

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

Form N-Q

January 26, 2011

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: Anne F. Ackerley, Chief Executive Officer, BlackRock Municipal Income Quality Trust, 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2011

Date of reporting period: 11/30/2010

Item 1 Schedule of Investments

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Schedule of Investments November 30, 2010 (Unaudited)

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

| Municipal Bonds | Par (000) | Value |
|---|--------------|--------------|
| Alabama 1.1% | | |
| Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39 | \$ 1,495 | \$ 1,606,736 |
| County of Jefferson Alabama, RB, Series A, 4.75%, 1/01/25 | 2,800 | 2,295,888 |
| | | 3,902,624 |
| Arizona 0.6% | | |
| State of Arizona, COP, Department of Administration, Series A (AGM): 5.00%, 10/01/27 | 1,500 | 1,511,625 |
| 5.25%, 10/01/28 | 650 | 661,915 |
| | | 2,173,540 |
| California 29.3% | | |
| Arcadia Unified School District California, GO, CAB, Election of 2006, Series A (AGM), 4.96%, 8/01/39 (a) | 2,000 | 289,220 |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.75%, 7/01/39 | 625 | 643,731 |
| California Infrastructure & Economic Development Bank, RB, Bay Area Toll Bridges, First Lien, Series A (AMBAC), 5.00%, 1/01/28 (b) | 10,100 | 11,475,923 |
| Coast Community College District California, GO, Refunding, CAB, Election of 2002, Series C (AGM): 5.58%, 8/01/13 (c) | 7,450 | 6,158,244 |
| 5.40%, 8/01/36 (a) | 4,200 | 791,196 |
| Fresno Unified School District California, GO, Election of 2001, Series E (AGM), 5.00%, 8/01/30 | 1,100 | 1,113,453 |
| Golden State Tobacco Securitization Corp. California, RB, Series 2003-A-1 (b): 6.63%, 6/01/13 | 6,500 | 7,390,045 |
| 6.75%, 6/01/13 | 14,500 | 16,530,145 |
| Los Angeles Municipal Improvement Corp., RB, Series B1 (NPFGC), 4.75%, 8/01/37 | 4,000 | 3,639,760 |
| Metropolitan Water District of Southern California, RB, Series B-1 (NPFGC), 5.00%, 10/01/33 | 17,500 | 17,785,425 |

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| Municipal Bonds | Par (000) | Value |
|--|--------------|--------------|
| California (concluded) | | |
| Monterey Peninsula Community College District, GO, CAB, Series C (AGM) (a): | | |
| 5.15%, 8/01/31 | \$ 13,575 | \$ 3,549,727 |
| 5.16%, 8/01/32 | 14,150 | 3,418,498 |
| Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/31 | 2,500 | 2,569,250 |
| Sacramento Unified School District California, GO, Election of 2002 (NPFGC), 5.00%, 7/01/30 | 2,700 | 2,720,763 |
| San Francisco City & County Public Utilities Commission, Refunding RB, Series A (AGM), 5.00%, 11/01/31 | 15,000 | 15,081,000 |
| San Joaquin Hills Transportation Corridor Agency California, Refunding RB, CAB, Series A (NPFGC), 5.50%, 1/15/31 (a) | 53,000 | 10,415,560 |
| San Jose Unified School District Santa Clara County California, GO, Election of 2002, Series B (NPFGC), 5.00%, 8/01/29 | 2,350 | 2,399,844 |
| | | 105,971,784 |
| Colorado 0.3% | | |
| Regional Transportation District, COP, Series A, 5.38%, 6/01/31 (d) | 960 | 961,766 |
| District of Columbia 2.6% | | |
| District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, 6.75%, 5/15/40 | 9,500 | 9,518,240 |
| Florida 13.0% | | |
| Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33 | 2,000 | 2,018,580 |
| City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/32 | 3,000 | 3,017,040 |
| County of Broward Florida, RB, Series A, 5.25%, 10/01/34 | 950 | 977,578 |
| County of Duval Florida, COP, Master Lease Program (AGM), 5.00%, 7/01/33 | 2,800 | 2,747,836 |
| County of Miami-Dade Florida, RB: CAB, Sub-Series A (NPFGC), 5.25%, 10/01/38 (a) | 25,520 | 3,872,405 |
| Jackson Health System (AGC), 5.75%, 6/01/39 | 2,300 | 2,395,013 |
| Water & Sewer System (AGM), 5.00%, 10/01/39 | 10,100 | 10,153,934 |

