

BLACKROCK MUNICIPAL INCOME QUALITY TRUST  
Form N-Q  
January 25, 2012  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21178

Name of Fund: BlackRock Municipal Income Quality Trust (BYM)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Municipal Income Quality Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2012

Date of reporting period: 11/30/2011

Item 1 – Schedule of Investments

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Schedule of Investments November 30, 2011 (Unaudited)

**BlackRock Municipal Income Quality Trust (BYM)**  
 (Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 3.7%</b>   |              |              |
| Alabama State Docks Department,<br>Refunding RB, 6.00%, 10/01/40  | \$ 3,800     | \$ 4,007,366 |
| Birmingham Airport Authority, RB (AGM),<br>5.50%, 7/01/40   | 5,800        | 6,095,162    |
| Birmingham Special Care Facilities<br>Financing Authority, RB, Children s<br>Hospital (AGC), 6.00%, 6/01/39                                 | 1,495        | 1,629,101    |
| County of Jefferson Alabama, RB,<br>Series A, 4.75%, 1/01/25  | 2,800        | 2,404,556    |
|   |              | 14,136,185   |
| <b>Alaska 0.3%</b>  |              |              |
| Alaska Industrial Development & Export<br>Authority, RB, Providence Health<br>Services, Series A, 5.50%, 10/01/41                           | 1,070        | 1,130,680    |
| <b>Arizona 0.5%</b>   |              |              |
| State of Arizona, COP, Department of<br>Administration, Series A (AGM):   |              |              |
| 5.00%, 10/01/27   | 1,500        | 1,608,315    |
| 5.25%, 10/01/28   | 250          | 270,480      |
|   |              | 1,878,795    |
| <b>California 22.8%</b>   |              |              |
| California Health Facilities Financing<br>Authority, Refunding RB, St. Joseph<br>Health System, Series A, 5.75%,<br>7/01/39                 | 625          | 651,856      |
| California Infrastructure & Economic<br>Development Bank, RB, Bay Area Toll<br>Bridges, First Lien, Series A (AMBAC),<br>5.00%, 1/01/28 (a) | 10,100       | 12,545,109   |
| Coast Community College District<br>California, GO, Refunding, CAB,<br>Election of 2002, Series C (AGM):                                    |              |              |
| 5.59%, 8/01/13 (b)  | 7,450        | 6,910,024    |
| 5.40%, 8/01/36 (c)  | 4,200        | 922,404      |
| Golden State Tobacco Securitization<br>Corp. California, RB, Series 2003-A-1 (a):   |              |              |
| 6.63%, 6/01/13  | 6,500        | 7,088,705    |
| 6.75%, 6/01/13  | 14,500       | 15,840,380   |
| Metropolitan Water District of Southern<br>California, RB, Series B-1 (NPFGC),<br>5.00%, 10/01/33   | 16,745       | 17,181,207   |
| <br>  |              |              |
|   | Par<br>(000) | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (concluded)</b>   |              |              |
| Monterey Peninsula Community College<br>District, GO, CAB, Series C (AGM) (c):  |              |              |
| 5.15%, 8/01/31  | \$ 13,575    | \$ 4,180,964 |
| 5.16%, 8/01/32  | 14,150       | 3,991,857    |
| Orange County Sanitation District, COP,<br>Series B (AGM), 5.00%, 2/01/31   | 2,500        | 2,627,500    |

