

Bond Case Briefs

Municipal Finance Law Since 1971

MSRB Creates Professional Qualification Standards for Municipal Advisors.

The Municipal Securities Rulemaking Board (MSRB) has received approval from the Securities and Exchange Commission (SEC) to create baseline standards of professional qualification for municipal advisors. The new standards will be incorporated through amendments to the MSRB's existing Rules G-2 and G-3 on professional qualifications and take effect April 27, 2015.

"The MSRB's professional qualification program aims to ensure that regulated municipal market professionals meet certain threshold requirements in order to engage in business activities that have a direct impact on financial decisions made by investors, states and municipalities," said MSRB Executive Director Lynnette Kelly. "Municipal securities dealers have had to meet competency requirements for many years. The approval of these rule amendments takes us a step closer to putting municipal advisors under a similar regime."

The Dodd-Frank Wall Street Reform and Consumer Protection Act charged the MSRB with developing professional standards as part of a comprehensive regulatory framework for municipal advisors. Revised MSRB Rule G-3 establishes two classifications of municipal advisor professionals, representative and principal, with firms required to designate at least one principal to oversee the municipal advisory activities of the firm.

The MSRB last month approved the content outline for the Municipal Advisor Representative Qualification examination, which will be filed with the SEC and made publicly available as a study aid. The MSRB plans to administer a pilot exam later this year that will precede the final exam, which is expected to be available in 2016. To facilitate the transition to the new exam requirement, the MSRB's rule provides for a one-year grace period during which individuals will be able to take the municipal advisor representative exam while still engaging in municipal advisory activities.

Amended Rule G-3 also eliminates the requirement of apprenticeship. Previously, municipal securities representatives were required to apprentice for 90 days before conducting business with the public. Omitting the apprenticeship requirement for dealers — and not establishing it for municipal advisors — allows both types of firms to identify appropriate training and supervision for new employees.

The MSRB has scheduled a webinar to provide more information on the municipal advisor representative professional qualifications test and related requirements on April 2, 2015 at 3:00 p.m. ET. [Register for the webinar.](#)

[Read the regulatory notice.](#)