



# September 2014

## Candidate Handbook

Chartered Alternative Investment  
Analyst Association®

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## OVERVIEW

Welcome to the CAIA Charter program. This Candidate Handbook is provided to assist CAIA candidates in navigating through the CAIA Charter program.

Once you have decided that you are interested in participating in the CAIA Charter program, you should take the following steps:

- Carefully read this entire CAIA Candidate Handbook, including the CAIA Examination Misconduct Policy.
- Register for and purchase an exam with the CAIA Association; review the confirmation email upon receipt and click on the scheduling instructions link. Then follow the instructions to schedule your exam appointment through Pearson VUE, our global test administration provider.
- Obtain the curriculum readings for the exam level you will be taking.
- Read the study guide for the exam level you will be taking. For each topic, the study guide contains learning objectives and keywords that define the curriculum content that is eligible for inclusion on the exam.
- Study for the exam.
  - Along with the study guide, CAIA provides a workbook and an online sample exam to assist candidates in developing their understanding of the CAIA curriculum in preparation for the exam.

## THE CAIA CURRICULUM

The CAIA curriculum materials and CAIA study guides are the only preparation materials endorsed by the CAIA Association and are the candidate's best source of information regarding content eligible for testing on the CAIA exams. All of the content on the CAIA exams comes directly from the CAIA curriculum readings.

### CAIA Curriculum Readings

The CAIA [Level I](#) and [Level II](#) curricula comprise readings that are chosen for their clarity, depth, and synthesis of industry insights. The curriculum is revised regularly to incorporate relevant industry developments and the latest academic research. **The CAIA Association strongly encourages candidates to ensure that they use the correct curriculum materials for the testing window in which they will be taking the exam.**

Please note that exam fees do **not** include the cost of the textbooks, which must be purchased from outside vendors. We strongly recommend that candidates act early to obtain textbooks in order to allow sufficient study time. The CAIA Association will not allow an exam to be postponed due to late receipt of books.

## CAIA Study Guides

The CAIA Charter program is designed to facilitate self-directed learning for today's busy professional. The CAIA [Level I](#) and [Level II](#) study guides provide an essential link between the curriculum and the exams, and they are organized to facilitate quick learning and easy retention.

The study guides are arranged according to CAIA curriculum topics. For each reading, the study guide provides learning objectives and keywords that define the content that is eligible to be measured on the exam. The learning objectives and keywords are an important way for candidates to organize their study, as they form the basis for examination questions. All learning objectives reflect content in the CAIA curriculum, and all exam questions are written to directly address the learning objectives. A candidate who is able to meet all learning objectives in the study guide should be well prepared for the exam. **Candidates should be aware that the study guides are exam specific, regularly revised, and pertain only to a particular exam window.**

## REGISTERING FOR AN EXAM

### Determine Local Exam Availability

The CAIA exams are administered via computer exclusively at proctored Pearson VUE test centers around the world. Review the current list of exam locations to learn where the CAIA exams are offered. If a location does not appear on this list, the CAIA exams are not currently delivered there. For more information and to view a list of current sites offering the CAIA exams, visit Pearson VUE's [Exam Locations](#) page.

### Register for an Exam

- 1. Complete an exam registration form and sign the Candidate Agreement.**

To protect the integrity of the CAIA exams, candidates are asked for identity verification and affirmation of professional conduct by providing a digital signature during the registration process.

- 2. Purchase an exam.**

The program fees comprise the non-refundable, one-time program enrollment fee and the exam registration fee (refundable only within the first 30 days after purchase). Information about exam fees can be found on the [Exam Dates and Fees](#) page of caia.org. You may purchase an exam with a credit card via the secure VeriSign site. We accept American Express, VISA, Discover, and MasterCard.

- 3. Schedule an exam appointment.**

Once you have purchased your exam, you will receive a confirmation email with a link that will allow you to schedule your exam appointment with our global testing provider, Pearson VUE. You may also use the "Schedule Your Exam" button on the [Candidate Overview](#) page of caia.org.

Neither the CAIA Association nor Pearson VUE can guarantee availability of appointments at any test center for any given exam on any specific date. Candidates are encouraged to schedule appointments as early as possible, as test centers have limited capacity. Appointments are on a first-come, first-served basis. If a candidate's preferred location, time, and/or date is not available, it is solely the candidate's responsibility to locate, and arrange for transportation to, an alternate test center. Deferments will not be granted to candidates who are unable to sit for the exam due to lack of preferred site availability or failure to schedule an appointment.

### Special Accommodations

All requests for an exception to standard testing procedures must be submitted via email to [candidate@caia.org](mailto:candidate@caia.org) at least six weeks prior to your exam appointment. The request should be made after registering and before scheduling an exam appointment with the testing provider. For more information about how to request special accommodations, see [Candidate FAQs](#) on caia.org.

### Rescheduling an Appointment

If you need to change your exam appointment, you must do so at least 72 hours before your original appointment. There are two methods by which you can reschedule your appointment, described below. Please note that if you need to reschedule your exam to a location outside the country in which your original exam was scheduled, you must call Pearson VUE to reschedule, as country changes cannot be handled through your CAIA account.

