

BLACKROCK MUNICIPAL INCOME QUALITY TRUST
Form N-Q
July 23, 2014

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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2014

Date of reporting period: 05/31/2014

Item 1 Schedule of Investments

Schedule of Investments May 31, 2014 (Unaudited)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|--|------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Alabama 3.7% | | |
| City of Birmingham Alabama Airport Authority, ARB, (AGM), 5.50%, 7/01/40 | \$ 5,800 | \$ 6,327,800 |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39 | 1,495 | 1,734,634 |
| County of Jefferson Alabama, RB, Limited Obligation Schools, Series A, 4.75%, 1/01/25 | 2,800 | 2,710,904 |
| State of Alabama Docks Department, Refunding RB, 6.00%, 10/01/40 | 3,800 | 4,393,864 |
| | | 15,167,202 |
| Alaska 0.3% | | |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 1,070 | 1,196,335 |
| Arizona 0.4% | | |
| State of Arizona, COP, Department of Administration, Series A (AGM): | | |
| 5.00%, 10/01/27 | 1,250 | 1,381,787 |
| 5.25%, 10/01/28 | 250 | 278,448 |
| | | 1,660,235 |
| California 14.9% | | |
| California Health Facilities Financing Authority, RB, St. Joseph Health System, Series A, 5.75%, 7/01/39 | 625 | 723,231 |
| California Infrastructure & Economic Development Bank, RB, Bay Area Toll Bridges, 1st Lien, Series A (AMBAC), 5.00%, 1/01/28 (a) | 10,100 | 12,993,246 |
| California State Public Works Board, LRB: | | |
| Various Capital Projects, Series I, 5.50%, 11/01/33 | 1,415 | 1,680,355 |
| Various Judicial Council Projects, Series A, 5.00%, 3/01/38 | 3,080 | 3,367,241 |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42 | 1,620 | 1,751,738 |
| Coast Community College District, GO, CAB, Election of 2002, Series C (AGM): | | |
| 5.00%, 8/01/31 | 7,450 | 8,289,764 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (concluded) | | |
| Coast Community College District, GO, CAB, Election of 2002, Series C (AGM) (concluded): | | |
| 0.00%, 8/01/36 (b) | \$ 4,200 | \$ 1,313,550 |
| County of Orange California Sanitation District, COP, Series B (AGM), 5.00%, 2/01/31 | 2,500 | 2,732,300 |
| Monterey Peninsula Community College District, GO, CAB, Series C (AGM) (b): | | |
| 0.00%, 8/01/31 | 13,575 | 5,841,322 |
| 0.00%, 8/01/32 | 14,150 | 5,770,228 |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (c) | 1,580 | 904,360 |
| San Diego California Unified School District, GO, CAB, Election of 2008 (b): | | |
| Series G, 0.00%, 7/01/34 | 725 | 261,725 |
| Series G, 0.00%, 7/01/35 | 775 | 262,989 |
| Series G, 0.00%, 7/01/36 | 1,155 | 368,099 |
| Series G, 0.00%, 7/01/37 | 770 | 230,985 |
| Series C, 0.00%, 7/01/38 | 2,000 | 656,320 |
| San Diego California Unified School District, GO, Refunding, CAB, Election of 2008, Series R-1, 0.00%, 7/01/31 (b) | 1,400 | 674,492 |
| San Jose California Unified School District, GO, Election of 2002, Series B (NPFGC), 5.00%, 8/01/15 (a) | 2,350 | 2,481,976 |
| State of California, GO, Refunding, Various Purpose, 5.00%, 10/01/41 | 1,100 | 1,195,502 |
| State of California, GO, Various Purpose, 5.00%, 4/01/42 | 5,000 | 5,452,600 |
| Yosemite Community College District, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/37 (b) | 10,000 | 3,377,600 |
| | | 60,329,623 |
| Colorado 0.3% | | |
| Regional Transportation District, COP, Refunding, Series A, 5.38%, 6/01/31 | 960 | 1,056,970 |
| District of Columbia 2.3% | | |

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District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, 6.75%, 5/15/40

