal advisors and require persons in any such class to pass tests prescribed by the Board.

The MSRB believes that the proposed revisions to the study outline for the Series 53 examination are consistent with the provisions of Section 15B(b)(2)(A) of the Act in that the revisions will ensure that certain key concepts or rules are tested on each administration of the examination in order to test the competency of individuals seeking to qualify as municipal securities principals 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, as amended. The MSRB believes that the proposed rule change will provide benefits to persons seeking to become qualified as a municipal securities principal by promoting more efficient and effective preparation for such qualification without imposing any additional burdens.

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 proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. 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 Exchange 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](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2012-09 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MSRB-2012-09. 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, D.C. 20549 on official business days between the hours of 10:00 a.m.

and 3:00 p.m. 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-2012-09, 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>7</sup>

Kevin M. O'Neill  
Deputy Secretary

---

<sup>7</sup> 17 CFR 200.30-3(a)(12).