
CMT[®]

**CHARTERED MARKET TECHNICIAN
PROGRAM**

*CMT is the Only Designation
For Technical Analysts that Qualifies as a
Series 86 Exemption as Recognized by FINRA.*



**Market
Technicians
Association**

CMT Program Overview

THE CHARTERED MARKET TECHNICIANS (CMT) PROGRAM

The Chartered Market Technician (CMT) Program is a certification process in which candidates are required to demonstrate proficiency in a broad range of technical analysis subjects. The Market Technicians Association's Accreditation Committee is responsible for these exams. The program consists of three levels of exams testing the student's competency at each level. The exams are cumulative in scope. The first two levels are multiple choice exams. The third level is an essay exam.

The objectives of the CMT Program are:

- To guide candidates in mastering a professional body of knowledge and in developing analytical skills;
- To promote and encourage the highest standards of education; and
- To grant the right to use the professional designation of Chartered Market Technician (CMT) to those members who successfully complete the Program and agree to abide by the MTA Code of Ethics.

REQUIREMENTS

The following are requirements that must be met by all CMT Program candidates:

- The CMT candidate is required to be either an MTA Member or MTA Affiliate continuously (dues paid) throughout the CMT process, and must agree to abide by the MTA Code of Ethics.
- While MTA Affiliates may enroll in and successfully complete the CMT Program, only full Members of the MTA will be awarded and permitted to use the CMT designation.
- Continuous MTA membership, upholding the MTA Code of Ethics, and such other requirements, as determined, from time to time, by the MTA Board of Directors.

AFFILIATE CANDIDATES

- An MTA Affiliate who successfully completes the CMT Program will be credited with two years toward the five-year experience required for becoming an MTA Member, should that person choose to apply for MTA Member status in the future.
- An MTA Affiliate who successfully completes the CMT Program does not automatically become an MTA Member; the Affiliate must apply separately to become an MTA Member. Enrolling in and/or completion of the CMT Program by Members or Affiliates is voluntary, not a requirement.

REGISTRATION AND EXAM FEES

- CMT Program Registration Fee: \$250
** This fee covers the entire five (5) years in which the candidate can complete the Program and is not refundable.*
- Level 1 Exam Fee: \$250
** CMT Program fee and Level 1 exam fee must be paid when first registering for the Program – Total \$500. This does not include the MTA annual dues.*
- Level 2 Exam Fee: \$450
- Level 3 Exam Fee: \$450

Exam fees are not refundable!

Breakdown by Level

Level 1 - Definitions: The Level 1 exam measures basic, entry-level competence and understanding on the part of the candidate. The candidate needs to have a working knowledge of the basic tools of the technical analyst.

Exam length: 2 hours.

Format: computerized, multiple choice.

Recommended Reading List:

- du Plessis, Jeremy, *“The Definitive Guide to Point and Figure”*
- Edwards, Robert D. and Magee, John, *“Technical Analysis of Stock Trends, 9th Edition”*
- Kirkpatrick, Charles D. and Dahlquist, Julie, *“Technical Analysis: The Complete Resource for Financial Market Technicians”*
- Pring, Martin J. *“Technical Analysis Explained, 4th Edition”*
- Code of Ethics

Level 2 – Definitions / Application: The Level 2 exam requires the candidate to demonstrate a greater depth of competency in a variety of fields of expertise. The candidate is expected to demonstrate proficiency in applying more advanced analytical techniques.

Exam length: 4 hours.

Format: computerized, multiple choice.