9,500

9,499,145

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

MAY 31, 2014

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Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Florida 12.2% | | |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33 | \$ 1,400 | \$ 1,559,894 |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34 | 6,750 | 7,610,962 |
| County of Duval Florida School Board, COP, Master Lease Program (AGM), 5.00%, 7/01/33 | 3,475 | 3,789,835 |
| County of Miami-Dade Florida, RB: | | |
| CAB, Special Obligation, Sub-Series A (NPFGC), 0.00%, 10/01/38 (b) | 22,270 | 6,324,235 |
| Seaport, Series A, 6.00%, 10/01/38 | 2,770 | 3,204,945 |
| Transit System Sales Surtax (AGM), 5.00%, 7/01/35 | 1,300 | 1,421,485 |
| County of Miami-Dade Florida, Refunding RB, Special Obligation, Sub-Series B, 5.00%, 10/01/37 | 780 | 846,885 |
| County of Miami-Dade Florida Aviation, Refunding ARB: | | |
| Miami International Airport, Series A-1, 5.50%, 10/01/41 | 5,000 | 5,748,850 |
| Series A, 5.50%, 10/01/36 | 5,000 | 5,601,200 |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 300 | 320,373 |
| Florida Housing Finance Corp., RB, Homeowner Mortgage, Series 3 (Ginnie Mae, Fannie Mae & Freddie Mac), 5.45%, 7/01/33 | 1,255 | 1,321,402 |
| Florida State Department of Environmental Protection, RB, Florida Forever Project, Series B (NPFGC), 5.00%, 7/01/27 | 6,150 | 6,840,830 |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/33 | 1,340 | 1,514,227 |
| South Florida Water Management District, COP, (AMBAC), 5.00%, 10/01/36 | 1,000 | 1,071,730 |
| Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36 | 2,000 | 2,231,480 |
| | | 49,408,333 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Georgia 2.5% | | |
| City of Atlanta Georgia Department of Aviation, Refunding GARB, Series C, 6.00%, 1/01/30 | \$ 7,500 | \$ 8,904,375 |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogtle Project, Series C, 5.70%, 1/01/43 | 1,250 | 1,349,150 |
| | | 10,253,525 |
| Hawaii 2.6% | | |
| City & County of Honolulu Hawaii Board of Water Supply, RB, Series A, 5.00%, 7/01/14 (a) | 5,000 | 5,020,900 |
| State of Hawaii Harbor System, RB, Series A, 5.50%, 7/01/35 | 5,000 | 5,596,050 |
| | | 10,616,950 |
| Illinois 17.4% | | |
| City of Chicago Illinois, GO, Refunding, Project, Series A: | | |
| 5.25%, 1/01/33 | 3,000 | 3,166,320 |
| 5.00%, 1/01/34 | 6,600 | 6,838,788 |
| City of Chicago Illinois, Refunding RB: | | |
| Midway Airport, 2nd Lien, Series B, 5.00%, 1/01/36 (d) | 2,000 | 2,169,500 |
| Sales Tax Receipts, Series A, 5.00%, 1/01/41 | 4,875 | 5,077,703 |
| City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39 | 1,305 | 1,377,114 |
| City of Chicago Illinois O Hare International Airport, Refunding GARB, Senior Lien, Series D, 5.25%, 1/01/34 | 9,800 | 10,915,926 |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien, Series A, 5.63%, 1/01/35 | 1,525 | 1,716,967 |
| City of Chicago Illinois Park District, GO, Harbor Facilities, Series C, 5.25%, 1/01/40 | 600 | 640,164 |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 650 | 709,254 |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago: | | |
| 5.13%, 12/01/38 | 7,700 | 8,316,000 |
| 5.50%, 12/01/38 | 1,000 | 1,123,500 |

Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Illinois (concluded) | | |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | \$ 310 | \$ 336,235 |
| County of Cook Illinois Forest Preserve District, GO, Series C, 5.00%, 12/15/37 | 360 | 388,912 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42 | 4,725 | 4,997,160 |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Expansion Project, Series B, 4.25%, 6/15/42 | 7,500 | 7,579,800 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | 710 | 831,410 |
| State of Illinois, GO: | | |
| 5.25%, 2/01/33 | 2,435 | 2,630,287 |
| 5.50%, 7/01/33 | 880 | 976,158 |
| 5.25%, 2/01/34 | 5,910 | 6,364,538 |
| 5.50%, 7/01/38 | 475 | 519,721 |
| 5.00%, 2/01/39 | 2,500 | 2,602,950 |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39 | 1,020 | 1,114,370 |
| | | 70,392,777 |
| Indiana 1.9% | | |
| Indiana Finance Authority, RB, CWA Authority Project, 1st Lien, Series A, 5.25%, 10/01/38 | 1,100 | 1,228,821 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38 | 5,750 | 6,392,505 |
| | | 7,621,326 |
| Iowa 2.3% | | |
| Iowa Finance Authority, RB, Iowa Health Facilities: | | |
| Genesis Health System, 5.50%, 7/01/33 | 3,000 | 3,428,310 |
| Series A (AGC), 5.63%, 8/15/37 | 5,000 | 5,689,550 |
| | | 9,117,860 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Kentucky 0.4% | | |
| State of Kentucky Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29 | \$ 1,500 | \$ 1,715,460 |
| Louisiana 2.5% | | |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, East Baton Rouge Sewerage Commission Projects, Sub-Lien, Series A: | | |
| 5.00%, 2/01/43 | 1,550 | 1,682,633 |
| 4.00%, 2/01/48 | 550 | 521,620 |
| State of Louisiana Gasoline & Fuels Tax, RB, Series A (AGM), 5.00%, 5/01/31 | 7,500 | 8,020,875 |
| | | 10,225,128 |
| Massachusetts 1.0% | | |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Series A: | | |
| (AGM), 5.00%, 8/15/15 (a) | 1,675 | 1,772,083 |
| (AGM), 5.00%, 8/15/30 | 595 | 626,059 |
| Senior, 5.00%, 5/15/43 | 1,395 | 1,561,535 |
| | | 3,959,677 |
| Michigan 4.8% | | |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, 2nd Lien, Series E (BHAC), 5.75%, 7/01/31 | 3,000 | 3,172,350 |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41 | 1,100 | 1,278,915 |
| Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39 | 9,050 | 9,716,532 |
| State of Michigan Building Authority, Refunding RB, Facilities Program: | | |

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| | | |
|---|-------|------------|
| Series I-A, 5.38%, 10/15/36 | 2,000 | 2,223,960 |
| Series I-A, 5.38%, 10/15/41 | 800 | 887,400 |
| Series II-A, 5.38%, 10/15/36 | 1,500 | 1,667,970 |
| Western Michigan University, Refunding RB, (AGM), 5.00%, 11/15/39 | 430 | 466,400 |
| | | 19,413,527 |

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

MAY 31, 2014

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Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|---|------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Nebraska 1.7% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | \$ 6,345 | \$ 6,759,646 |
| Nevada 1.9% | | |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A: 5.25%, 7/01/42 | 3,000 | 3,246,780 |
| (AGM), 5.25%, 7/01/39 | 4,100 | 4,452,395 |
| | | 7,699,175 |
| New Jersey 4.2% | | |
| New Jersey Transportation Trust Fund Authority, RB: | | |
| CAB, Transportation System, Series A, 0.00%, 12/15/38 (b) | 5,845 | 1,731,172 |
| Transportation Program, Series AA, 5.25%, 6/15/33 | 1,660 | 1,872,497 |
| Transportation Program, Series AA, 5.50%, 6/15/39 | 3,785 | 4,304,453 |
| Transportation System, Series A, 5.50%, 6/15/41 | 3,000 | 3,349,740 |
| Transportation System, Series B, 5.25%, 6/15/36 | 5,000 | 5,505,800 |
| Rutgers The State University of New Jersey, Refunding RB, Series L, 5.00%, 5/01/43 | 165 | 183,417 |
| | | 16,947,079 |
| New York 5.6% | | |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-4, 5.50%, 1/15/33 | 1,950 | 2,246,400 |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B: 5.00%, 11/01/30 | 14,150 | 16,218,871 |
| 5.00%, 11/01/32 | 1,650 | 1,875,473 |
| Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012, Series A, 5.75%, 2/15/47 | 770 | 879,525 |
| State of New York Dormitory Authority, ERB, Series B, 5.75%, 3/15/36 | 1,300 | 1,514,136 |
| | | 22,734,405 |
| Ohio 0.7% | | |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 610 | 736,319 |
| | Par | |
| Municipal Bonds (concluded) | | |
| Ohio (concluded) | | |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: 5.25%, 2/15/32 | \$ 780 | \$ 884,793 |
| 5.25%, 2/15/33 | 1,095 | 1,235,959 |
| | | 2,857,071 |
| Pennsylvania 0.5% | | |
| Pennsylvania Turnpike Commission, RB: | | |
| Series A, 5.00%, 12/01/38 | 695 | 772,347 |
| Series C, 5.50%, 12/01/33 | 630 | 728,910 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36 | 625 | 730,600 |
| | | 2,231,857 |
| South Carolina 2.2% | | |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | 260 | 301,202 |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40 | 5,000 | 5,421,550 |
| State of South Carolina Public Service Authority, RB, Santee Cooper, Series E, 5.50%, 12/01/53 | 610 | 680,321 |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series B, 5.00%, 12/01/38 | 2,360 | 2,595,976 |
| | | 8,999,049 |
| Tennessee 0.3% | | |

