



**Market Technicians Association**



**Membership Brochure**

**2010**

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## The History of the MTA

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The Market Technicians Association (MTA) was incorporated as a not-for-profit Association in 1973, but began holding meetings as early as 1971. There were 18 charter members in 1973, but the 3 “founders” are considered to be Ralph Acampora, John Brooks and John Greeley. These charter members found that they were doing the same thing for a living (practicing technical analysis), and believed there should be an organization similar to the one that already existed for the fundamental analysts already.

At first, the MTA was a New York based group, however, as it became apparent that there were technical analysts all over the globe, the MTA transformed first to a U. S. based and eventually to a global professional Association. Today, MTA’s total membership is over 3,000, with members located in 70 countries.

The MTA 's CMT program, the industry’s gold standard in technical analysis, took years to get off the ground and many people worked hard to make it happen in the second half of the 1980’s. The first tests were given and the first CMTs were granted in 1989. In 2005 the NASD submitted a rule filing with the Securities and Exchange Commission to accept the CMT 1 and 2 as an alternative to the Series 86 examination required of financial analysts.

## What Is Technical Analysis?

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If you have ever bought a stock, bond, or mutual fund only to watch it go down and then vowed to sell it once you “broke even,” you might benefit from learning more about how technical analysts evaluate the markets. A “technician,” also popularly—but narrowly—known as a “chartist,” looks to take the emotion out of investing by applying rules that usually apply to almost every investment that fluctuates in price in a free market.

A fundamental analyst looks at the assets, profits, and the business trends of a company and derives an estimate of fair value for the stock. If the stock price is lower than this expected value, the stock should be bought. If the stock is trading higher than what the fundamental analyst believes it to be worth, the stock should either not be bought or sold. The problem with focusing only on valuations is that overvalued stocks can get more over-valued and undervalued stocks can stay undervalued.

Very often, technical analysts will skip analyzing the company’s prospects and values and assume that the market is doing that for them because the stock price reflects everything already publicly known and expected about the company and

its prospects. Technical analysis, instead, seeks to forecast future prices of investments and markets by analyzing past trading action. In general, a technician believes that people have predictable mental short cuts of reacting to action in the markets (known as heuristics in cognitive psychology). Technicians seek to profit by anticipating the mass psychological biases of buyers and sellers in a broad range of markets.

What are some examples of technical analysis in action? Financial news networks and investors quoted in newspapers and magazines often talk about “support and resistance levels”. A support level is where a stock or even a stock market stopped a decline and reversed direction back up, often on higher than average volume. The support level is believed to be a price where investors stand ready to buy after a decline. A resistance level is the opposite: a stock or market goes up to a certain price and then stalls or declines. Technicians use these levels frequently to determine attractive buying and selling points. The higher the volume at a turning point, the more potent the support or resistance becomes.

Another powerful technical tool is trend analysis. Technicians believe that a trend is expected to continue unless significant evidence indicates otherwise. In other words, cut your losses short and let your winners run. This runs contrary to human instinct; most investors are happy to take almost any profit while waiting for their losers to turn around. And if that loser does go up, they might quickly sell it at break-even rather than waiting to see if it can turn into a profit!

The history of technical analysis of financial markets and security prices dates back over 200 years to when Japanese nobility traded paper coupons against future rice harvests. The rice coupons’ price often changed rapidly even when there was no change in the weather or any news about the size of the expected harvest. These changes in price were captured on charts, and these charts were studied very carefully. Eventually, traders began to use chart patterns to anticipate a change in price.

Since then, markets have become larger and global in scope, new ways to trade securities have been introduced, and the number of securities and derivatives has exploded. Yet, the basic tenets of technical analysis endure: prices change because of the fear and greed that investors were born with, and by focusing on indicators of this fear or greed a technician can form an actionable plan to invest, whether for the very short term or the very long.

Analysts awarded the Chartered Market Technician designation by the MTA have achieved a high level of technical proficiency in the discipline. The CMT designation reflects education, industry experience, peer review, and a commitment to abide by a Code of Ethics. A CMT has successfully passed three exams totaling ten hours of proctored test time covering a very broad range of technical topics.



## Membership with the MTA

### MTA Affiliate Status

Affiliate status is available to anyone who is interested in learning technical analysis or wishes to take advantage of the various benefits of joining the MTA. Affiliate status requires little or no experience except for an annual commitment to the MTA Code of Ethics. Affiliates can:

- Have access to the MTA Knowledge Base, the MTA's interactive, flexible, and dynamic repository of key Technical Analysis (TA) information.
- Access to the MTA Educational Web Series, with at least 3 live webcasts per month, which are also archived for future reference.
- Participate in the CMT Program. Upon completing all three levels of the CMT Exam and once you transfer your status to Member; you can be awarded the CMT designation and charter.

For a complete listing of membership benefits, please visit the Why Join page at MTA.org.