Portfolio Abbreviations

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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 |
| ERB | Education Revenue Bonds |
| 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 Agreement |
| VRDN | Variable Rate Demand Notes |

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

NOVEMBER 30, 2010

1

Schedule of Investments (continued)

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

| Municipal Bonds | Par (000) | Value |
|---|--------------|--------------|
| Florida (concluded) | | |
| County of Miami-Dade Florida, Refunding RB (AGM), 5.00%, 7/01/35 | \$ 1,300 | \$ 1,251,874 |
| Florida Housing Finance Corp., RB, Homeowner Mortgage, Series 3 (Ginnie Mae), 5.45%, 7/01/33 | 4,210 | 4,315,376 |
| Florida State Department of Environmental Protection, RB, Series B (NPFGC), 5.00%, 7/01/27 | 7,500 | 7,723,875 |
| Miami-Dade County School Board, COP, Refunding, Series B (AGC), 5.25%, 5/01/31 | 2,385 | 2,454,237 |
| Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34 | 5,590 | 5,828,190 |
| Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 300 | 307,056 |
| | | 47,062,994 |
| Georgia 0.2% | | |
| Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41 | 900 | 905,454 |
| Hawaii 1.4% | | |
| State of Hawaii, Refunding RB, Series A, 5.25%, 7/01/35 | 5,000 | 5,021,900 |
| Illinois 5.1% | | |
| Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26 | 2,500 | 2,696,825 |
| Chicago Park District, GO, Harbor Facilities, Series C, 5.25%, 1/01/40 | 600 | 602,304 |
| City of Chicago Illinois, RB, Series A (AGC), 5.00%, 1/01/38 | 7,310 | 7,213,581 |
| County of Cook Illinois, GO, Refunding, Series A, 5.25%, 11/15/33 | 1,475 | 1,517,613 |
| Illinois Municipal Electric Agency, RB, Series A (NPFGC), 5.25%, 2/01/27 | 4,800 | 4,957,824 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 | 1,400 | 1,416,296 |
| | | 18,404,443 |

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| Indiana 1.3% | | |
|--|-------|-----------|
| Indiana Municipal Power Agency, RB: Series A (NPFGC), 5.00%, 1/01/37 | 2,050 | 2,035,137 |
| Series B, 5.75%, 1/01/34 | 450 | 471,839 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38 | 2,000 | 2,118,940 |
| | | 4,625,916 |

| Iowa 1.4% | | |
|---|-------|-----------|
| Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37 | 5,000 | 5,272,200 |

| Kentucky 0.4% | | |
|--|-------|-----------|
| Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29 | 1,500 | 1,587,660 |

| Municipal Bonds | Par (000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

| Louisiana 2.1% | | |
|---|----------|--------------|
| State of Louisiana, RB, Series A (AGM), 5.00%, 5/01/31 | \$ 7,500 | \$ 7,729,200 |

| Michigan 2.8% | | |
|--|-------|------------|
| City of Detroit Michigan, RB: Senior Lien, Series A (NPFGC), 5.00%, 7/01/30 | 1,000 | 962,490 |
| Senior Lien, Series A (NPFGC), 5.00%, 7/01/34 | 2,480 | 2,393,324 |
| System, Second Lien, Series A (BHAC), 5.50%, 7/01/36 | 2,900 | 2,959,276 |
| System, Second Lien, Series B (NPFGC), 5.00%, 7/01/36 | 100 | 92,527 |
| City of Detroit Michigan, Refunding RB, Second Lien, Series E (BHAC), 5.75%, 7/01/31 | 3,000 | 3,152,040 |
| Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36 | 465 | 460,476 |
| | | 10,020,133 |

| Nevada 5.1% | | |
|---|--------|------------|
| County of Clark Nevada, RB: Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39 | 4,100 | 4,081,755 |
| Subordinate Lien, Series A2 (BHAC), 5.00%, 7/01/30 | 2,500 | 2,525,200 |
| System, Subordinate Lien, Series C (AGM), 5.00%, 7/01/26 | 1,650 | 1,671,763 |
| Truckee Meadows Water Authority, RB, Series A (AGM), 5.00%, 7/01/11 (b) | 10,000 | 10,276,200 |