#### 1) Through your caia.org account:

- a) Log in to your CAIA account.
- b) Click on Scheduling Instructions.
- c) Click on Schedule Your Exam Now.
- d) Click on Current Activity.
- e) You will then see an option to reschedule.
- f) If there are no available appointments listed on your alternate preferred date, then it is not possible to reschedule to that date.

#### 2) By calling the appropriate Pearson VUE call center for your region:

- Pearson VUE-Americas: 800-655-9469 (7 a.m. - 7 p.m. CST, Monday-Friday)
- Pearson VUE-Asia Pacific Region: 60 3 8319 1085 (9 a.m. - 6 p.m. AEST, Monday-Friday)
- Pearson VUE-Europe, Middle East, Africa: 44 161 855 7455 (9 a.m.- 6 p.m. CET, Monday-Friday)

Keep in mind that appointments fill up quickly and a reschedule can only be completed if there is an appointment available at your requested time/date/location.

Appointments cannot be rescheduled within 72 hours of the original appointment. If you cannot keep your original appointment and have not rescheduled more than 72 hours in advance, you will forfeit your enrollment and exam registration fees.

Candidates cannot reschedule to a future testing window. If you are unable to sit for the exam for which you registered, you will need to re-register to take the exam during a future exam window. The fee for retaking an exam is US\$450, whether or not you sat for the exam.

## STUDYING FOR THE EXAM

### Preparation Time

Based on candidate feedback, we estimate that the Level I and Level II exams each require 200 hours or more of study. However, individual study needs can vary significantly based on a candidate's background. In addition, because the number of learning objectives and keywords in the study guides differ across topics, the amount of study time you will need to spend per topic will vary widely. You may wish to use the [study calculator](#) provided on [caia.org](#) to help you determine a study timetable.

### Study Tools

Although candidates set their own course of study, the CAIA Association provides candidates with some free study tools, available through [caia.org](#).

#### Workbook

The [Level I](#) and [Level II](#) workbooks contain exercises designed to help candidates enhance their understanding of the curriculum materials.

#### Sample Exam

The [Level I](#) and [Level II](#) online sample exams are intended to help familiarize candidates with the structure and format of questions on the CAIA exam. For each level, the sample questions are representative of those on the actual exam, and the relative distribution of questions by topic is consistent with the topic weights on the actual exam, as published in the study guide.

### Preparatory Program Providers

The CAIA curriculum materials and CAIA study guides are the only preparation materials endorsed by the CAIA Association and are the candidate's best source of information regarding what content is eligible to be tested on the CAIA exams. Some candidates also find it useful to augment their study of the CAIA curriculum materials with [third-party preparation programs](#). The CAIA Association does not endorse, promote, review, or warrant the accuracy of the courses, products, materials, and/or services offered by any third-party program provider of CAIA Association-related information, nor does it endorse any pass rates claimed by third-party preparatory program providers.

## THE CAIA EXAMS

### Exam Structure

#### Level I

The Level I exam is composed of 200 multiple-choice questions. As described in the Level I study guide, the Level I exam covers the following:

Level I Topic	Approximate Exam Weight
Professional Standards and Ethics	15% – 20%
Introduction to Alternative Investments	15% – 20%
Real Assets	5% – 10%
Hedge Funds	15% – 20%
Commodities	5% – 10%
Private Equity	5% – 10%
Structured Products	5% – 10%
Risk Management and Portfolio Management	15% – 20%

#### Level II

The Level II exam is composed of 100 multiple-choice questions and three sets of constructed-response (essay-type) questions. All Level II topics may be tested in multiple-choice format, constructed-response format, or a combination of both. As described in the Level II study guide, the Level II exam covers the following:

Level II Topic	Approximate Exam Weight	
	Multiple-Choice	Constructed-Response
	Question Format	
Professional Standards and Ethics	0%	10%
Private Equity	10% – 20%	0% – 10%
Commodities	5% – 15%	0% – 10%
Real Assets	10% – 20%	0% – 10%
Hedge Funds and Managed Futures	10% – 20%	0% – 10%
Structured Products, and Asset Allocation and Portfolio Management	5% – 15%	0% – 10%
Risk and Risk Management, and Manager Selection, Due Diligence, and Regulation	5% – 15%	0% – 10%
<b>Total</b>	<b>70%</b>	<b>30%</b>

Every multiple-choice question in the CAIA exams has the same weight. The different topic weightings are achieved by including more questions for the topics that have more weight, and fewer questions for the topics that have less weight.

### Equations

An equation list is **not** provided on the CAIA exams. The study guide for each level contains a list of equations that may be provided on the exam, if needed, to answer a specific question. However, candidates should be aware that all equations in the readings are important to understand. To maximize the probability of success on the exam, candidates should be familiar with all equations, whether or not they appear on this list.

Questions requiring calculations comprise less than one-third of the questions on both Level I and Level II exams.

### Calculator Policy

You will need to bring a calculator to both of the CAIA examinations. The CAIA Association allows candidates to bring into the examination the [TI BA II Plus](#) (including the [Professional model](#)) or the [HP 12C](#) (including the [Platinum edition](#)). No other calculators or any other electronic devices will be allowed in the test center, and calculators will **not** be provided at the test center. The exam proctor will require that you clear all calculator memory prior to the start of the exam.