**Annual Dues: \$300**

### MTA Member Status

Becoming an MTA Member provides you with all the same benefits of membership as Affiliate status, and in addition you can:

- Vote on MTA matters
- Hold office or chair a committee
- Be eligible for the Chartered Market Technician (CMT) designation upon completion of all three levels of the exam

#### *C4.02: Eligibility for Member (from the MTA Constitution)*

- A. Member status is reserved for those whose professional efforts are spent practicing financial technical analysis that is either made available to the investing public or becomes a primary input into an active portfolio management process or for whom technical analysis is a primary basis of their professional investment decision making process.
- B. An applicant for Member must have been gainfully employed in a professional analytical or investment management capacity for a minimum period of five (5) years and must be regularly engaged in this capacity at

the time of application. The Board may in exceptional circumstances waive the requirement of current employment. The five year period may be waived to three years for applicants who have successfully completed all of the requirements of the Chartered Market Technician (CMT) program.

- C. An applicant for Member must also meet all of the requirements outlined in the Bylaws.

#### *BL4.02: Application Procedure (from the MTA Bylaws)*

- A. An applicant for Member in the Association shall name as sponsor no fewer than three (3) Members, Emeritus Members and/or Honorary Members who have personal knowledge of the candidate's qualifications. (View a listing of all Members Willing to Sponsor)
- B. No more than one sponsor may be associated with the same employment organization as the applicant. The Board of Directors, upon the recommendation of the Admissions Committee shall have the option to reduce this requirement in extreme special circumstances.
- C. There may be certain outstanding individuals who might not meet the criteria for membership but whom the Association might wish to include in its membership because of their outstanding contribution to the field of technical analysis. In such exceptional cases, the Board shall have the option to reduce the requirements for membership.
- D. Applicants for Affiliate, Academic Affiliate, or Student Affiliate are not required to obtain sponsors.
- E. Any application fee required under the Bylaws must accompany the application.

*Annual Dues: There is no increase in the amount required for annual dues (\$300).*

### MTA Student Status

Student status is for those who are enrolled as full-time students at accredited two or four-year universities or colleges and have a genuine interest in the field of technical analysis and in the Association. Student Affiliates may be eligible for reduced dues in accordance with the By-Laws.

For more information or to apply for affiliate or student status, please contact Marie Penza at [marie@mta.org](mailto:marie@mta.org).

**Annual Dues: \$75**



## Benefits of Having a Membership

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- Knowledge Base: Interactive, flexible, and dynamic repository of key Technical Analysis (TA) information.
- Educational Web Series: At least 3 live webcasts per month, which are also archived for future reference.
- Weekly audio interviews with industry professionals on current market events through our Podcast Series.
- The ability to participate in the CMT Program.
- Be a part of the world's most recognized technical analysis association.
- Monthly e-Newsletters that contain articles, book reviews, interviews, and much more written by other members and professionals within the MTA and financial community.
- Web access to archived local chapter meetings, past newsletters, previous technical analysis journals, seminar presentations, and much more.
- Annual Seminar available at a Member discounted price, featuring some of the best leaders in the field of technical analysis today!
- Web access to various discussion groups as well as membership networking with over 3,000 fellow Members and Affiliates located in 70 countries.
- Available CMT preparation courses, CMT practice exams, quiz cards, and DVDs at member discounted rates.
- Library of over 4,000 technical analysis oriented materials.

## Chartered Market Technician (CMT)

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### *What Is The CMT?*

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. Administered by the Accreditation Committee of the Market Technicians Association (MTA), Inc., the Program consists of three levels. Level 1 is a multiple choice exam; Level 2 is a multiple choice exam; Level 3 is the essay portion of the 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.

### *Why the CMT?*

The Chartered Market Technician (CMT) program offers a structured approach to study technical analysis and ensure all key areas are covered. The CMT can help to open doors that lead to job opportunities, and only the CMT demonstrates to Wall Street that you are a professional in the field of technical analysis. For those seeking a more traditional Wall Street analyst job, passing the first two CMT exams provides a significant step towards the Registered Research Analyst designation from FINRA.

Even if you're not looking for a FINRA exemption but rather just to learn technical analysis, the CMT Program offers a structured, organized, and comprehensive way to do so.

For more information, e-mail [cmt@mta.org](mailto:cmt@mta.org) or visit the MTA website at [www.mta.org](http://www.mta.org).

## MTA Educational Foundation (MTAEF)

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In 1993, the Market Technicians Association established the MTA Educational Foundation (the Foundation/MTAEF) with a primary mission to create and fund educational programs in the field of technical analysis – the study of how prices in freely traded markets behave and how they can be used to anticipate the future direction. This mission has since expanded to include the creation and support of a complete technical analysis curriculum that is now being taught for credit in colleges and universities around the world.

- The Foundation has committed to technical analysis by providing guest speakers, training material to educators, and course material including a complete lecture series.
- The Foundation's prestigious Board of Directors is comprised of college-level instructors, Wall Street professionals, and former directors and presidents of the Market Technicians Association.
- The Foundation continues to raise money to fund its efforts in creating courses and providing support to professors at undergraduate or graduate levels in technical analysis, and for academic research into the theory and practical use of technical analysis.