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|   |        |            |
|---|--------|------------|
| San Diego Unified School District<br>California, GO, CAB, Election of 2008,<br>Series C, 6.84%, 7/01/38 (c)                     | 2,000  | 394,500    |
| San Joaquin Hills Transportation<br>Corridor Agency California, Refunding<br>RB, CAB, Series A (NPFGC), 5.50%,<br>1/15/31 (c)   | 53,000 | 10,985,840 |
| San Jose Unified School District Santa<br>Clara County California, GO,<br>Election of 2002, Series B (NPFGC),<br>5.00%, 8/01/29 | 2,350  | 2,448,888  |
|   |        | 85,769,234 |
| <b>Colorado 0.3%</b>  |        |            |
| Regional Transportation District, COP,<br>Series A, 5.38%, 6/01/31  | 960    | 1,017,408  |
| <b>Connecticut 0.2%</b>   |        |            |
| Connecticut State Health & Educational<br>Facility Authority, RB, Hartford<br>Healthcare, Series A, 5.00%, 7/01/32              | 735    | 739,976    |
| <b>District of Columbia 2.5%</b>  |        |            |
| District of Columbia Tobacco Settlement<br>Financing Corp., Refunding RB, Asset-<br>Backed, 6.75%, 5/15/40                      | 9,500  | 9,346,290  |
| <b>Florida 16.5%</b>  |        |            |
| Broward County School Board Florida,<br>COP, Series A (AGM), 5.25%, 7/01/33   | 2,000  | 2,061,600  |
| County of Broward Florida, RB, Series A,<br>5.25%, 10/01/34   | 6,750  | 7,200,022  |
| County of Duval Florida, COP, Master<br>Lease Program (AGM), 5.00%,<br>7/01/33  | 3,800  | 3,881,472  |
| County of Miami-Dade Florida, RB:<br>CAB, Sub-Series A (NPFGC),<br>5.25%, 10/01/38 (c)  | 25,520 | 4,016,848  |

### Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

|         |   |
|---------|---|
| AGC     | Assured Guaranty Corp.                  |
| AGM     | Assured Guaranty Municipal Corp.        |
| AMBAC   | American Municipal Bond Assurance Corp. |
| BHAC    | Berkshire Hathaway Assurance Corp.      |
| CAB     | Capital Appreciation Bonds              |
| COP     | Certificates of Participation           |
| EDA     | Economic Development Authority          |
| ERB     | Education Revenue Bonds                 |
| FGIC    | Financial Guaranty Insurance Co.        |
| GO      | General Obligation Bonds                |
| IDA     | Industrial Development Authority        |
| ISD     | Independent School District             |
| NPFGC   | National Public Finance Guarantee Corp. |
| PSF-GTD | Permanent School Fund Guaranteed        |
| RB      | Revenue Bonds                           |
| SBPA    | Stand-by Bond Purchase Agreements       |
| VRDN    | Variable Rate Demand Notes              |



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Schedule of Investments (continued)

**BlackRock Municipal Income Quality Trust (BYM)**  
(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Florida (concluded)</b>  |              |              |
| County of Miami-Dade Florida, RB<br>(concluded):  |              |              |
| Miami International Airport,<br>Series A, 5.50%, 10/01/41   | \$ 5,000     | \$ 5,176,450 |
| Series A, 5.50%, 10/01/36   | 5,000        | 5,186,350    |
| Water & Sewer System (AGM),<br>5.00%, 10/01/39  | 10,100       | 10,479,154   |
| County of Miami-Dade Florida,<br>Refunding RB (AGM), 5.00%, 7/01/35   | 1,300        | 1,335,152    |
| Florida Housing Finance Corp., RB,<br>Homeowner Mortgage, Series 3,<br>5.45%, 7/01/33                                       | 3,800        | 3,937,978    |
| Florida State Department of<br>Environmental Protection, RB,<br>Series B (NPFGC), 5.00%, 7/01/27                            | 7,500        | 7,934,700    |
| Miami-Dade County School Board, COP,<br>RB, Series B (AGC), 5.25%, 5/01/31  | 1,135        | 1,190,343    |
| Orange County School Board, COP,<br>Series A (AGC), 5.50%, 8/01/34  | 6,090        | 6,436,399    |
| Sarasota County Public Hospital District,<br>RB, Sarasota Memorial Hospital<br>Project, Series A, 5.63%, 7/01/39            | 300          | 306,009      |
| South Florida Water Management<br>District, COP (AMBAC), 5.00%,<br>10/01/36   | 1,000        | 1,015,810    |
| Tohopekaliga Water Authority,<br>Refunding RB, Series A, 5.25%,<br>10/01/36   | 2,000        | 2,142,680    |
|   |              | 62,300,967   |
| <b>Georgia 2.9%</b>   |              |              |
| Burke County Development Authority,<br>RB, Oglethorpe Power, Vogtle Project,<br>Series C, 5.70%, 1/01/43                    | 1,250        | 1,296,163    |
| City of Atlanta Georgia, Refunding RB,<br>General, Series C, 6.00%, 1/01/30   | 7,500        | 8,645,400    |
| Gwinnett County Hospital Authority,<br>Refunding RB, Gwinnett Hospital<br>System Series D (AGM), 5.50%,<br>7/01/41          | 900          | 939,627      |
|   |              | 10,881,190   |
| <b>Hawaii 1.4%</b>  |              |              |
| Hawaii State Harbor, RB, Series A,<br>5.50%, 7/01/35  | 5,000        | 5,265,250    |
| <b>Illinois 4.3%</b>  |              |              |
| Chicago Board of Education Illinois, GO,<br>Series A, 5.50%, 12/01/39   | 2,590        | 2,730,585    |
| Chicago Board of Education Illinois, GO,<br>Refunding, Chicago School Reform<br>Board, Series A (NPFGC), 5.50%,<br>12/01/26 | 2,500        | 2,704,350    |