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| | | |
|---|--------|-----------|
| Memphis Center City Revenue Finance Corp., RB, Pyramid & Pinch District, Series B (AGM), 5.25%, 11/01/30 | 940 | 1,070,340 |
| Texas 20.3% | | |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38 | 615 | 681,014 |
| Comal Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/01/36 | 2,500 | 2,653,900 |
| Coppell Texas ISD, GO, CAB, Refunding (PSF-GTD), 0.00%, 8/15/30 (b) | 10,030 | 6,014,690 |
| County of Harris Texas, GO, Refunding, (NPFGC) (b): | | |
| 0.00%, 8/15/25 | 7,485 | 5,470,337 |
| 0.00%, 8/15/28 | 10,915 | 7,139,611 |

Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|---|---------------|--------------------|
| | (000) | Value |
| Municipal Bonds | | |
| Texas (continued) | | |
| County of Harris Texas Houston Sports Authority, Refunding RB (NPFGC) (b): | | |
| 3rd Lien, Series A-3, 0.00%, 11/15/38 | \$ 16,890 | \$ 3,848,049 |
| CAB, Junior Lien, Series H, 0.00%, 11/15/38 | 5,785 | 1,351,434 |
| CAB, Junior Lien, Series H, 0.00%, 11/15/39 | 6,160 | 1,340,416 |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (b) | 2,340 | 816,098 |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F, 5.25%, 11/01/33 | 1,090 | 1,249,445 |
| Mansfield Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/15/33 | 2,980 | 3,302,555 |
| New Hope Cultural Education Facilities Corp., HRB, University & College Revenue (AGM), 5.00%, 4/01/46 | 135 | 144,176 |
| North Texas Tollway Authority, RB: | | |
| CAB, Special Project System, Series B, 0.00%, 9/01/37 (b) | 1,975 | 579,189 |
| Convertible CAB, Series C, 0.00%, 9/01/45 (b) | 2,500 | 2,244,300 |
| Special Projects System, Series A, 6.00%, 9/01/41 | 1,000 | 1,210,820 |
| North Texas Tollway Authority, Refunding RB, 1st Tier System, Series A: | | |
| 6.00%, 1/01/28 | 625 | 737,625 |
| (NPFGC), 5.75%, 1/01/40 | 23,050 | 25,586,883 |
| Northside Independent School District, GO, School Building (PSF-GTD), 5.13%, 6/15/14 (a) | 5,000 | 5,010,350 |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project, 4.00%, 9/15/42 | 250 | 246,238 |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB: | | |
| 5.00%, 12/15/31 | 2,105 | 2,223,238 |
| 5.00%, 12/15/32 | 3,600 | 3,749,724 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Texas (concluded) | | |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41 | \$ 6,250 | \$ 6,598,187 |
| | | 82,198,279 |
| Washington 2.4% | | |
| County of King Washington Sewer, Refunding RB, (AGM), 5.00%, 1/01/36 | 2,200 | 2,316,666 |
| Washington Health Care Facilities Authority, RB: | | |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44 | 2,000 | 2,125,700 |
| MultiCare Health System, Series C (AGC), 5.50%, 8/15/43 | 4,000 | 4,369,240 |
| Providence Health & Services, Series A, 5.25%, 10/01/39 | 675 | 727,596 |
| | | 9,539,202 |
| Wisconsin 0.4% | | |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | 1,500 | 1,666,920 |
| Total Municipal Bonds | 109.7% | 444,337,096 |

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

| | | |
|--|-------|-----------|
| Arizona 1.9% | | |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34 | 1,300 | 1,465,256 |
| Phoenix Civic Improvement Corp., RB, Sub-Civic Plaza Expansion Project, Series A (NPFGC), 5.00%, 7/01/37 | 4,490 | 4,665,604 |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38 | 1,500 | 1,651,665 |