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18,554,918

New York 1.8%

| | | |
|--|-------|-----------|
| New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36 | 1,300 | 1,432,119 |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 140th Series, 5.00%, 12/01/34 | 5,000 | 5,110,750 |

6,542,869

North Carolina 0.7%

| | | |
|--|-------|-----------|
| North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43 | 2,875 | 2,555,703 |
|--|-------|-----------|

Ohio 0.3%

| | | |
|--|-------|-----------|
| Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40 | 1,125 | 1,115,404 |
|--|-------|-----------|

Pennsylvania 1.4%

| | | |
|--|-------|-----------|
| City of Philadelphia Pennsylvania, RB, Series A (AGM), 5.00%, 6/15/40 | 5,000 | 4,984,550 |
|--|-------|-----------|

Puerto Rico 1.6%

| | | |
|---|-------|-----------|
| Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 6.38%, 8/01/39 | 5,300 | 5,741,225 |
|---|-------|-----------|

Schedule of Investments (continued)

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

| Municipal Bonds | Par (000) | Value |
|--|--------------|-------------------|
| Rhode Island 0.8% | | |
| Rhode Island Health & Educational Building Corp., Refunding RB, Public Schools Financing Program, Series E (AGC), 6.00%, 5/15/29 | \$ 2,625 | \$ 2,853,217 |
| South Carolina 4.3% | | |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40 (d) | 5,000 | 5,018,450 |
| South Carolina Transportation Infrastructure Bank, RB, Junior Lien, Series B (AMBAC), 5.13%, 10/01/11 (b) | 10,000 | 10,400,800 |
| | | <u>15,419,250</u> |
| Tennessee 5.0% | | |
| Knox County Health Educational & Housing Facilities Board Tennessee, Refunding RB, CAB, Series A (AGM) (a): | | |
| 5.84%, 1/01/22 | 7,500 | 4,092,225 |
| 5.88%, 1/01/23 | 9,260 | 4,736,860 |
| 5.90%, 1/01/24 | 8,500 | 4,085,355 |
| 5.91%, 1/01/25 | 6,850 | 3,094,556 |
| 5.93%, 1/01/26 | 5,000 | 2,115,650 |
| | | <u>18,124,646</u> |
| Texas 27.7% | | |
| City of Houston Texas, RB, Senior Lien, Series A, 5.50%, 7/01/34 | 4,165 | 4,367,252 |
| City of San Antonio Texas, Refunding RB (NPFGC): | | |
| 5.13%, 5/15/29 | 9,250 | 9,615,190 |
| 5.13%, 5/15/34 | 10,000 | 10,297,300 |
| Comal ISD, GO, School Building (PSF-GTD), 5.00%, 2/01/36 | 2,500 | 2,555,775 |
| Coppell ISD Texas, GO, Refunding, CAB (PSF-GTD), 5.64%, 8/15/30 (a) | 10,030 | 4,100,866 |
| County of Harris Texas, GO (NPFGC) (a): | | |
| 5.56%, 8/15/25 | 7,485 | 4,138,307 |
| 5.60%, 8/15/28 | 10,915 | 5,058,884 |
| County of Harris Texas, Refunding RB, Senior Lien, Toll Road (AGM), 5.00%, 8/15/30 | 5,510 | 5,670,341 |

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Harris County-Houston Sports Authority,
Refunding RB (NPFGC) (a):

| | | |
|---|--------|------------|
| CAB, Junior Lien, Series H, 5.93%, 11/15/38 | 5,785 | 657,697 |
| CAB, Junior Lien, Series H, 5.94%, 11/15/39 | 6,160 | 647,909 |
| Third Lien, Series A-3, 5.97%, 11/15/38 | 26,890 | 2,976,185 |
| Third Lien, Series A-3, 5.98%, 11/15/39 | 27,675 | 2,846,927 |
| Lewisville ISD Texas, GO, Refunding, CAB, School Building (NPFGC), 4.67%, 8/15/24 (a) | 3,815 | 2,034,540 |
| Mansfield ISD Texas, GO, School Building (PSF-GTD), 5.00%, 2/15/33 | 2,980 | 3,077,655 |
| North Texas Tollway Authority, Refunding RB: | | |
| First Tier, Series A, 6.00%, 1/01/28 | 625 | 658,056 |
| System, First Tier (NPFGC), 5.75%, 1/01/40 | 23,050 | 22,887,497 |

