

THE BOND BUYER

More than 3,000 individuals at 505 firms qualify as municipal advisors

By Lynn Hume

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WASHINGTON – [More than 3,000 individuals at 505 municipal advisor firms](#) across the nation passed their first mandatory exam and are now qualified to provide advisory services to state and local governments and other clients, the Municipal Securities Rulemaking Board announced on Thursday.

Those individuals who did not take and pass the Series 50 exam by Sept. 12 of this year must withdraw their Securities and Exchange Commission MA-1 registration form and cannot practice as qualified MAs. They can re-file the form and begin practice after they take and pass the Series 50 test to qualify as an MA.



Lynnette Kelly, MSRB executive director

"The MSRB's exam is designed to ensure that only those individuals who can demonstrate their knowledge of regulatory standards of conduct and current market practices can hold themselves out as municipal advisor professionals," said MSRB executive director Lynnette Kelly.

Of the 505 firms with MAs that passed the Series 50 exam, 184 are sole practitioners, the MSRB said. About a quarter of the firms (123) are dually registered as both broker-dealers and MAs and the remaining other 382 firms are not affiliated with dealers, it said.

About 50 firms without any individuals qualified as MAs have professionals scheduled to take the exam. Another 40 firms registered as MAs decided not to become qualified because they are not engaging in the business, the MSRB said.

While a total of 505 firms are registered as MAs with the MSRB, a total of 651 are registered as MAs with the Securities and Exchange Commission, according to the SEC's website.

The Northeast region of the country has the highest concentration of MA firms, at 168, according to the MSRB.

Regulators worried this past summer that municipal advisors were lagging behind in efforts to take the exam before the Sept. 12 deadline. They said that as of June 19, about 26% of registered MA firms had no individuals who had passed the exam and qualified as advisors.

"The MSRB has done everything it can but go to people's houses and walk them in to take the exam," said Susan Gaffney, executive director of the National Municipal Advisors Association. She was laughing in an effort to show the intensive work the board and its staff did to get the word out about the exam and make sure advisors recognized the significance of the Sept. 12 date.

"And it's great that so many firms and individuals" have qualified, she said.

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The exam has been available for MAs to take since Sept. 12, 2016, following a pilot exam given in January and February of that year.

The MSRB announced in early 2016 that all MAs would have a year-long grace period starting on Sept. 12, 2016 to take and pass the multiple choice exam. Those MAs who took and passed the pilot test do not have to retake the exam.

The MSRB developed the Series 50 exam as part of its regulatory regime for MAs, who became subject to federal oversight and regulation under the Dodd-Frank Act. The law also imposed a fiduciary duty on MAs, which requires

them to put their clients' interests first before their own.