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|   |              |              |
|---|--------------|--------------|
| Chicago Park District, GO, Harbor Facilities, Series C, 5.25%, 1/01/40  | 600          | 626,856      |
| Chicago Transit Authority, RB, Sales Tax Receipts Revenue, Third Lien, 5.25%, 12/01/36                                  | 650          | 675,636      |
|   |              |              |
|   | <b>Par</b>   | <b>Value</b> |
|   | <b>(000)</b> |              |
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (concluded)</b>   |              |              |
| City of Chicago Illinois, RB, Series A (AGC), 5.00%, 1/01/38  | \$ 7,310     | \$ 7,397,574 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC), 5.25%, 2/01/27  | 1,350        | 1,425,451    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | 710          | 747,268      |
|   |              | 16,307,720   |
| <b>Indiana 2.1%</b>   |              |              |
| Indiana Finance Authority, Refunding RB, First Lien, CWA Authority, Series A, 5.25%, 10/01/38                           | 1,100        | 1,167,617    |
| Indiana Municipal Power Agency, RB, Series B, 5.75%, 1/01/34  | 450          | 461,421      |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38       | 5,750        | 6,163,770    |
|   |              | 7,792,808    |
| <b>Iowa 1.4%</b>  |              |              |
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37  | 5,000        | 5,223,450    |
| <b>Kentucky 0.4%</b>  |              |              |
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29                      | 1,500        | 1,602,285    |
| <b>Louisiana 2.5%</b>   |              |              |
| Jefferson Parish Hospital Service District No. 1, Refunding RB, West Jefferson Medical Center, Series A, 6.00%, 1/01/39 | 1,550        | 1,626,214    |
| State of Louisiana, RB, Series A (AGM), 5.00%, 5/01/31  | 7,500        | 7,797,750    |
|   |              | 9,423,964    |
| <b>Michigan 4.6%</b>  |              |              |
| City of Detroit Michigan, RB, System, Second Lien, Series A (BHAC), 5.50%, 7/01/36                                      | 2,900        | 3,043,376    |
| City of Detroit Michigan, Refunding RB, Second Lien, Series E (BHAC), 5.75%, 7/01/31                                    | 3,000        | 3,220,410    |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36                              | 465          | 476,797      |
| Lansing Board of Water & Light, RB, Series A, 5.50%, 7/01/41  | 1,100        | 1,203,664    |
| Michigan State Building Authority, RB, Refunding Facilities Program:  |              |              |
| Series I-A, 5.38%, 10/15/36   | 2,000        | 2,139,820    |
| Series I-A, 5.38%, 10/15/41   | 800          | 851,336      |
| Series II-A, 5.38%, 10/15/36  | 1,500        | 1,604,865    |
| Michigan Finance Authority, Refunding RB, 5.00%, 12/01/39   | 4,700        | 4,685,947    |

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

NOVEMBER 30, 2011

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Schedule of Investments (continued)