Recommended Reading List:

- Aronson, David, *“Evidence Based Technical Analysis”*

- du Plessis, Jeremy, *“The Definitive Guide to Point and Figure”*
- Edwards, Robert D. & Magee, John. *“Technical Analysis of Stock Trends”*
- Frost, A.J. and Prechter, Robert. *“Elliott Wave Principle, Tenth Edition”*
- Kaufman, Perry J. *“Trading Systems and Methods, 4th Edition”*
- Kirkpatrick, Charles D. and Dahlquist, Julie, *“Technical Analysis: The Complete Resource for Financial Market Technicians”*
- Nison, Steve. *“Japanese Candlestick Charting Techniques, 2nd Edition”*
- Pring, Martin J. *“Investment Psychology Explained”*
- Pring, Martin J. *“Technical Analysis Explained, 4th Edition”*
- Wilkinson, Chris. Excerpts from *“Technically Speaking”*
- Code of Ethics

Level 3 – Integration: The Level 3 exam requires the candidate to take an essay exam. The Level 3 exam will test the candidate on the formation of well thought-out research opinions, portfolio strategies or trading decisions based on a wide range of charts and technical data.

Exam length: 4 hours.

Formats: computerized, type-written essay

Recommended Reading List:

- Brown, Constance. *“Technical Analysis for the Trading Professional”*
- du Plessis, Jeremy, *“The Definitive Guide to Point and Figure”*
- Frost, A.J. and Prechter, Robert. *“Elliott Wave Principle, Tenth Edition”*
- Murphy, John. *“Intermarket Analysis: Profiting From Global Market Relationships”*
- Nison, Steve. *“Japanese Candlestick Charting Techniques, 2nd Edition”*
- Shiller, Robert. *“Irrational Exuberance, 2nd Edition”*
- Code of Ethics

Important CMT Program Information

DATES AND TIME REQUIREMENTS

Exam dates: Exams for all 3 levels are administered twice a year in the Spring and in the Fall.

Time Frame for CMT Program: The candidate has five (5) years from the date of registration in the CMT Program to complete all three (3) levels of the CMT. Notification will be sent regarding the 5 year completion date. Candidates may take only one exam per test administration.

WHAT TO BRING TO THE TEST CENTER

Candidates must provide two forms of current and valid ID. Acceptable forms of primary identification include: valid passport, driver's license, employee ID card, state ID card; all primary ID must include a recent photograph and signature. Acceptable forms of secondary ID include: valid credit card, ATM card, check-cashing card, citizenship card.

Special notice for candidates who are taking the exam outside of your country of citizenship -- You must have a valid passport; it will be the only form of acceptable identity.

In Egypt, you must have a passport with you for ID purposes. Your national card will not be accepted as your primary ID.

We suggest that you print a confirmation of your scheduled exam from the Prometric website once you have completed registering. This confirmation contains the date and time of your exam, and the address of the test center.

- For CMT Level 1 & Level 2, you may bring a simple calculator and ruler to the test center. A calculator will also appear on your testing screen.
- For CMT Level 3, you must bring a pencil, ruler, and a simple calculator to the test center, although a calculator will also appear on your test screen.
- Prometric will supply paper upon request.

PLEASE BE AWARE

Special Accommodations: If you have a special need or require special accommodations, please contact the MTA at 646-652-3300 before registering for the CMT Exam to request special testing arrangements. If and after, you receive approval for special accommodations you will be instructed to call the Special Accommodations Department at 800-967-1139 in the U.S. and Canada or Internationally, on a region by region basis, at one of the following numbers:

- Asia 603-76283333
- Europe +31 320 239 540
- Middle East +31 320 239 530
- Africa +31 320 239 593
- India 91-124-4147700
- Latin America +1 443 923 8160

Rescheduling/Cancellation Policy: Levels 1 & 2 - If you wish to change your exam date or time, you must do so at least 30 days prior to your originally scheduled testing time using the Reschedule Your Test option at www.prometric.com (available 24/7) or calling the Prometric Regional Registration Center. Rescheduling/canceling your exam after the 30 days will incur a \$25 fee at Prometric. You will not be able to reschedule/cancel within 48 hours of your originally scheduled testing time.

Level 3 candidates must reschedule/cancel before the close of their registration date to ensure availability of the test charts. The 30 day policy also applies to Level 3 candidates.