NOTE that clearing the calculator memory may change the number of decimal points on the display. You will need to know how to adjust the number of decimal points, should you wish to do so.

You may bring a second approved calculator to the test center in case the first ceases to function, but you must leave it in your locker. Test center staff will permit you to retrieve it if needed.

### Multiple-Choice Questions

- Multiple-choice questions have three or four answer choices and ask for the BEST answer to the question.
- Some questions are presented in *item sets*. In an item set, a scenario or vignette is presented, followed by several questions related to that scenario or vignette.
- Multiple-choice questions for each exam topic may appear in one or both sections of the exam. Within each section, all questions for a topic are grouped together.
- Candidates are advised not to leave any answer blank, as there is no penalty for guessing, and a question left blank will automatically be counted as incorrect.
- Candidates are **not** expected to memorize specific performance data (e.g., that the return to REITs from 2000 to 2010 was x%, with an annualized standard deviation of y%). However, it is important to know the general characteristics of returns, such as whether skewness is positive or negative or excess kurtosis is high or low, as well as the ranking of risk and return across strategies.

### Constructed-Response (Essay-Type) Questions (Level II only)

- Constructed-response questions may cover any of the exam topics.
- Constructed-response questions will be presented in three to five parts, with each part having a stated points value.
- Usually, any one part of a constructed-response question can be answered in one or two paragraphs. Responses to constructed-response questions need not be full sentences.
- Since the CAIA exams are administered on a computer, candidates must type their responses to constructed-response questions.
- Candidates will **not** be asked to draw pictures or tables as part of their responses to constructed-response questions.
- Candidates will **not** be penalized for incorrect grammar and spelling.
- When a constructed-response question asks for a specific number of examples, candidates will be scored on only that number of examples. Thus, if a constructed-response question asks for a list of three examples, candidates will be scored on only the first three examples they provide. Any examples provided beyond the first three will not be scored.
- Constructed-response questions ask for specific types of responses, such as descriptions, calculations, or arguments. Candidates should tailor their responses to meet the requirements of the question.
- Each part of each constructed-response question indicates the maximum points that a candidate can earn for that part. If a candidate provides an incomplete or partially correct answer, he or she will receive less than the maximum points for that part.

## YOUR EXAM APPOINTMENT

### Overview

In preparation for your exam appointment, make sure that you understand and are prepared to comply with the guidelines about identification, personal belongings, allotted time, breaks, and acceptable behavior. Know what to expect upon arrival and upon completion of the exam. Failure to follow these CAIA and/or Pearson VUE test center guidelines could result in an inability to complete the exam and a forfeiture of fees.

### Arrival

Arrive at the test center at least 30 minutes prior to your scheduled appointment to allow time for check-in procedures. Late arrivals may not be permitted to sit for the exam.

### Secure Check-in

#### Identification

When you check in at the test center, the test administrator will ask you to present valid identification. You will **not** be allowed to check in without meeting the identification requirements as presented below, **without exception**. The requirements are two (2) valid forms of identification with the following stipulations:

- a) Both (2) must contain your signature.
- b) At least one (1) must contain your photograph. The CAIA Association's preferred primary form of identification is a valid passport or driver's license.
- c) The second ID may or may not include a photo, but must include a signature (e.g., a signed credit or debit card will be acceptable).
- d) Your name on both forms of identification must EXACTLY match the name under which you registered for the exam.
  - Middle names are **not** considered when matching IDs.
  - Hyphens in names are **not** considered when matching IDs.
- e) Both (2) must be current, not expired.
- f) Both (2) must be originals. Copies of identification will not be accepted.

#### Security Procedures

The test administrator will perform a digital security check using your fingerprint, signature, palm vein pattern, and/or photograph. The digital security check ensures that each candidate has a single CAIA record, preventing people from taking the test for others and maintaining test integrity.

The exam proctor will require that you clear all calculator memory prior to the start of the exam. You will be informed that audio and video are recorded in the testing room during the exam.

If you refuse to participate in any part of the check-in process, you will not be permitted to sit for the exam, and you will forfeit your exam registration fee.

## Personal Belongings

A secure locker will be provided inside the test center to store your personal belongings, including items not permitted in the testing room.

### Items permitted in the testing room are limited to the following:

- Your identification
- One approved calculator (i.e., TI BA II Plus [including the Professional model] or HP 12C [including the Platinum edition]), the memory of which has been cleared

### Items not permitted in the testing room include, but are not limited to the following:

- Cellular (mobile) phones and pagers
- Personal data assistants (PDAs)
- USB storage devices
- Cameras
- Stereos and radios
- Translators
- Watches and stopwatches
- Headphones and earbuds
- Any electronic, photographic, videographic, or transmitting devices or potential aids
- Coats and jackets
- Ties and scarves
- Hats and hair bands
- Calculators other than those listed above
- Rulers, pencils, and pens, other than the marker provided by test center personnel
- Books, dictionaries, and thesauri
- Notes, either electronic or on paper
- Blank sheets of paper
- Food, drink (including water bottles), and tobacco
- Inhalers, contact lens solution, eye drops, earplugs, and lip balm

## Testing Room and Equipment

The test administrator will direct you to a testing room with private computer workstations. The computer-testing program will guide you systematically through the exam. The exam software facilitates navigation within the exam, allowing you to answer questions in any order you choose and providing a means by which you may flag questions for later review and/or comment. You must complete your analysis and review of each question within the allotted section time.