| Municipal Bonds | Par (000) | Value |
|--|--------------|---------------|
| Texas (concluded) | | |
| Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC), 5.00%, 8/15/42 | \$ 20,000 | \$ 18,590,400 |
| | | 100,180,781 |

| | | |
|--|-------|------------|
| Washington 5.1% | | |
| Chelan County Public Utility District No. 1, RB, Chelan Hydro System, Series C (AMBAC), 5.13%, 7/01/33 | 3,655 | 3,675,541 |
| County of King Washington, Refunding RB (AGM), 5.00%, 1/01/36 | 2,200 | 2,231,438 |
| Port of Seattle Washington, RB, Series A (NPFGC), 5.00%, 4/01/31 | 4,500 | 4,502,970 |
| Washington Health Care Facilities Authority, RB: | | |
| MultiCare Health Care, Series C (AGC), 5.50%, 8/15/43 | 6,400 | 6,503,872 |
| Providence Health & Services, Series A, 5.00%, 10/01/39 | 1,000 | 993,880 |
| Providence Health & Services, Series A, 5.25%, 10/01/39 | 675 | 682,898 |
| | | 18,590,599 |

| | | |
|---|-------|-------------|
| Wisconsin 0.4% | | |
| Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, 5.00%, 11/15/33 | 1,500 | 1,507,605 |
| Total Municipal Bonds 115.8% | | 419,328,621 |

**Municipal Bonds Transferred to Tender
Option Bond Trusts (e)**

| Arizona 0.4% | | |
|---|--------|------------|
| Phoenix Civic Improvement Corp., RB, Junior Lien, Series A, 5.00%, 7/01/34 | 1,300 | 1,350,518 |
| California 10.8% | | |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 | 3,379 | 3,407,532 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32 | 8,000 | 8,078,400 |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 7,539,750 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 5,000 | 5,033,450 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 449 | 468,984 |
| San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33 | 4,870 | 4,948,261 |
| University of California, RB, Series C (NPFGC), 4.75%, 5/15/37 | 10,000 | 9,635,100 |
| | | 39,111,477 |

Schedule of Investments (continued)

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

| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | Par (000) | Value |
|---|--------------|-------------------|
| District of Columbia 0.3% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 | \$ 1,080 | \$ 1,184,350 |
| Florida 3.9% | | |
| City of Tallahassee Florida, RB (NPFGC), 5.00%, 10/01/37 | 5,000 | 5,002,550 |
| Florida State Board of Education, GO, Series D, 5.00%, 6/01/37 | 2,999 | 3,045,525 |
| Orange County School Board, COP, Series A (NPFGC), 5.00%, 8/01/30 | 6,000 | 6,040,800 |
| | | <u>14,088,875</u> |
| Hawaii 2.8% | | |
| Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/33 | 10,000 | 10,097,500 |
| Illinois 8.0% | | |
| Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33 | 4,499 | 4,722,149 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A (NPFGC), 5.00%, 12/15/28 | 24,010 | 24,134,372 |
| | | <u>28,856,521</u> |
| Massachusetts 3.7% | | |
| Massachusetts School Building Authority, RB, Series A (AGM), 5.00%, 8/15/30 | 12,987 | 13,381,627 |
| Nevada 1.9% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39 | 4,197 | 4,519,099 |
| Clark County Water Reclamation District, GO, Series B, 5.75%, 7/01/34 | 2,024 | 2,192,323 |
| | | <u>6,711,422</u> |
| New York 4.6% | | |

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| | | |
|--|-------|------------------|
| Erie County Industrial Development Agency, RB, City School District of Buffalo Project, Series A (AGM), 5.75%, 5/01/28 | 4,494 | 4,946,901 |
| Metropolitan Transportation Authority, RB, Series A (NPFGC), 5.00%, 11/15/31 | 7,002 | 7,208,733 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 | 4,500 | 4,680,810 |
| | | <hr/> 16,836,444 |

