



GENERAL

The Market Technicians Association (MTA) develops and maintains the CMT certification process. Prometric, a professional testing firm, administers the CMT exams on behalf of the MTA. The original “Body of Knowledge Study” was conducted in 2004 and was the basis for the technical analysis material required to successfully pass the CMT examination process. In 2007, a Pulse Survey was taken to update the CMT test specifications to better reflect changes in the study of technical analysis.

In response to continued changes in the study of technical analysis and membership growth, the MTA, with the guidance of Prometric, completed the 2010 Job Analysis to ensure that the CMT exams reflect the knowledge and tasks required to perform technical analysis. This survey was sent to 956 MTA members and CMT charter holders. Of this number, 337 submitted completed surveys resulting in a participation rate of 36.4%. (For more information on the specifics of the test development process, please feel free to contact Jeanette@mta.org who can provide you with a copy of the actual reports.)

Development of test specifications for the CMT Certification Examinations

The CMT test specifications were revised in January 2010 using the survey results and the input of the Test Specifications Committee regarding the tasks, knowledge and indicators to be included in the CMT Level 1 and Level 2 examinations. Level 3 was not included in this survey. All test specification changes were based on a careful review of the survey results.

As described in MTA’s published information about the CMT examination:

- ❖ **CMT Level 1 (Definition).** The Level 1 examination measures basic, entry-level competence and understanding of the candidate. The CMT Level 1 candidate needs to have a working knowledge of the basic tools of the technical analyst.
- ❖ **CMT Level 2 (Definition/Application).** The CMT Level 2 examination requires the candidate to demonstrate a greater depth of analysis and competency. The CMT Level 2 candidate is expected to demonstrate proficiency in applying more advanced analytical techniques. Overall, the candidate is responsible for the theory and application of concepts and techniques.
- ❖ **CMT Level 3 (Integration).** The CMT Level 3 examination tests the candidate on the development of logical and consistent research opinions, portfolio strategies and trading decisions based on a wide range of charts and technical data. The CMT 3 candidate must pass the ethics portion of this exam or risk failure.

The CMT examinations test the critical knowledge and tasks needed to perform the duties as a technical analyst. The tasks provide context for designing robust examination items that reflect work activities validated through the “Jobs Survey” in addition to the recommendations made by the Test Specifications

Committee. . All material assigned for CMT 1 and CMT 2 candidates will be cumulative. CMT 3 candidates are responsible for the readings assigned to all levels of the CMT program curriculum.

Task Domains

1. Data Collection
2. Data Analysis
3. Decision Making
4. Implementation
5. Ethics

Knowledge Domains

1. Theory and History
2. Markets and Market Indicators
3. Construction
4. Trend Analysis
5. Chart and Pattern Analysis
6. Confirmation
7. Cycles
8. Selection
9. System Testing and Money Management
10. Ethics

Development of Test Content Weights for the CMT Level 1 and Level 2 Certification Examinations.

The Test Specifications Committee and the MTA membership population including all CMT's participated in a survey that required each member to individually assign a percentage weight to the each of the six knowledge domains: General Principles; Trend and Momentum; Sentiment (Behavioral Finance); Flow of Funds; Intermarket Analysis; and Trading Investment Strategies.

Weights were then entered into the Excel® spreadsheet and results shared with all committee members. This resulted in a productive discussion among the committee members regarding the optimal percentages for CMT Level 1 and Level 2 examinations. The following show the recommended weights by domain for the CMT 1 and CMT 2 examinations.

Test Content Weights Recommended by the Test Specifications Committee for the CMT Level 1 Certification Examination:

CONTENT AREAS	PERCENTAGE OF QUESTIONS	NUMBER OF QUESTIONS (+/-2)
1. Theory and History	10%	12
2. Markets	3%	3
3. Market Indicators	13%	16
4. Construction	15%	18
5. Trend Analysis	15%	18
6. Chart and Pattern Analysis	18%	22
7. Confirmation	10%	12
8. Cycles	4%	5
9. Selection and Decision	5%	6
10. System Testing		
Money Management	4%	4
11. Ethics	3%	4
TOTAL	100%	120

120 Operational Items (12 Pretest Items): Total Items: 132 per exam form

Test Content Weights Recommended by the Test Specifications Committee for the CMT Level 2 Certification Examination:

CONTENT AREAS	PERCENTAGE OF QUESTIONS	NUMBER OF QUESTIONS (+/-2)
1. Theory and History	3%	4
2. Market Indicators	5%	7
3. Construction	1%	1
4. Trend Analysis	20%	30
5. Chart and Pattern Analysis	23%	35
6. Confirmation	15%	23
7. Cycles	3%	4
8. Selection and Decision	17%	26
9. System Testing		
Money Management	10%	15
10. Ethics	3%	5
TOTAL	100%	150

150 Operational Items (10 Pretest Items): Total Items: 160 per exam form

CMT Level 3 examination:

The CMT Level 3 Examination is a four-hour essay examination that consists of independent questions worth a total of 240 points. These questions have sub-questions within them. Therefore one question may have several parts which call for independent analysis linking that analysis to well supported conclusions. The primary focus of the Level 3 exam is the practical and ethical application and integration of technical analysis. In other words, all past requirements and background knowledge will be tested in an application format. All candidates must pass and achieve at least a 70% score on ethics.

A candidate will not achieve a pass for the CMT 3 exam unless or until the ethics portion of the exam is passed. Based on information provided by MTA, the point system is predicated on the curriculum and objectives of the Level 3 exam. The focus of the Level 3 exam is the integration and application of technical analysis. The candidate will analyze different types of charts with the specific objective of developing and substantiating their analysis and investment recommendations. The candidates are required to fully substantiate their analysis in a manner that is supportive and consistent with their recommendations. The examination also tests the candidates on reading assignments.

The Test Specifications Committee did not assign specific percentages to the knowledge domains; however, the Committee members did discuss the potential test focus in terms of a loose ranking of the knowledge domains from “major focus” to “minor focus”. At the present time, Prometric is involved with the administration, but is not involved with scoring of the CMT Level 3 Examination.