



# **Market Technicians Association, Inc.**

*Professionals Managing Market Risk • Incorporated in 1973*

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## **Chartered Market Technician (CMT) Program --- Level 2 --- 2007**

**The CMT 2 candidate** is responsible for the **theory and application** of concepts and techniques covered by the assigned readings. The CMT 2 candidate must expand his/her understanding of technical analysis to apply various technical indicators and techniques in the analysis of the overall market or an individual security.

The CMT Level 2 Exam requires the candidate to demonstrate a greater depth of competency and proficiency by applying more advanced analytical techniques.

**Exam time length: 4 hours. Exam format: MULTIPLE CHOICE**

**Listed below and on the following page are the reading assignments for the October 2007 CMT Level 2 Exams. The CMT candidate is responsible for knowing and understanding the entire list of reading assignments, in addition to the CMT 1 reading assignments.**

**Past exams/questions are NOT available for review. However, sample questions are available for purchase through the Shopping Cart (Publications, page 2) on MTA website.**

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### **CMT Level 2 Exam Reading Assignments**

The following reading assignments are required by the Market Technicians Association Accreditation Committee in preparation for the **October 2007 CMT Level 2 Exam**:

- 1) MTA Code of Ethics. (See page 4)
- 2) Frost, A.J. and Prechter, Robert R., **Elliott Wave Principle, Tenth Edition**, New Classics Library, Gainesville, GA c. 1978-2005, ISBN 0-932750-75-3  
**Chapters:**
  1. The Broad Concept
  2. Guidelines of Wave Formation
  3. Historical and Mathematical Background
  4. Ratio Analysis and Fibonacci Time Sequences
- 3) Kaufman, Perry J., **New Trading Systems and Methods, 4th Edition**, John Wiley & Sons, Inc., c.1998, ISBN 0-471-26847-X  
**Chapters:**
  1. Introduction

## CMT 2 Reading Assignments, continued

(Kaufman continued)

2. Basic Concepts
  3. Charting
  4. Charting Systems and Techniques
  6. Regression Analysis
  7. Time-Based Trend Calculations
  8. Time Based Trend Systems
  9. Momentum and Oscillators
  10. Seasonality
  11. Cycle Analysis
  12. Volume, Open Interest and Breadth
  14. Behavioral Techniques
  21. System Testing
  23. Risk Control
- 4) Kirkpatrick, Charles D. and Dahlquist, Julie R.: **Technical Analysis The Complete Resource for Financial Market Technicians**, Pearson Education, Inc., Upper Saddle River, New Jersey 07458, c. 2006, ISBN 0-13-153113-1
- Chapters:**
7. Sentiment
  8. Measuring Market Strength
  10. Flow of Funds
  13. Breakouts, Stops, and Retracements
  14. Moving Averages
  15. Bar Chart Patterns
  17. Short-Term Patterns
  18. Confirmation
  19. Cycles
  20. Elliott, Fibonacci, and Gann
  21. Selection of Markets and Issues: Trading and Investing
  23. Money and Risk Management
- Appendix A. Basic Statistics
- 5) Nison, Steve, **Japanese Candlestick Charting Techniques, 2nd Edition**, New York Institute of Finance, c.2001, ISBN 0-7352-0181-1
- Chapters:**
1. Introduction
  2. A Historical Background
  3. Constructing the Candlestick
  4. Reversal Patterns
  5. Stars
  6. More Reversal Patterns
  7. Continuation Patterns

9. Putting It All Together  
**CMT 2 Reading Assignments**, continued
- 6) Pring, Martin J., **Investment Psychology Explained**, John Wiley & Sons, Inc., c.1993, ISBN 0-471-13300-0  
**Chapters:**  
All Chapters
- 7) Pring, Martin J.: **Technical Analysis Explained, 4th Edition**, McGraw Hill Book Company, New York, NY, c.2001, ISBN 0-07-138193-7  
**Chapters:**  
16. The Concept of Relative Strength  
25. Why Interest Rates Affect the Stock Market  
28. Checkpoints for Identifying Primary Stock Market Peaks and Troughs
- 8) Wilkinson, Chris: **Technically Speaking**, Traders Press Inc., c.1997, ISBN 0-934380-39-2  
**Chapters:**  
Phil Roth, pages 323-350

**[End of Book List for October 2007 CMT Level 2 Exams]**

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## **Market Technicians Association**

### **CODE OF ETHICS**

Amended December 2004

The Market Technicians Association has established ethical standards of professional conduct which every Member and Affiliate shall maintain. The Ethical Standards set forth in 1 through 9 serve as a guide of professional responsibility and as a benchmark for ethical judgment.

1. Members and Affiliates shall maintain at all times the highest standards of professional competence, integrity and judgment. Said standards should be maintained, and members and affiliates should act with dignity and in an ethical manner when dealing with the public, clients, prospects, employees, fellow Members and Affiliates and business associates.

This ethical standard requires strict compliance with the applicable laws and regulations of any government, governmental agency and regulatory organization which has jurisdiction over the professional activities of Members and Affiliates.

This same ethical standard requires that Members and Affiliates abide by the Constitution and By-Laws of the Association, and all rules promulgated by its Board of Directors. Members and Affiliates shall not unduly exploit their relationship with the Association for commercial purposes, nor use, or permit others to use, Association mailing lists for other than Association purposes.

2. Members and Affiliates shall not publish or make statements which they know or have reason to believe are inaccurate or misleading. Members and Affiliates shall avoid leading others to believe that their technically-derived views of future security price behavior reflect foreknowledge rather than estimates and projections subject to reexamination and, as events may dictate, to change.

3. Members and Affiliates shall not publish or make statements concerning the technical position of a security, a market or any of its components or aspects unless such statements are reasonable and consistent in light of the available evidence and of the accumulated knowledge in the field of financial technical analysis. New methods of technical analysis and modifications of existing concepts and techniques shall be fully documented as to procedure and rationale. Proprietary methods shall not be infringed, but this standard shall be a guide in the creation of proprietary products.

4. Members and Affiliates shall not publish or make statements which indefensibly disparage and discredit the analytical work of others.

5. Members and Affiliates shall not seek, disseminate or act on the basis of material, non-public (inside) information, if to do so would violate the laws and

regulations of any government, governmental agency or regulatory organization relating to the use of inside information.

6. Members and Affiliates shall keep in confidence knowledge concerning the lawful private affairs of both past and present clients, employers, and employer's clients.

7. When a Member or Affiliate recommends that a security ought to be bought, sold or held, adequate opportunity to act on such a recommendation shall be given to the Member's or Affiliate's clients, employer, and the employer's clients before acting on behalf of either the Member's or Affiliate's own account or the accounts of immediate family members.

8. Members and Affiliates shall not copy or deliberately use substantially the same language or analysis contained in reports, studies or writings prepared by any author unless permission to do so is received, in advance, from the author. In the event the original author is deceased, or is otherwise unavailable to grant such permission, Members and Affiliates must ensure that the original author receives prominent and adequate credit for the original work.

9. Members who have earned the CMT designation shall use CMT after their name whenever and wherever appropriate.