The test administrator will provide you with an erasable noteboard booklet and a marker (no other writing materials or instruments are allowed). If you fill up your noteboard booklet during the exam and need another, you should raise your hand and the administrator will collect the booklet and provide you with a replacement. Your booklet will be collected at the end of the first section of the exam and you will be provided with a clean booklet at the start of the second section. You may not remove the booklet from the testing room during or after the exam and you must return it to the administrator after the exam.

Raise your hand to notify the test administrator if you have a problem with your computer, need a new booklet, wish to take a break, or need the test administrator for any other reason.

Dress comfortably and be prepared to adapt should the room temperature change.

### **Nondisclosure Agreement**

Before you begin the CAIA exam, you will be asked to sign the following Nondisclosure Agreement and General Terms of Use Statement. Electronic confirmation of your agreement is required. **If you do not agree to the statement within the specified time limit of five minutes, you will not be permitted to take the exam, and you will forfeit your exam registration fee.**

As a candidate in the CAIA Charter program, I am obligated to follow the testing policies as outlined by the CAIA Association. I understand that I must not engage in any conduct that compromises the reputation or integrity of the CAIA Association or the integrity, validity, or security of the CAIA exam.

Specifically, I agree to the following:

- a. Prior to this exam, I have not given or received information regarding the content of this exam.
- b. During this exam, I will not give or receive any information regarding the content of this exam.
- c. After this exam, I will not disclose any portion of this exam and will not remove any exam materials from the testing room in original or copied form. I understand that all exam materials, including my answers, are the property of the CAIA Association and will not be returned to me in any form.
- d. As I certified when I signed the Candidate Agreement during registration for this exam, I agree to comply with the professional conduct standards and the CAIA Examination Misconduct Policy, as stated on the CAIA Association website. Violation of any rules of the CAIA Charter program will result in the CAIA Association voiding my exam results and may lead to suspension or termination of my candidacy in the CAIA Charter program.

## Exam Session

The exam session is divided into several parts, as described below. Testing must begin promptly once you are seated at the computer. Each session begins with an administration period during which you will be presented with a Nondisclosure Agreement and a tutorial, which includes test instructions and explains how to navigate the exam on the computer.

Each exam is divided into two two-hour sections, separated by an optional break. During each section, the allotted time for the section will appear in the upper right-hand portion of your exam screen and will count down to zero by seconds. Once the allotted time for a section has expired, you will **not** be able to return to that section to change or submit answers. After you complete each section, you will have time to provide comments about the exam.

Nondisclosure Agreement (must be completed within 5 minutes)*	5 minutes
Tutorial	5 minutes
Section 1: in both Level I and Level II, 100 multiple-choice questions	120 minutes
Comment Period (optional)	10 minutes
Break (optional)	30 minutes
Section 2: in Level I, 100 multiple-choice questions; in Level II, 3 sets of constructed-response questions	120 minutes
Comment Period (optional)	10 minutes
<b>Total Exam Session Time</b>	<b>5 hours</b>

\* If you do **not** agree to the Nondisclosure Agreement within the specified time limit of five minutes, you will not be permitted to take the test, and you will forfeit your exam registration fee.

Candidates may pace themselves as they wish within each section. Candidates have different strategies for managing their exam time. One strategy is to work quickly through a section, flagging more difficult questions “for review later” and answering those for which they can figure out the answer quickly, then using the remaining time to answer the more challenging questions. You may have other strategies with which you are comfortable; use the strategy that works best for you.

### Flagging Questions for Review or Comment

The exam software provides candidates with the option of flagging exam questions for two different purposes: for later review and for comment.

#### *Flagging for Later Review*

This function allows the candidate to identify questions to which to return in order to verify or change his or her response. To flag a question for later review, check the box next to “Flag for Review” located at the upper right corner of the screen. At the end of the section, you will see a list showing the questions that you flagged for review. You may review the flagged questions, unanswered questions, all questions, or no questions.

Your review of questions must be completed during the allotted section time. Once the section is closed by the candidate or the allotted time expires, no more revisions can be made to any answers in that section.

### ***Flagging for Comment***

After the close of each section of the exam, candidates will be given 10 minutes during which they have the option of commenting on any of the test questions in that section of the exam. To flag a question for comment, check the box next to "Flag for Comment" located in the upper right corner of the screen. After you have completed each section, including your review of questions you flagged for review, you will see a list showing the questions that you flagged for comment. You may comment on flagged questions, all questions, or no questions.

You will be able to view each question while making your comment, but you will not be able to change your answers, nor can answers provided in the comments section be considered in scoring. Comments will **not** affect the scoring of your exam.

This comment period occurs outside the allotted testing time and therefore is not counted against the candidate's exam time. You must complete your comments within the allowed comment time of 10 minutes per section.

The CAIA Association uses this feedback to improve its exams.

### **Breaks**

You must obtain the test administrator's permission to leave the testing room for any reason. A security check will be performed every time you leave or enter the testing room.