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| | | |
|--|-------|-----------|
| | | 7,782,525 |
| California 7.9% | | |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 (f) | 3,379 | 3,771,389 |

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

MAY 31, 2014

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Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par | |
|---|----------|--------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| California (concluded) | | |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32 | \$ 8,000 | \$ 8,805,760 |
| County of San Diego California Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/33 | 4,870 | 5,416,852 |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 | 7,500 | 7,842,900 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32 | 5,000 | 5,541,550 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33 | 449 | 518,434 |
| | | 31,896,885 |
| District of Columbia 0.3% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (f) | 1,080 | 1,279,811 |
| Florida 9.9% | | |
| City of Tallahassee Florida, RB, Energy System (NPFGC): | | |
| 5.00%, 10/01/32 (f) | 3,000 | 3,290,490 |
| 5.00%, 10/01/37 | 5,000 | 5,442,250 |
| County of Highlands Florida Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/16 | 1,800 | 1,935,882 |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | 1,950 | 2,114,365 |
| County of Miami-Dade Florida Water & Sewer System, RB (AGM), 5.00%, 10/01/39 | 10,101 | 10,836,505 |
| County of Orange Florida School Board, COP, Series A: | | |
| (AGC), 5.50%, 8/01/34 | 6,096 | 6,781,095 |
| (NPFGC), 5.00%, 8/01/30 | 6,000 | 6,436,800 |
| State of Florida Board of Education, GO, Series D, 5.00%, 6/01/37 (f) | 2,999 | 3,320,325 |
| | | 40,157,712 |
| Illinois 8.4% | | |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38 | 8,310 | 8,638,578 |
| Par | | |
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Illinois (concluded) | | |
| Illinois Finance Authority, RB, The Carle Foundation, Series A (AGM), 6.00%, 8/15/41 | \$ 2,400 | \$ 2,749,584 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42 | 7,020 | 7,424,457 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 (f) | 1,400 | 1,556,904 |
| State of Illinois Toll Highway Authority, RB: | | |
| Senior Priority, Series B, 5.50%, 1/01/33 | 4,499 | 5,003,579 |
| Series A, 5.00%, 1/01/38 | 7,714 | 8,458,464 |
| | | 33,831,566 |
| Nevada 1.8% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39 (f) | 4,197 | 4,869,841 |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, Series B, 5.75%, 7/01/34 | 2,024 | 2,377,489 |
| | | 7,247,330 |
| New Jersey 0.5% | | |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 | 2,000 | 2,202,781 |
| New York 8.1% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | 6,240 | 6,818,776 |
| City of New York New York Water & Sewer System, RB, Series DD, 5.00%, 6/15/35 | 1,845 | 2,089,296 |
| County of Erie New York Industrial Development Agency, RB, City of Buffalo School District Project, Series A (AGM), 5.75%, 5/01/28 | 4,494 | 5,047,836 |
| Metropolitan Transportation Authority, RB, Dedicated Tax, Series A (NPFGC), 5.00%, 11/15/31 | 7,002 | 7,574,483 |

Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|----------------|
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| New York (concluded) | | |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43 | \$ 5,720 | \$ 6,305,042 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (f) | 4,500 | 5,117,490 |
| | | 32,952,923 |
| Ohio 0.2% | | |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34 | 620 | 698,387 |
| South Carolina 0.2% | | |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series A, 5.50%, 1/01/38 (f) | 600 | 679,746 |
| Texas 1.8% | | |
| City of Houston Texas, Refunding RB, Airport System, Senior Lien, Series A, 5.50%, 7/01/34 | 4,167 | 4,724,695 |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 719 | 782,768 |
| North East Texas ISD, GO, School Building, Series A (PSF-GTD), 5.00%, 8/01/37 (f) | 1,500 | 1,652,640 |
| | | 7,160,103 |
| Utah 1.4% | | |
| Utah Transit Authority, RB, Series A (AGM), 5.00%, 6/15/36 | 5,000 | 5,573,400 |
| Virginia 0.1% | | |
| County of Fairfax Virginia IDA, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35 | 400 | 446,814 |
| Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts (e) | | |
| Washington 0.9% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32 | \$ 3,494 | \$ 3,852,079 |
| Wisconsin 1.6% | | |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., Obligated Group: Series A, 5.00%, 4/01/42 | 3,520 | 3,813,955 |
| Series C, 5.25%, 4/01/39 | 2,500 | 2,686,075 |
| | | 6,500,030 |
| Total Municipal Bonds Transferred to Tender Option Bond (TOB) Trusts 45.0% | | 182,262,092 |
| Total Long-Term Investments (Cost \$578,009,355) 154.7% | | 626,599,188 |
| Short-Term Securities | | |
| FFI Institutional Tax-Exempt Fund, 0.03% (g)(h) | 6,242,684 | 6,242,684 |
| Total Short-Term Securities (Cost \$6,242,684) 1.5% | | 6,242,684 |
| Total Investments (Cost \$584,252,039*) 156.2% | | 632,841,872 |
| Other Assets Less Liabilities 1.4% | | 5,462,316 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (23.7%) | | (96,078,622) |
| VMTP Shares, at Liquidation Value (33.9%) | | (137,200,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 405,025,566 |