**BlackRock Municipal Income Quality Trust (BYM)**  
(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Municipal Bonds</b>   |              |              |
| <b>Nebraska 1.2%</b>   |              |              |
| Nebraska Investment Finance Authority,<br>Refunding RB, Series A:  |              |              |
| 5.90%, 9/01/36   | \$ 2,450     | \$ 2,644,187 |
| 6.05%, 9/01/41   | 1,690        | 1,789,575    |
|  |              | 4,433,762    |
| <b>Nevada 1.1%</b>   |              |              |
| County of Clark Nevada, RB,<br>Las Vegas-McCarran International<br>Airport, Series A (AGC), 5.25%,<br>7/01/39                | 4,100        | 4,255,677    |
| <b>New Jersey 1.4%</b>   |              |              |
| New Jersey Transportation Trust Fund<br>Authority, RB, Transportation System:  |              |              |
| 5.25%, 6/15/36 (d)   | 1,990        | 2,057,859    |
| Series A, 5.50%, 6/15/41   | 3,000        | 3,225,750    |
|  |              | 5,283,609    |
| <b>New York 1.1%</b>   |              |              |
| Hudson Yards Infrastructure Corp., RB,<br>Series A, 5.75%, 2/15/47   | 770          | 814,468      |
| New York City Transitional Finance<br>Authority, RB, Fiscal 2009, Series S-4,<br>5.50%, 1/15/33                              | 1,950        | 2,089,717    |
| New York State Dormitory Authority,<br>ERB, Series B, 5.75%, 3/15/36   | 1,300        | 1,462,682    |
|  |              | 4,366,867    |
| <b>North Carolina 0.9%</b>   |              |              |
| North Carolina Medical Care<br>Commission, RB, Novant Health<br>Obligation, Series A, 4.75%,<br>11/01/43                     | 3,875        | 3,627,504    |
| <b>Ohio 0.5%</b>   |              |              |
| County of Lucas Ohio, Refunding RB,<br>Promedica Healthcare, Series A,<br>6.50%, 11/15/37                                    | 610          | 694,942      |
| Ohio Higher Educational Facility<br>Commission, Refunding RB, Summa<br>Health System, 2010 Project (AGC),<br>5.25%, 11/15/40 | 1,125        | 1,129,624    |
|  |              | 1,824,566    |
| <b>Pennsylvania 0.2%</b>   |              |              |
| Pennsylvania Turnpike Commission, RB,<br>Subordinate, Special Motor, License<br>Fund, Series A, 6.00%, 12/01/36              | 625          | 717,194      |
| <b>Puerto Rico 2.5%</b>  |              |              |
| Puerto Rico Sales Tax Financing Corp.,<br>RB, First Sub-Series A:  |              |              |
| 6.38%, 8/01/39   | 5,300        | 5,869,326    |
| 5.50%, 8/01/42   | 3,450        | 3,594,797    |
|  |              | 9,464,123    |