To reschedule your exam to the **next administration**, please e-mail Marie Penza. There will be a \$50 rescheduling fee for all adjustments made after the close of registration dates. If you have any questions, please contact Marie Penza, marie@mta.org, or call her at 646-652-3300.

No Show Policy: If you do not cancel or reschedule, the examination fee is forfeited. There are no refunds or transfers.

Test Centers, Grades and Self Study Information

CMT EXAM TEST CENTERS

- Testing locations are available at over 300 sites worldwide.
- Not all exam sites listed will be available for each sitting. Please confirm at registration.

NOTIFICATION OF EXAM RESULTS

- CMT Level 1 and Level 2 test takers can normally expect to receive their test score immediately upon completion of the exam provided a psychometric review is not to be conducted. As the program continues to evolve, if there is to be a psychometric review, all will be notified of this in a timely fashion. The Fall 2010 administration will not provide immediate scoring for CMT Levels 1 & 2 Exams.
- Results for CMT 3 will be announced within 90 days.

SELF-STUDY MATERIALS

The CMT Exam Program is designed to be SELF-STUDY. The MTA Accreditation Committee has recommended the following minimum study hours for CMT exams, based on having a general college education and a background working in the financial markets:

- CMT Exam Level 1 -- 100 hours
- CMT Exam Level 2 -- 140 hours
- CMT Exam Level 3 -- 160 hours

Recommended study time differs from person to person based on experience with the subject, time working in the field, and prior knowledge of technical analysis. However a significant effort is required on the part of all candidates wishing to successfully complete the all three (3) exam levels.

Books for the CMT Program are not sold through the Market Technicians Association. A limited number of copies are available to members and affiliates for short-term loan through the MTA Library. Failure to return loaned books will incur a substantial fine.

CMT Prep Materials

These practice exams and quiz cards are designed to provide candidates with review materials for the exam. The questions that appear in the practice exams and quiz cards are derived from the recommended reading list, which represents the MTA's Body of Knowledge. In no way are they to be seen as the actual exam questions.

CMT PRACTICE EXAMS

- | | |
|-----------------------------|-------------|
| • CMT Level 1 Practice Exam | \$45.00 USD |
| • CMT Level 2 Practice Exam | \$45.00 USD |
| • CMT Level 3 Practice Exam | \$75.00 USD |

CMT QUIZ CARDS

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|--------------------------|-------------|
| • CMT Level 1 Quiz Cards | \$40.00 USD |
| • CMT Level 2 Quiz Cards | \$40.00 USD |

Additional Resources Available

These DVDs were recorded at the 2005 MTA Education Seminar in New York City. While they were not specifically created as CMT Prep materials, they do provide knowledge on the following topics and may be beneficial to those preparing for the CMT Exam.

TECHNICAL ANALYSIS FOUNDATIONAL TOPICS

- Ralph Acampora - "Introduction to Technical Analysis"
- Phillip Roth - "Volume, Trend, and Momentum"
- Kenneth Tower - "Introduction to Point & Figure and Candle Charting"
- Larry Berman - "Incorporating Technicals with Fundamentals"
- John Murphy - "Intermarket Analysis"

\$23.96 USD each

ADVANCED TOPICS

- Ken Tower - "Point and Figure"
- Steve Nison - "Japanese Candle Charting"
- Steven Poser - "Elliott Wave"
- Mike Rocca - "Commodities"
- William Dale - "Foreign Exchange"
- Bob Kepler - "Fixed Income"
- Peter Martin - "Equities"

\$63.96 USD each

These above DVDs were created by Trader's Library and can be purchased from their website. However, MTA Members and Affiliates can purchase them at a discounted rate from the MTA's online Shopping Cart.