**During all breaks (scheduled or unscheduled), you may not communicate about the exam or its contents with any other person, either in person or by telephone or electronic means, except for test administrators.**

### ***Scheduled Break***

An optional 30-minute break is scheduled between sections 1 and 2 of the exam. If you exceed the time allowed for the optional break, the extra time will be deducted from your section 2 time.

During the scheduled break, you are generally permitted to leave the test center building, though this policy may vary among test centers. It is your responsibility to ask the test administrator where to find approved restrooms, food and drink vending areas, or smoking areas. Access to materials in your locker will be permitted, but you must place all materials back in your locker prior to reentering the testing room. If you violate test center policy, the administrator may refuse to allow you to reenter the testing room to continue your exam.

### **Unscheduled Break**

You may take unscheduled breaks while you are working on an exam section. During these breaks, you will NOT be permitted to access any materials in your locker. You forfeit all the exam time you spend on an unscheduled break.

### **Check-out**

Upon exiting the testing room, you will be given a receipt that verifies that you sat for and submitted an exam on the day of your appointment. The receipt will provide information about when you should expect to receive exam results.

## **MISCONDUCT AND CAUSES FOR DISMISSAL**

Misconduct and disruptive behavior in any form will not be tolerated. The test administrator has sole discretion in determining what constitutes disruptive behavior.

The test administrator is authorized to dismiss you from a test session for various reasons, including but not limited to providing false information; attempting to take the test for someone else; failing to provide acceptable identification; possessing unauthorized personal items or testing aids; refusing to comply with an administrator's reasonable requests; giving or receiving unauthorized help; attempting to tamper with the operation of the computer; improper communication, including removal of test content from the test center in any form; refusing to follow directions; or failing to adhere to any other procedure, policy, or rule. For complete rules and policies, see the [CAIA Examination Misconduct Policy](#).

### **Reporting Misconduct at a Test Center**

The CAIA exams are administered under strict supervision and security measures. However, some candidates may disregard the rules in an attempt to gain an unfair advantage. You must report any questionable behavior to the test administrator or Pearson VUE, such as another candidate receiving assistance or copying from another candidate, taking an exam for someone else, using notes or unauthorized aids, or attempting to record or otherwise capture exam questions.

If you witness misconduct, either inside or outside a test center, you may report it by sending an email to [misconduct@caia.org](mailto:misconduct@caia.org) or by using our anonymous-tip voicemail system: 413-549-3377.

### CAIA EXAMINATION MISCONDUCT POLICY

The CAIA Association views exam misconduct and other inappropriate conduct within the program as a violation of a candidate's responsibilities. The CAIA Association is committed to protecting the integrity of the CAIA Charter.

The CAIA Association considers its examination questions to be its intellectual property and considers unauthorized dissemination or receipt of that material to be an infringement on its rights. In no case has the CAIA Association made current examination questions public nor has the CAIA Association authorized the publication or dissemination of any current or past examination questions.

Misconduct includes knowledge by a candidate of past or present examination questions prior to sitting for the examination. Candidates must not receive information that they know or should have known contains actual examination questions in whole or in part, verbatim or redacted.

Misconduct also includes directly or indirectly assisting others in obtaining knowledge of past or present examination questions. Candidates must not disseminate information that they know or should have known contains the content of actual examination questions in whole or in part, verbatim or redacted, directly or indirectly, to candidates or to others.

The CAIA Association considers any means used during the examination other than those explicitly permitted by CAIA to be acts of fraud and misconduct. Inappropriate means include but are not limited to the following:

1. Misrepresenting identity
2. Receiving or making any unauthorized communication during the exam session
3. Using unauthorized materials (electronic or otherwise) during the exam session
4. Bringing materials into or removing materials from the exam room
5. Using a recording device (sound, image, or other) during the exam session
6. Not clearing calculator memory prior to the start of the exam
7. Using a cellular (mobile) phone, a laptop, a small computer, a PDA, a camera, a USB storage device, or any other device that stores or can store information (except a cleared and authorized calculator) during the exam session
8. Removing or attempting to remove test content from the test center. Under no circumstances may any part of the test content viewed during a test administration be removed, reproduced, and/or disclosed in any form by any means—verbally, in writing, or electronically—to any person or entity at any time. This includes but is not limited to discussing or disclosing such test content via email, chat room, message board, social or professional networking service, or any other forum. This disclosure prohibition applies before, during, and after any administration of the CAIA exams.

Candidates and members must report any suspicious activity to [misconduct@caia.org](mailto:misconduct@caia.org), or by calling our anonymous-tip voicemail box: 413-549-3377. Our policy is to keep the names of individuals reporting such information confidential.

Upon review, should the CAIA Association Board of Directors determine that a violation has occurred, it will recommend disciplinary action. The candidate may accept the conclusion and penalty, or ask for an appeal. In the case of an appeal, the candidate alone must represent himself before the Board of Directors and accept its recommendation as final.

Those found to be in violation of one or more points of misconduct may be subject to the following penalties at the sole discretion of the Board of Directors:

1. Invalidated exam
2. Censure
3. Suspension from the program for a period of time to be determined by the Board
4. Expulsion from the program
5. Legal action
6. Any other action deemed appropriate by the Board

## AFTER EXAM DAY

### Exam Scoring

The CAIA Association benchmarks candidate scores using all candidates who sat for the exam in the current examination window; therefore, scoring cannot begin until the examination window is closed.