* As of May 31, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

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| | |
|-------------------------------|----------------|
| Tax cost | \$ 490,605,205 |
| Gross unrealized appreciation | \$ 49,910,492 |
| Gross unrealized depreciation | (3,734,604) |
| Net unrealized appreciation | \$ 46,175,888 |

Notes to Schedule of Investments

- (a) U.S. 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) Zero-coupon bond.
- (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.

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

MAY 31, 2014

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Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

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

| Counterparty | Value | Unrealized Appreciation |
|------------------------|--------------|----------------------------|
| Barclays Capital, Inc. | \$ 2,169,500 | \$ 7,060 |

(e) Represent bonds transferred to a TOB. In exchange for which the Trust acquired residual interest certificates. These bonds serve as collateral in a financing transaction.

(f) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from February 1, 2016 to December 1, 2029 is \$14,474,164.

(g) Investments in issuers considered to be an affiliate of the Trust during the period ended May 31, 2014, 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, 2013 | Net Activity | Shares Held at May 31, 2014 | Income |
|-----------------------------------|--------------------------------------|-----------------|-----------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 5,187,077 | 1,055,607 | 6,242,684 | \$ 1,588 |

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

Portfolio Abbreviations

| | |
|----------------|---|
| AGC | Assured Guarantee Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| ARB | Airport Revenue Bonds |
| BARB | Building Aid Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| GARB | General Airport Revenue Bonds |
| GO | General Obligation Bonds |
| HRB | Housing Revenue Bonds |
| IDA | Industrial Development Authority |
| ISD | Independent School District |
| LRB | Lease Revenue Bonds |
| NPFGC | National Public Finance Guarantee Corp. |
| PSF-GTD | Permanent School Fund Guaranteed |
| RB | Revenue Bonds |

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Financial futures contracts outstanding as of May 31, 2014 were as follows:

| Contracts Sold | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------------------|----------------------------|------------------------|-------------------|-----------------------|--------------------------------|
| (510) | 10-Year U.S. Treasury Note | Chicago Board of Trade | September 2014 | \$ 64,012,969 | \$ (243,761) |

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BLACKROCK MUNICIPAL INCOME QUALITY TRUST

MAY 31, 2014

Schedule of Investments (continued)

BlackRock Municipal Income Quality Trust (BYM)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques 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 or liabilities that the Trust has the ability to access

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 and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, please refer to the Trust's most recent financial statements as contained in its semi-annual report.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of May 31, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 626,599,188 | | \$ 626,599,188 |
| Short-Term Securities | \$ 6,242,684 | | | 6,242,684 |
| Total | \$ 6,242,684 | \$ 626,599,188 | | \$ 632,841,872 |

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Derivative Financial Instruments ² | | | | |
| Liabilities: | | | | |
| Interest rate contracts | \$ (243,761) | | | \$ (243,761) |

² Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

Schedule of Investments (concluded)

BlackRock Municipal Income Quality Trust (BYM)

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of May 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|------------|------------------|---------|------------------|
| Assets: | | | | |
| Cash pledged for financial futures contracts | \$ 666,000 | | | \$ 666,000 |
| Liabilities: | | | | |
| TOB trust certificates | | \$ (96,060,779) | | (96,060,779) |
| VMTP Shares | | (137,200,000) | | (137,200,000) |
| Total | \$ 666,000 | \$ (233,260,779) | | \$ (232,594,779) |

There were no transfers between levels during the period ended May 31, 2014.

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: July 23, 2014

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: July 23, 2014

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

Date: July 23, 2014