CMT Institute (CMTi)

The CMTi is the candidate's porthole into a virtual interactive classroom. The Market Technicians Association is currently offering interactive webcast classes to aid in the candidate's preparation for the exams. There are three levels of the CMTi, corresponding to the three levels of the exams.

Registrants for the CMTi will have the ability to view CMTi classes from previous sessions as well as an opportunity to interact with other candidates in a discussion group. Instructors monitor the discussion forum, post threads, and answer questions on a weekly basis. In addition, there will also be an archived webcast tutorial on how to use the technology platform. If you have any questions regarding the archives or the CMTi, please contact Tim Licitra at tim@mta.org or call 646-652-3300.

The webcast virtual class may be attended live or viewed at a later date. This access will be allowed throughout the duration of this class. Enrollment is limited to the first two hundred (200). The cost for the CMTi course is \$500 USD per level. There will be four live classes which will be given once a week, beginning four to five (4-5) weeks before the scheduled exam window closes. The virtual classes will end when the window for scheduling the exam closes.

CMT Frequently Asked Questions (FAQ)

These Frequently Asked Questions include information about the CMT exams and program, as well as study advice for all levels, grading information, etc.

Q. What is the length of the exams?

- Level 1 – 2 hours
- Level 2 – 4 hours
- Level 3 – 4 hours

Q. What is the format of the exams?

- Level 1 – 120 to 132 multiple choice questions
- Level 2 – 150 to 160 multiple choice questions
- Level 3 – essay – the entire exam is worth 240 points and candidates are allowed 240 minutes. Candidates should pace their progress so that they do not spend too much time on minor questions and allow time for more time consuming questions. A table of contents is now available at the beginning of the CMT Level 3 Exam, showing the point allocation of each question.

Q. What is required of the candidate in the exams?

- Level 1 – Primarily definitions, this exam is designed to measure basic, entry-level competence and tests concepts such as terminology, charting methods and ethics.
- Level 2 – Focuses on application of technical analysis. Candidates should understand ethics and more complex theories (e.g., Dow Theory, Elliott Wave, intermarket, etc.). Some definitions relating to new concepts introduced at this level will be seen.
- Level 3 – Tests candidates' competency in ethics and in rendering technical opinions integrating multiple aspects of technical analysis. Essay responses should be of the quality of technical research published by practicing CMT charter holders.

Q. How study much time does it typically take candidates to prepare for the exams?

- Level 1 – 100 hours
- Level 2 – 140 hours
- Level 3 – 160 hours

Q. How long do candidates have to achieve the requirements of all three levels of the CMT program?

Five (5) years from the date of registration.

Q. Are candidates required to memorize ALL formulas contained in the required readings?

Candidates do not need to memorize ALL formulas; however, a solid understanding of technical indicators such as moving averages and oscillators does require a working knowledge of the formula used to calculate the indicator. Therefore, candidates should memorize the formulas used to construct most widely used technical indicators. The exam does not cover programming of various technical software platforms and any detailed formulas used in constructing trading systems need not be memorized.

Q. Do candidates have to memorize ALL Japanese terms for candlestick charting patterns?

Candidates should know the Japanese terms used by textbook authors as well as those identified in the assigned textbooks.

Q. Is ALL material in suggested readings covered in exams?

No. Each version of the CMT exam is designed to test a representative sample of the body of knowledge. Any given version of the exam will only have a limited number of questions and therefore can only cover a limited amount of material. Some specific areas may not be covered in exams. Each level of the CMT exam is carefully prepared to ensure that it has the same level of difficulty. Candidates must also be able to retain and build upon prior knowledge.

Q. Will ALL material tested be contained in the suggested readings?

No. While the suggested readings are compiled to cover as much of the body of knowledge as possible, certain areas tested in the CMT exams may not have been covered in the readings. Candidates are responsible to seek out other sources of information such as the Internet, other readings, colleagues and technical analysis message boards to gain a full and complete understanding of all material which may be tested on the CMT exams. Candidates are presumed to have basic knowledge of the workings of financial markets and instruments material to the field of technical analysis in order to be fully prepared for any level of the CMT Program.