CAIA Examinations staff members review all questions before and after each exam, looking for irregularities. There have been cases in which Examinations staff, after finding what was believed to be sufficient ambiguity, removed a particular question from the scoring of the exam.

The CAIA Association does not have a target rate of success. Setting the minimum passing score is one of the most difficult decisions to make. We are well aware of the fine line that exists between being fair to those who invest time in preparing for these exams on the one hand and ensuring the program's integrity on the other. Candidates who earn 70% or more of the total points are assured of passing the exam. However, because we compare each candidate's score against the average exam score, there is the potential for a curve, which would effectively move the passing score below 70%.

**The CAIA Association does NOT release information regarding the passing score.**

### Exam Results

Level I results are usually released within three weeks of the last examination day. Level II, which includes essays, takes more time. Level II results are generally released within six weeks of the last examination day.

You are encouraged to keep your contact information up to date to ensure the timely receipt of your exam results. When results are released, you will receive an email instructing you to log in to caia.org. To obtain your exam results, go to your caia.org profile and select the History tab. Under Exam History in this tab, general exam results (Passed, Failed, or No Show) are listed in the Status column for each exam for which you have registered. To view your detailed results or Candidate Performance Report for a particular exam, click on the exam title.

Information regarding candidates' exam performance is strictly confidential. **The CAIA Association does NOT release candidates' actual scores to anyone, including the candidates themselves.**

Although we make a distinction between passing and failing scores, the CAIA Association does not attach meaning to the relative ranking of candidate scores. The performance of each candidate is measured against a specific standard of performance. Candidates who meet or exceed that standard pass the exam, and those who do not meet that standard fail the exam. There is no such thing as a high pass, a low pass, or a high failure. Releasing individual candidate scores would wrongly lead to such a ranking.

### Candidate Performance Report

Candidates will receive their results in the form of a Candidate Performance Report (*sample Candidate Performance Reports can be found on the next two pages*). The CAIA Candidate Performance Report aids in self-assessment by indicating a candidate's areas of relative strength and weakness among the topics in the exam compared to a reference group.

**The reference group is composed of all candidates whose total test scores were within the bottom quartile of those who passed the exam during the testing window in which you sat for the exam.**

For each topic, your relative performance is determined by comparing your performance (Candidate Score, or CS) to the average score of the reference group ( $\bar{x}$ ) and the standard deviation of the scores of the reference group ( $\sigma$ ). Five relative levels have been created in order for candidates to compare their performance to the average performance of the lowest quartile of passing candidates:

Weak	$CS < \bar{x} - 1.5 \times \sigma$
Lower	$\bar{x} - 1.5 \times \sigma < CS < \bar{x} - 0.5 \times \sigma$
Comparable	$\bar{x} - 0.5 \times \sigma < CS \leq \bar{x} + 0.5 \times \sigma$
Higher	$\bar{x} + 0.5 \times \sigma < CS \leq \bar{x} + 1.5 \times \sigma$
Outstanding	$CS > \bar{x} + 1.5 \times \sigma$

For example, if your relative performance in the topic of Private Equity was "Lower," it means that your score in that topic was between one-half of one standard deviation and one and one-half standard deviations below the reference group's average score in that topic.

The performance categorizations in the Candidate Performance Report provide you with indicators of your exam performance in each topic relative to the reference group. If you did not pass, the comparison of your performance to candidates who performed in the lower end of the passing range provides you with information regarding approximately how far you were from passing. In planning your studies for retake of the exam, you may want to pay special attention to topics in which your performance was categorized as "Weak" or "Lower."

Remember that each category represents a range of scores. A check mark could indicate performance at the lower end of the range. In addition, the relative weights of each topic vary, so some topics contribute more to the total score than others. The examination weights listed in the first column of the table provide information regarding the proportional representation of each topic on the CAIA exams.

You have the option of printing a copy of your Candidate Performance Report directly from the resulting page. To print your Candidate Performance Report, click "Printer-friendly version" at the bottom of the page. If you would like to receive a copy of your Candidate Performance Report by post, you must make the request to [candidate@caia.org](mailto:candidate@caia.org) and provide (1) the correct mailing address and (2) the name under which you registered. **Do not request a hard copy of your results to be mailed until you have viewed your Candidate Performance Report via your caia.org profile.**

**Sample Level I Candidate Performance Report**

Dear Jane Doe,

On behalf of the CAIA Association, let me be the first to congratulate you on passing the CAIA Level I examination. Passing this CAIA exam is the first step towards earning the CAIA Charter. Of those who sat for the exam in [the most recent administration], [X%] were successful in passing.

**Candidate Performance Report**

Jane Doe  
[jdoe@doe.com](mailto:jdoe@doe.com)

CAIA Level I Examination  
[Most Recent] Administration

Overall Result: PASS

Below is a performance profile developed for you to aid in self-assessment by indicating your areas of relative strength and weakness compared to a reference group. This reference group is comprised of candidates who scored within the bottom quartile of those who passed the exam in [the most recent administration]. To create your profile, your performance by topic was compared to the reference group and was categorized into relative performance levels to reflect the distance between your performance and that of candidates in the reference group. More information on how to interpret this Candidate Performance Report is available in the CAIA Candidate Handbook.