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|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Municipal Bonds</b>   |              |              |
| <b>Rhode Island 0.8%</b>   |              |              |
| Rhode Island Health & Educational Building Corp., Refunding RB, Public Schools Financing Program, Series E (AGC), 6.00%, 5/15/29 | \$ 2,625     | \$ 2,910,626 |
| <b>South Carolina 1.5%</b>   |              |              |
| South Carolina Jobs-EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39   | 260          | 284,994      |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40   | 5,000        | 5,246,250    |
|  |              | 5,531,244    |
| <b>Tennessee 3.6%</b>  |              |              |
| Knox County Health Educational & Housing Facilities Board Tennessee, Refunding RB, CAB, Series A (AGM) (c):                      |              |              |
| 5.88%, 1/01/23   | 8,910        | 4,755,534    |
| 5.90%, 1/01/24   | 8,500        | 4,263,515    |
| 5.91%, 1/01/25   | 6,850        | 3,231,899    |
| Memphis Center City Revenue Finance Corp., RB, Sub-Pyramid & Pinch District, Series B, 5.25%, 11/01/30                           | 1,240        | 1,317,785    |
|  |              | 13,568,733   |
| <b>Texas 25.4%</b>   |              |              |
| City of Houston Texas, Refunding RB, Senior Lien, Series A, 5.50%, 7/01/34   | 4,165        | 4,431,685    |
| City of San Antonio Texas, Refunding RB (NPFGC):   |              |              |
| 5.13%, 5/15/29   | 9,250        | 9,851,065    |
| 5.13%, 5/15/34   | 10,000       | 10,679,500   |
| Comal ISD, GO, School Building (PSF-GTD), 5.00%, 2/01/36   | 2,500        | 2,610,625    |
| Coppell ISD Texas, GO, Refunding, CAB (PSF-GTD), 5.64%, 8/15/30 (c)  | 10,030       | 4,575,184    |
| County of Harris Texas, GO (NPFGC) (c):  |              |              |
| 5.57%, 8/15/25   | 7,485        | 4,569,817    |
| 5.60%, 8/15/28   | 10,915       | 5,650,150    |
| County of Harris Texas, Refunding RB, Senior Lien, Toll Road (AGM), 5.00%, 8/15/30   | 3,010        | 3,074,956    |
| Harris County-Houston Sports Authority, Refunding RB (NPFGC) (c):  |              |              |
| CAB, Junior Lien, Series H, 5.94%, 11/15/38  | 5,785        | 782,537      |
| CAB, Junior Lien, Series H, 5.95%, 11/15/39  | 6,160        | 773,696      |
| Third Lien, Series A-3, 5.97%, 11/15/38  | 16,890       | 2,284,710    |
| Mansfield ISD Texas, GO, School Building (PSF-GTD), 5.00%, 2/15/33   | 2,980        | 3,180,763    |
| North Texas Tollway Authority, Refunding RB:   |              |              |
| First Tier, Series A, 6.00%, 1/01/28   | 625          | 694,519      |
| System, First Tier, System (NPFGC), 5.75%, 1/01/40   | 23,050       | 24,093,934   |



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Schedule of Investments (continued)

**BlackRock Municipal Income Quality Trust (BYM)**  
(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value         |
|--|--------------|---------------|
| <b>Municipal Bonds</b>   |              |               |
| <b>Texas (concluded)</b>   |              |               |
| Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.00%, 8/15/42                           | \$ 19,500    | \$ 18,531,240 |
|  |              | 95,784,381    |
| <b>Washington 3.4%</b>   |              |               |
| Chelan County Public Utility District No. 1, RB, Chelan Hydro System, Series C (AMBAC), 5.13%, 7/01/12 (a) | 3,655        | 3,759,277     |
| County of King Washington, Refunding RB (AGM), 5.00%, 1/01/36  | 2,200        | 2,282,104     |
| Washington Health Care Facilities Authority, RB:   |              |               |
| MultiCare Health Care, Series C (AGC), 5.50%, 8/15/43  | 5,000        | 5,149,200     |
| Providence Health & Services, Series A, 5.00%, 10/01/39  | 1,000        | 1,006,030     |
| Providence Health & Services, Series A, 5.25%, 10/01/39  | 675          | 692,820       |
|  |              | 12,889,431    |
| <b>Wisconsin 1.1%</b>  |              |               |
| Wisconsin Health & Educational Facilities Authority, RB:   |              |               |
| Ascension Health Senior Credit Group, 5.00%, 11/15/33  | 1,500        | 1,551,705     |
| Froedtert & Community Health, 5.25%, 4/01/39   | 2,500        | 2,531,675     |
|  |              | 4,083,380     |
| <b>Total Municipal Bonds 111.1%</b>  |              | 418,783,514   |
| <b>Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e)</b>                                  |              |               |
| <b>Arizona 2.0%</b>  |              |               |
| Phoenix Civic Improvement Corp., RB, Sub-Civic Plaza Expansion Project, Series A, 5.00%, 7/01/37           | 4,490        | 4,554,521     |
| Phoenix Civic Improvement Corp., RB, Junior Lien, Series A, 5.00%, 7/01/34                                 | 1,300        | 1,381,679     |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38                 | 1,500        | 1,566,255     |
|  |              | 7,502,455     |
| <b>California 10.7%</b>  |              |               |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33                               | 3,379        | 3,475,470     |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32                     | 8,000        | 8,310,960     |