Q. How are the exams graded?

- Level 1 and 2 exams are machine graded since they are multiple choice. The MTA uses the services of Prometric to ensure that exam questions fairly test candidates on the subject matter.
- Level 3 exams are graded by experienced CMT charter holders typically including textbook authors, MTA board members and subject matter experts. Grading is based on a uniform answer key for each question which indicates the information which must be contained in candidates' questions and how many points each part of a question is worth.

Q. What is the passing score for each level of the exam?

The passing score is approximately 70% for CMT Level 1 and CMT Level 2 and is graded automatically by the computers. CMT Level 3 is hand graded by subject matter experts and charter holders.

Q. Why does the MTA not provide the actual score for passing scores?

There are several reasons for this policy. First, as noted, the final passing score is based on a statistical process so the passing percentage changes from one version of the exam to the next. Second, the MTA has found from experience that providing this information is counter-productive. Candidates have too often repeatedly contacted MTA staff attempting to obtain a CMT charter by arguing about the process, rather than demonstrating a solid understanding of technical analysis through their performance on the exams. The MTA staff has no authority to change exam results and should be spending its time on more pressing matters.

Q. What is the process for challenging a failing score?

Keep in mind that Level 1 and 2 exams are machine graded and double checked for grading accuracy. All borderline Level 3 exams are automatically re-graded. For a fee of \$100, the MTA will review a candidate's CMT 3 [essay] exam. After a review, candidates receive personalized feedback indicating problems areas such as which answers were unclear or incomplete.

Q. What are the common mistakes failing candidates generally make on the exams?

- Level 1 – As this level of the exam is relatively straightforward, it appears that unsuccessful candidates have not sufficiently familiarized themselves with the material covered. Many candidates overlook studying the MTA Code of Ethics as they spend all their study time on the assigned textbooks. Ethics is an important part of all three levels of the CMT exam process.
- Level 2 – At this level unsuccessful candidates appear not to have developed as complete an understanding of technical analysis as is required. Candidates should understand how various

indicators are constructed and how this impacts the interpretation of the indicator. One common mistake is confusing similar terms such as RSI and relative strength.

- Level 3 – Unsuccessful candidates at this level have not been able to produce coherent essays supporting a technical opinion using multiple technical tools. When answering level 3 questions, consider the style and quality of research reports produced by practicing CMTs.
 - a) Frequently, candidates will fail to clearly state an opinion when one is clearly required by the question. This causes candidates to lose a significant number of points since, if candidates do not clearly state an opinion, are unable to respond to questions asking them to defend their opinion. Remember, many times in technical analysis multiple interpretations are possible and candidates can be awarded points for a variety of opinions on many questions, so long as those opinions are supported by fact or accepted TA practices.
 - b) Candidates also tend to focus only on a portion of a chart and fail to utilize all indicators to demonstrate an ability to integrate multiple aspects of technical analysis. For example, in discussing Elliott Wave counts, candidates often ignore other chart aspects such as oscillators, moving averages and support/resistance levels.
 - c) Unsuccessful candidates consistently provide essay answers which are not up to the level of professionalism expected of a CMT charter holder. In order to maintain the quality of the CMT charter, the Accreditation Committee seeks to ensure that successful candidates, who will be awarded the CMT designation, can professionally provide technical opinions in a manner that will be a credit to the entire CMT program.
 - d) Level 2 and 3 candidates are responsible for all materials assigned in prior exam levels. Thus if you are a CMT Level 2 candidate, you are responsible for all materials assigned for both CMT Level 1 and CMT Level 2. If you are a CMT Level 3 candidate, you are responsible for all materials assigned in all prior levels (all assigned readings from CMT Level 1, CMT Level 2, and CMT Level 3) as well as current reading assignments. Should these reading assignments change, the candidate is responsible for the current material. It is important to always review each level's assigned materials.

