

SECURITIES AND EXCHANGE COMMISSION
(RELEASE NO. 34- 64804; File No. SR-MSRB-2011-07)

July 5, 2011

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Revisions to the Study Outline for the Municipal Fund Securities Limited Principal Qualification Examination (Series 51)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 21, 2011, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change (File No. SR-MSRB-2011-07) (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)³ of the Act and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The implementation date of the proposed rule change is August 1, 2011, which is when the revised study outline will indicate its effective date. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

The MSRB is filing with the Commission revisions to the study outline for the Municipal Fund Securities Limited Principal Qualification Examination (Series 51).

The text of the proposed rule change is available on the MSRB's website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2011-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 Board 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 Act⁵ 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. 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 have attained specified levels of competence and knowledge. The MSRB periodically reviews the content of the examinations to determine whether revisions are

⁵ 15 U.S.C. 78o-4(b)(2)(A).

necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

MSRB Rule G-3(b)(iv) states that the municipal fund securities limited principal has responsibility to oversee the municipal securities activities of a securities firm or bank dealer solely as such activities relate to transactions in municipal fund securities. In this capacity, the municipal fund securities limited principal manages, directs or supervises one or more of the following activities relating to municipal fund securities: underwriting, trading or selling municipal fund securities; rendering financial advisory or consultant services to issuers of municipal fund securities; research or investment advice, or communications with customers, about any of the activities named heretofore; maintaining records on activities in municipal fund securities; processing, clearing, and (in the case of securities firms) safekeeping of municipal fund securities; and training of principals and representatives.⁶ The only examination that qualifies a municipal fund securities limited principal is the Municipal Fund Securities Limited Principal Qualification Examination.

The Municipal Fund Securities Limited Principal Qualification Examination is designed to determine whether an individual meets the MSRB's qualification standards for municipal fund securities limited principals. To do this, the examination measures a candidate's knowledge of MSRB rules, rule interpretations and federal statutory provisions applicable to the activities listed above. It also measures the candidate's ability to apply these rules and interpretations to given fact situations in the context of municipal fund securities activities. In addition to passing this examination, a candidate must also have previously or concurrently qualified as a general securities principal or investment company/variable contracts limited principal. The examination

⁶ A municipal securities principal (Series 53) is also qualified to supervise these responsibilities.

consists of 60 multiple-choice questions and each question is worth one point. The passing grade is 70%. Candidates are allowed one and one-half hours to complete the examination.

Recent changes to MSRB rules have necessitated revisions to the Series 51 study outline to indicate the current rule requirements and rule citations. A summary of the changes to the study outline for the Series 51 examination, detailed by major topic headings, is provided below. Changes are stated as revisions to the current outline.

Part Three: General Supervision

Qualification and Registration

- The topic for Rule A-15 has been revised to indicate the current rule requirements for notification to the MSRB of change in status, name or address

Part Six: Underwriting and Disclosure Obligations

Obligations of Municipal Underwriters

- The topic “Delivery of official statement and Form G-36(OS) to the MSRB” has been replaced with “Submission of official statements, advance refunding documents and other required information to EMMA” to reflect the current requirements pursuant to Rule G-32(b)
- The topic “Responsibility of primary distributors” has been deleted because the current requirements for primary distributors are included under the topic “Submission of official statements, advance refunding documents and other required information to EMMA” pursuant to Rule G-32(b)

Disclosures to Customers

- The rule citation for the topic “Delivery of official statement to customer and other disclosure requirements” has been revised to reflect current Rule G-32

2. Statutory Basis

The MSRB believes that the proposed revisions to the study outline for the Series 51 examination are consistent with the provisions of 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 51 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 fund securities limited principals with respect to their knowledge about 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 impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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)(i) of the Act⁷ and Rule 19b-4(f)(1)⁸ thereunder, in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization. The implementation date of the proposed rule change is August 1, 2011, which is when the revised study outline will indicate its effective date. 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 Act.⁹

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. Please include File Number SR-MSRB-2011-07 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-2011-07. This file number should be

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

⁸ 17 CFR 240.19b-4(f)(1)

⁹ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

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 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, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the MSRB's offices. 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-2011-07 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.¹⁰

Cathy H. Ahn
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).