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|   |       |           |
|---|-------|-----------|
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 7,704,225 |
|---|-------|-----------|

| <b>Municipal Bonds Transferred to Tender</b>   | <b>Par (000)</b> | <b>Value</b> |
|--|------------------|--------------|
| <b>Option Bond (TOB) Trusts (e)</b>  |                  |              |
| <b>California (concluded)</b>  |                  |              |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32            | \$ 5,000         | \$ 5,212,450 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33                              | 449              | 486,008      |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33                              | 4,870            | 5,081,504    |
| University of California, RB, Series C (NPFGC), 4.75%, 5/15/37   | 10,000           | 10,034,300   |
|  |                  | 40,304,917   |
| <b>District of Columbia 0.3%</b>   |                  |              |
| District of Columbia, RB, Series A, 5.50%, 12/01/30  | 1,080            | 1,221,577    |
| <b>Florida 5.1%</b>  |                  |              |
| City of Tallahassee Florida, RB (NPFGC): 5.00%, 10/01/32   | 3,000            | 3,094,710    |
| 5.00%, 10/01/37  | 5,000            | 5,157,850    |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37   | 2,999            | 3,146,175    |
| Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36 (f)                         | 1,800            | 1,828,188    |
| Orange County School Board, COP, Series A (NPFGC), 5.00%, 8/01/30  | 6,000            | 6,155,220    |
|  |                  | 19,382,143   |
| <b>Hawaii 2.7%</b>   |                  |              |
| Honolulu City & County Board of Water Supply, RB, Series A (FGIC), 5.00%, 7/01/33                                  | 10,000           | 10,206,000   |
| <b>Illinois 9.8%</b>   |                  |              |
| City of Chicago Illinois, RB, Sales Tax Revenue, Series A, 5.00%, 1/01/41  | 3,870            | 3,974,761    |
| Illinois Finance Authority, RB, Carle Foundation, Series A (AGM), 6.00%, 8/15/41                                   | 2,400            | 2,498,256    |
| Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33  | 4,499            | 4,738,709    |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A (NPFGC), 5.00%, 12/15/28 | 24,010           | 24,168,706   |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34  | 1,400            | 1,464,224    |
|  |                  | 36,844,656   |
| <b>Massachusetts 3.7%</b>  |                  |              |
| Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30  | 12,987           | 13,955,915   |



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Schedule of Investments (continued)

**BlackRock Municipal Income Quality Trust (BYM)**  
(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds Transferred to Tender</b>  |              |              |
| <b>Option Bond (TOB) Trusts (e)</b>   |              |              |
| <b>Nevada 1.8%</b>  |              |              |
| City of Las Vegas Nevada, GO, Limited<br>Tax, Performing Arts Center, 6.00%,<br>4/01/39   | \$ 4,197     | \$ 4,633,969 |
| Clark County Water Reclamation<br>District, GO, Series B, 5.75%,<br>7/01/34   | 2,024        | 2,255,523    |
|   |              | 6,889,492    |
| <b>New York 4.6%</b>  |              |              |
| Erie County Industrial Development<br>Agency, RB, City School District of<br>Buffalo Project, Series A (AGM),<br>5.75%, 5/01/28 | 4,494        | 4,924,986    |
| Metropolitan Transportation Authority,<br>RB, Series A (NPFGC), 5.00%,<br>11/15/31  | 7,002        | 7,349,153    |
| Triborough Bridge & Tunnel Authority,<br>RB, General, Series A-2, 5.25%,<br>11/15/34  | 4,500        | 4,898,475    |
|   |              | 17,172,614   |
| <b>Ohio 0.2%</b>  |              |              |
| State of Ohio, RB, Cleveland Clinic<br>Health, Series B, 5.50%, 1/01/34   | 620          | 650,715      |
| <b>South Carolina 0.2%</b>  |              |              |
| South Carolina State Public Service<br>Authority, RB, Santee Cooper,<br>Series A, 5.50%, 1/01/38                                | 600          | 651,564      |
| <b>Texas 3.1%</b>   |              |              |
| North East ISD Texas, GO, School<br>Building (PSF-GTD):<br>5.13%, 6/15/29   | 9,500        | 10,197,272   |
| Series A, 5.00%, 8/01/37  | 1,500        | 1,584,690    |
|   |              | 11,781,962   |
| <b>Utah 1.4%</b>  |              |              |
| Utah Transit Authority, RB, Series A<br>(AGM), 5.00%, 6/15/36   | 5,000        | 5,244,150    |
| <b>Virginia 0.1%</b>  |              |              |
| Fairfax County IDA Virginia, Refunding<br>RB, Health Care, Inova Health System,<br>Series A, 5.50%, 5/15/35                     | 400          | 427,424      |
| <b>Washington 1.0%</b>  |              |              |
| Central Puget Sound Regional Transit<br>Authority, RB, Series A (AGM), 5.00%,<br>11/01/32                                       | 3,494        | 3,678,658    |
| <b>Total Municipal Bonds Transferred to Tender Option<br/>Bond (TOB) Trusts 46.7%</b>   |              | 175,914,242  |
| <b>Total Long-Term Investments<br/>(Cost \$581,023,363) 157.8%</b>  |              | 594,697,756  |

