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## **MSRB Releases Long-Awaited MA Test Outline.**

WASHINGTON - The Municipal Securities Rulemaking Board has released a “study outline” of its qualification exam for municipal advisors — the first mandatory competency exam for professionals giving bond-related advice to state and local governments.

The Series 50 exam testing muni advisor competency, which the MSRB plans to administer in a pilot program this year and to all MAs next year, will be required for MAs in or entering the profession.

According to the outline released Wednesday, the exam will contain 100 multiple choice questions, 12 of which will test knowledge of MSRB and Securities and Exchange Commission rules governing MAs. Thirty-five of the questions will test the understanding of muni finance, 12 will be related to credit analysis and due diligence, 31 will touch on structuring, pricing, and executing muni debt products, and 10 will test the understanding of the requirements for issuing municipal debt.

All MAs will be required to pass the Series 50 exam within one year of its launch. Some market participants had asked that certain MAs be exempt from the exam on the basis of having considerable experience or having passed broker-dealer exams testing much of the same knowledge, but the MSRB said all MAs will be required to take test.

“Today is an important day for the municipal advisor profession,” said MSRB executive director Lynnette Kelly. “Requiring municipal advisor professionals to demonstrate a minimum level of knowledge of the business and applicable rules will help ensure that state and local governments are advised on municipal bond transactions and financial products by qualified advisors.”

There will be four choices for each question, with each answer worth one point. Candidates will have three hours to complete the examination, after a thirty-minute tutorial about the exam’s administration. Candidates should answer every question, even if they are unsure of them, the outline said. Any materials needed to complete the examination will be provided by the test center or within the test itself.

“The MSRB will publicly announce the passing score for the examination after a committee of municipal advisors determines the passing score, which reflects the level of performance the committee judges necessary for registration as a municipal advisor representative,” the outline said.

The outline also contains five sample questions covering topics such as swaps, private-activity bond rules, and other post-employment benefits besides pensions. It also provides an answer key.

To help municipal advisors prepare to take the exam, the MSRB has scheduled a webinar on June 11, to review the content outline, provide more information about participating in the pilot and discuss the administration of the exam.

The development of the competency test is another major step in the MSRB’s efforts to complete rulemaking to help implement the SEC’s MA registration rule. The Dodd-Frank Act subjected MAs to SEC and MSRB regulation and oversight. It also imposed on the advisors a fiduciary duty to put their

state and local clients' interests ahead of their own.

THE BOND BUYER

BY KYLE GLAZIER

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