Ohio 0.2%

| | | |
|--|-----|---------|
| State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34 | 620 | 648,353 |
|--|-----|---------|

South Carolina 0.2%

| | | |
|--|-----|---------|
| South Carolina State Public Service Authority, RB, Santee Cooper, Series A, 5.50%, 1/01/38 | 600 | 641,946 |
|--|-----|---------|

Texas 2.7%

| | | |
|--|-------|-----------|
| Northside ISD Texas, GO, School Building (PSF-GTD), 5.13%, 6/15/29 | 9,500 | 9,876,500 |
|--|-------|-----------|

Municipal Bonds Transferred to Tender Option Bond Trusts (e)

| | Par (000) | Value |
|--|----------------------|--------------|
|--|----------------------|--------------|

Utah 1.4%

| | | |
|--|----------|--------------|
| Utah Transit Authority, RB, Series A (AGM), 5.00%, 6/15/36 | \$ 5,000 | \$ 5,135,750 |
|--|----------|--------------|

Virginia 0.1%

| | | |
|---|-----|---------|
| Fairfax County IDA Virginia, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35 | 400 | 420,688 |
|---|-----|---------|

Washington 1.0%

| | | |
|---|-------|-----------|
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32 | 3,494 | 3,601,278 |
|---|-------|-----------|

Total Municipal Bonds Transferred to Tender Option Bond Trusts 42.0%

| | | |
|--|--|-------------|
| | | 151,943,249 |
|--|--|-------------|

Total Long-Term Investments

| | | |
|------------------------------------|--|-------------|
| (Cost \$575,215,611) 157.8% | | 571,271,870 |
|------------------------------------|--|-------------|

Short-Term Securities

New York 0.4%

| | | |
|--|-------|-----------|
| City of New York New York, GO, VRDN, Sub-Series A-6 (AGM Insurance, Dexia Credit Local | 1,700 | 1,700,000 |
|--|-------|-----------|

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SBPA), 0.31%, 11/1/26 (f)

| | Shares | |
|---|------------|-----------------------|
| Money Market Fund 2.9% | | |
| FFI Institutional Tax-Exempt Fund, 0.15% (g)(h) | 10,444,907 | 10,444,907 |
| Total Short-Term Securities | | |
| (Cost \$12,144,907) 3.3% | | 12,144,907 |
| Total Investments | | |
| (Cost \$587,360,518*) 161.1% | | 583,416,777 |
| Liabilities in Excess of Other Assets (0.9)% | | (3,098,726) |
| Liability for Trust Certificates, Including Interest | | |
| Expense and Fees Payable (22.3)% | | (80,986,977) |
| Preferred Shares, at Redemption Value (37.9)% | | (137,254,432) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 362,076,642 |

* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 506,162,963 |
| Gross unrealized appreciation | \$ 17,658,073 |
| Gross unrealized depreciation | (21,318,771) |
| Net unrealized depreciation | \$ (3,660,698) |

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) 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.
- (c) 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 reflects the current yield as of report date.

Schedule of Investments (concluded)

BlackRock Municipal Income Quality Trust (BYM)

(d) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|----------------------|--------------|-------------------------|
| Morgan Stanley & Co. | \$ 961,766 | \$ 16,425 |
| Goldman Sachs | \$ 5,018,450 | \$ 235,400 |

- (e) Securities represent bonds transferred to a tender option bond trust 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.
- (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, 2010 | Net Activity | Shares Held at November 30, 2010 | Income |
|-----------------------------------|--------------------------------|--------------|----------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 9,416,737 | 1,028,170 | 10,444,907 | \$ 3,099 |

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

Fair Value Measurements - Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 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)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with 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, 2010 in determining the fair valuation of the Trust's investments:

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| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments ¹ | | \$ 571,271,870 | | \$ 571,271,870 |
| Short-Term Securities | \$ 10,444,907 | 1,700,000 | | 12,144,907 |
| Total | \$ 10,444,907 | \$ 572,971,870 | \$ | \$ 583,416,777 |

¹ See above Schedule of Investments for values in each state or political subdivision.

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

NOVEMBER 30, 2010

5

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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/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock Municipal Income Quality Trust

Date: January 26, 2011

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/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock Municipal Income Quality Trust

Date: January 26, 2011

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

Date: January 26, 2011