Note that your pass status is determined by your performance on the entire examination, rather than by your performance on each topic.

Level I Examination Topic (Exam Weights)	Relative Performance Level*				
	Weak	Lower	Comparable	Higher	Outstanding
Professional Standards and Ethics (15%-20%)				✓	
Introduction to Alternative Investments (15%-20%)			✓		
Real Assets (5%-10%)				✓	
Hedge Funds (15%-20%)			✓		
Commodities (5%-10%)				✓	
Private Equity (5%-10%)				✓	
Structured Products (5%-10%)				✓	
Risk Management and Portfolio Management (15%-20%)			✓		

\*Relative performance levels are based on the average score and the standard deviation of the scores of the reference group described above. For example, "Comparable" means that your score in that topic was within 0.5 standard deviations of the average score of the reference group. For more information on the determination of these performance levels, see the CAIA Candidate Handbook.

This detailed performance profile is provided for your reference only. Examinations are analyzed by candidate number only and all results are kept confidential. Candidates' actual scores are not released.

I hope that you will take the next step and register to sit for the Level II exam. Please refer to [www.caia.org](http://www.caia.org) for all the information you need to [register](#) and obtain the [study materials](#).

Again, my congratulations and I look forward to your future participation in the CAIA Charter program.



Nelson Lacey, Director of Examinations

**Sample Level II Candidate Performance Report**

Dear Jane Doe,

On behalf of the CAIA Association, let me be the first to congratulate you on passing the CAIA Level II examination. The Level II examination represents the final assessment phase of the program. Of those who sat for the exam in [the most recent administration], [X%] were successful in passing.

**Candidate Performance Report**

Jane Doe  
[jdoe@doe.com](mailto:jdoe@doe.com)

CAIA Level II Examination  
[Most Recent] Administration

Overall Result: **PASS**

Below is a performance profile developed for you to aid in self-assessment by indicating your areas of relative strength and weakness compared to a reference group. This reference group is comprised of candidates who scored within the bottom quartile of those who passed the exam in [the most recent administration]. To create your profile, your performance by topic was compared to the reference group and was categorized into relative performance levels to reflect the distance between your performance and that of candidates in the reference group. More information on how to interpret this Candidate Performance Report is available in the CAIA Candidate Handbook.

Note that your pass status is determined by your performance on the entire examination, rather than by your performance on each topic.

Level II Examination Topic (Exam Weights)	Relative Performance Level*				
	Weak	Lower	Comparable	Higher	Outstanding
Private Equity (10%-20%)				✓	
Commodities (5%-15%)				✓	
Real Assets (10%-20%)				✓	
Hedge Funds and Managed Futures (10%-20%)			✓		
Structured Products, and Asset Allocation and Portfolio Management(5%-15%)				✓	
Risk and Risk Management, and Manager Selection, Due Diligence, and Regulation (5% - 15%)			✓		
Professional Standards and Ethics Constructed-Response Question (10%)				✓	
Other Constructed-Response Questions (20%)				✓	

\*Relative performance levels are based on the average score and the standard deviation of the scores of the reference group described above. For example, "Comparable" means that your score in that topic was within 0.5 standard deviations of the average score of the reference group. For more information on the determination of these performance levels, see the CAIA Candidate Handbook.

This detailed performance profile is provided for your reference only. Examinations are analyzed by candidate number only and all results are kept confidential. Candidates' actual scores are not released.

Again, my congratulations and I look forward to your future participation in the CAIA Association.



Nelson Lacey, Director of Examinations

### Interpreting Your Candidate Performance Report

A candidate's performance on the examination as a whole determines his or her pass/fail status, not performance in individual topics. See the sample interpretations below for more information on how to interpret the CAIA Candidate Performance Report. Please note that these samples are based on the most current version of the Candidate Performance Report.

### Interpretation of Sample Level I Candidate Performance Reports

#### Level I Performance Profile 1

This profile represents a candidate who passed the Level I examination. Note that strong performance in one area can offset weaker performance in other areas. Note also that the Hedge Funds and Professional Standards and Ethics topics comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of "Pass" does not necessarily indicate that a candidate excelled in all topics.

Level I Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Professional Standards and Ethics (15%-20%)			✓		
Introduction to Alternative Investments (15%-20%)				✓	
Real Assets (5%-10%)			✓		
Hedge Funds (15%-20%)					✓
Commodities (5%-10%)		✓			
Private Equity (5%-10%)			✓		
Structured Products (5%-10%)	✓				
Risk Management and Portfolio Management (15%-20%)			✓		

### Level I Performance Profile 2

This profile represents a candidate who failed the Level I examination. The candidate’s stronger relative performance in the Introduction to Alternative Investments topic was not enough to overcome relatively weaker performance in other areas. Note that the Hedge Funds and Professional Standards and Ethics topics comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of “Fail” does not necessarily indicate that a candidate did poorly in all topics.

