

**Rule G-3: Professional Qualification Requirements<sup>1</sup>**

No broker, dealer or municipal securities dealer 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, or municipal securities sales principal (as hereafter defined) shall be qualified for purposes of Rule G-2 unless such broker, dealer or municipal securities dealer or person meets the requirements of this rule.<sup>2</sup>

(a) – (g) No change.<sup>3</sup>

**(h) Continuing Education Requirements**

This section (h) 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.

(i) No change.

(ii) *Firm Element*

(A) Persons Subject to the Firm Element—The requirements of this section shall apply to any person registered with a broker, dealer or municipal securities dealer and qualified as a representative or principal in accordance with this rule or as a general securities principal and who regularly engages in or supervises municipal securities activities [who has direct contact with customers in the conduct of the broker, dealer or municipal securities dealer's securities sales, trading and investment banking activities, and to the immediate supervisors of such persons] (collectively, "covered registered persons"). ["Customer" shall mean any natural person and any organization, other than another broker, dealer or municipal securities dealer, executing securities transactions with or through or receiving investment banking services from a broker, dealer or municipal securities dealer].

<sup>1</sup> Certain portions of Rule G-3 are the subject of proposed amendments that are currently pending approval of the U.S. Securities and Exchange Commission and will not be effective until 60 days following the date of such approval. See SEC Release No. 34-72425 (June 18, 2014); 79 FR 35829 (Jun. 24, 2014); File No. SR-MSRB-2014-04.

<sup>2</sup> Id.

<sup>3</sup> Id.

(B) *Standards for the Firm Element*

(1) Each broker, dealer and municipal securities dealer must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each broker, dealer and municipal securities dealer shall at least annually evaluate and prioritize its training needs, [and] develop a written training plan, and conduct training annually on municipal securities for covered registered persons. The plan must take into consideration the broker, dealer and municipal securities dealer's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. [If a broker, dealer or municipal securities dealer's analysis determines a need for supervisory training for persons with supervisory responsibility, such training must be included in the broker, dealer or municipal securities dealer's training plan.]

(2) 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 the following matters concerning municipal securities products, services and strategies offered by the broker, dealer or municipal securities dealer:

(a) – (c) No change.

(3) No change.

(C) Participation in the Firm Element—Covered registered persons included in a broker, dealer or municipal securities dealer's plan must [take all appropriate and reasonable steps to] participate in continuing education programs as required by the broker, dealer or municipal securities dealer.

(D) No change.

**Supplementary Material:** No change.<sup>4</sup>

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Id.