Q. What other sources of information should candidates refer to in order to better understand the exam material?

Candidates should refer to textbooks or web sites other than those assigned in the readings if they come across material which they are having difficulty with. Often, an explanation by a different author aids in understanding. The MTA also maintains a forum where CMT candidates can discuss the exam material. Additionally, many candidates have commented that they gained a better understanding of the material by reading all of the assigned textbooks, even if only certain chapters

were specifically assigned. One general technical analysis reference source which is often used by candidates is the Encyclopedia of Technical Indicators, Second Edition by Robert Colby.

Q. Once a candidate completes all three levels of the CMT program, what other requirements are there in order to receive the CMT charter?

Only full members (as opposed to affiliates) of the MTA may be awarded the CMT designation and charter. The MTA member application process is separate from the CMT program. Candidates who have completed the three levels of the CMT program need only demonstrate three years of acceptable work experience rather than the five years normally required. Due to the time consuming nature of the member application process, it is strongly recommended that candidates submit their application for membership as soon as they meet the eligibility requirements and know the 3 MTA members who will sponsor the candidate for member status.

Q. How is the CMT designation actually conferred and when do I receive my physical charter document?

The CMT designation is granted by the MTA Board of Directors. Successful candidates who are full members are recommended to the Board at the next monthly board meeting and a vote is held. You will receive a letter in the postal mail confirming this, and you will also receive a CMT charter certificate. These certificates are ordered monthly and mailed to candidates. Candidates may also purchase special CMT charter frames at their own expense from a vendor which provides discounted framing services to MTA members.

Q. Once a CMT charter is awarded, to which requirements must a charter holder adhere?

In order to maintain the CMT designation, you must be a member in good standing of the Market Technicians Association (MTA). This requires you to maintain your member dues and abide by the MTA Code of Ethics.

Q. Under what circumstances can a CMT charter be revoked?

The MTA Board of Directors, acting under the advice of the Ethics Committee, may revoke a member's CMT charter for serious violations of the MTA Code of Ethics.

Q. Is there any re-review of the examination, post-grading, that can be provided?

There is no mechanism for a post-grading review of CMT levels one and two, as they are machine scored. For the CMT 3 examination, which is in essay format, we will (for a period of 45 days after the candidate receives their score) have an independent grader perform a review of the examination

and give him feedback to the candidate on the grading process. There is a fee of \$100 dollars for the post-grading review process to be performed. If the candidate wants a review of the examination, please contact Marie Penza at marie@mta.org who will handle the process for you.

Q. The CMT Level 3 Examination is a essay format. I do not type well and English is not my native language. As a result, there may be typo's or grammar errors on the examination. Is this taken into account as part of the grader's scoring process?

The graders of the essay have been specifically told that it is the application of the technical analysis concepts that are being tested, not the typing skills or English grammar used on the examination. No points are deducted for typos or grammar.

Q. How long is the CMT tests maintained on file?

CMT level 1 and 2 examinations are computer scored and maintained as a record for 5 years. CMT 3 examinations, which are essay format, and the grader's scoring sheet, is maintained on file for 2 years at the MTA facilities.

Q. How important are the questions on the MTA Code of Ethics?

Candidates are required to achieve a minimum passing score of 70% on the Ethics section of the CMT 3 exam. This means that candidates **MUST** receive passing marks on the other sections of the CMT 3 exam **AND** attain a passing score of at least 70% on the ethics questions to pass the exam. Candidates that receive passing marks on the other sections of the CMT 3 exam but **DO NOT** attain a score of at least 70% on the ethics questions will not pass the exam and will be required to sit for the entire exam at a later administration of the test. Please consider this decision as you prepare for the upcoming CMT 3 exam.

OTHER QUESTIONS?

PLEASE CONTACT THE MTA HEADQUARTERS OFFICE AT 646-652-3300.