Short-Term Securities

Value

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|   |                      |                |
|---|----------------------|----------------|
|   | <b>Par<br/>(000)</b> |                |
| <b>New York 0.4%</b>  |                      |                |
| City of New York, New York, GO, VRDN,<br>Sub-Series A-6 (AGM Insurance, Dexia<br>Credit Local SBPA), 0.40%,<br>12/01/11 (f) | \$ 1,700             | \$ 1,700,000   |
|   | <b>Shares</b>        |                |
| <b>Money Market Funds 0.9%</b>  |                      |                |
| FFI Institutional Tax-Exempt Fund,<br>0.01% (g)(h)  | 3,294,410            | 3,294,410      |
| <b>Total Short-Term Securities<br/>(Cost \$4,994,410) 1.3%</b>  |                      | 4,994,410      |
| <b>Total Investments (Cost \$586,017,773*) 159.1%</b>   |                      | 599,692,166    |
| <b>Other Assets Less Liabilities 1.4%</b>   |                      | 5,276,620      |
| <b>Liability for TOB Trust Certificates, Including Interest<br/>Expense and Fees Payable (24.1)%</b>                        |                      | (90,943,590)   |
| <b>AMPS, at Redemption Value (36.4)%</b>  |                      | (137,253,219)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |                      | \$ 376,771,977 |

\* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2011, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate Cost                | \$ 495,091,565 |
| Gross unrealized appreciation | \$ 28,633,963  |
| Gross unrealized depreciation | (14,927,452)   |
| Net unrealized appreciation   | \$ 13,706,511  |

- (a) US government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) When-issued security. Unsettled when-issued transactions were as follows:

|                            |              |                                    |
|----------------------------|--------------|------------------------------------|
| <b>Counterparty</b>        | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
| Morgan Stanley & Co., Inc. | \$ 2,057,859 | \$ 22,965                          |

- (e) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction.
- (f) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.





Schedule of Investments (concluded)

BlackRock Municipal Income Quality Trust (BYM)

(g) Investments in companies considered to be an affiliate of the Trust during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held at August 31, 2011 | Net Activity | Shares Held at November 30, 2011 | Income |
|-----------------------------------|--------------------------------|--------------|----------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 5,821,237                      | (2,526,827)  | 3,294,410                        | \$ 237 |

(h) Represents the current yield as of report date.

Fair Value Measurements - Various inputs are used in determining the fair value of investments. These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments is based on the pricing transparency of the investment and does not necessarily correspond to the Trust's perceived risk of investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to the Trust's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of November 30, 2011 in determining the fair valuation of the Trust's investments:

| Valuation Inputs                   | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 594,697,756 |         | \$ 594,697,756 |
| Short-Term Securities              | \$ 3,294,410 | 1,700,000      |         | 4,994,410      |
| <b>Total</b>                       | \$ 3,294,410 | \$ 596,397,756 |         | \$ 599,692,166 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

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### Item 2 – Controls and Procedures

2(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant’s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

### Item 3 – Exhibits

Certifications – Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Municipal Income Quality Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Municipal Income Quality Trust

Date: January 23, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Municipal Income Quality Trust

Date: January 23, 2012

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Municipal Income Quality Trust

Date: January 23, 2012