Level I Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Professional Standards and Ethics (15%-20%)			✓		
Introduction to Alternative Investments (15%-20%)				✓	
Real Assets (5%-10%)		✓			
Hedge Funds (15%-20%)	✓				
Commodities (5%-10%)		✓			
Private Equity (5%-10%)		✓			
Structured Products (5%-10%)			✓		
Risk Management and Portfolio Management (15%-20%)		✓			

### Level I Performance Profile 3

This profile represents a candidate who was close to passing, but failed the Level I examination. Note that the Hedge Funds and Professional Standards and Ethics topics comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of “Fail” does not necessarily indicate that a candidate did poorly in all topics.

Level I Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Professional Standards and Ethics (15%-20%)			✓		
Introduction to Alternative Investments (15%-20%)			✓		
Real Assets (5%-10%)		✓			
Hedge Funds (15%-20%)		✓			
Commodities (5%-10%)			✓		
Private Equity (5%-10%)		✓			
Structured Products (5%-10%)			✓		
Risk Management and Portfolio Management (15%-20%)			✓		

**Interpretation of Sample Level II Candidate Performance Reports**

**Level II Performance Profile 1**

This profile represents a candidate who passed the Level II examination. Note that strong performance in one area can offset weaker performance in other areas. Note also that Private Equity, Real Assets, and Hedge Funds and Managed Futures comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of "Pass" does not necessarily indicate that a candidate excelled in all topics.

Level II Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Private Equity (10%-20%)		✓			
Commodities (5%-15%)				✓	
Real Assets (10%-20%)			✓		
Hedge Funds and Managed Futures (10%-20%)				✓	
Structured Products, and Asset Allocation and Portfolio Management (5%-15%)			✓		
Risk and Risk Management, and Manager Selection, Due Diligence, and Regulation (5%-15%)					✓
Professional Standards and Ethics Constructed-Response Question (10%)			✓		
Other Constructed-Response Questions (20%)				✓	

**Level II Performance Profile 2**

This profile represents a candidate who failed the Level II examination. The candidate's stronger relative performance in the Commodities topic was not enough to overcome relatively weaker performance in other areas. Note that Private Equity, Real Assets, and Hedge Funds and Managed Futures comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of "Fail" does not necessarily indicate that a candidate did poorly in all topics.

Level II Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Private Equity (10%-20%)		✓			
Commodities (5%-15%)				✓	
Real Assets (10%-20%)		✓			
Hedge Funds and Managed Futures (10%-20%)			✓		
Structured Products, and Asset Allocation and Portfolio Management (5%-15%)		✓			
Risk and Risk Management, and Manager Selection, Due Diligence, and Regulation (5%-15%)			✓		
Professional Standards and Ethics Constructed-Response Question (10%)		✓			
Other Constructed-Response Questions (20%)		✓			

### Level II Performance Profile 3

This profile represents a candidate who was close to passing, but failed the Level II examination. Note that Private Equity, Real Assets, and Hedge Funds and Managed Futures comprised higher relative weights and thus counted more toward the overall decision. This profile illustrates that an overall test result of "Fail" does not necessarily indicate that a candidate did poorly in all topics.

Level II Examination Topic (Exam Weights)	Relative Performance Level				
	Weak	Lower	Comparable	Higher	Outstanding
Private Equity (10%-20%)			✓		
Commodities (5%-15%)			✓		
Real Assets (10%-20%)			✓		
Hedge Funds and Managed Futures (10%-20%)		✓			
Structured Products, and Asset Allocation and Portfolio Management (5%-15%)			✓		
Risk and Risk Management, and Manager Selection, Due Diligence, and Regulation (5%-15%)		✓			
Professional Standards and Ethics Constructed-Response Question (10%)			✓		
Other Constructed-Response Questions (20%)			✓		

### Exam Rescoring

Candidates with questions about the scoring of their exams can request a rescore after receiving their Candidate Performance Report. This means that the points earned in each part of the exam will be manually checked and matched against the reported score; it does NOT mean that the questions will be graded again. The fee for the rescoring option is US\$100. Requests for a rescore must be submitted to [candidate@caia.org](mailto:candidate@caia.org) within 30 days of receiving the Candidate Performance Report. Please note that all exam materials are the property of the CAIA Association and will not be released.

### Exam Retakes

Those not successful in passing Level I or Level II may retake the exam for a reduced fee. After passing Level I, CAIA candidates have unlimited time to pass the Level II exam to qualify for the CAIA Charter.

## BECOMING A CAIA CHARTER HOLDER

The CAIA Charter is earned by (1) successfully completing the CAIA Charter program (passing both Level I and Level II exams) and (2) becoming a member of the CAIA Association. To qualify for membership in the CAIA Association, which includes the right to use the CAIA designation, you must fulfill all of the following requirements:

- a) Pass both the CAIA Level I and Level II exams.
- b) Hold a bachelor's degree, or the equivalent, and have more than one year of professional experience, or alternatively have at least four years of professional experience. Professional experience is defined as full-time employment in a professional capacity within the regulatory, banking, financial, or related fields.
- c) Agree on an annual basis to abide by the Member Agreement.
- d) Provide two (2) professional references.
- e) Submit payment for the annual CAIA Association membership fee.

Membership is the final requirement for individuals who wish to use the CAIA designation.