

2012 CFA Program: Level III Errata
23 January 2012

To be fair to all candidates, CFA Institute does not respond directly to individual candidate inquiries. If you have a question concerning CFA Program content, please contact CFA Institute (info@cfainstitute.org) to have potential errata investigated. Corrections below are in **bold** and new corrections will be in **red**.

The short scale method of numeration is used in the CFA Program curriculum. A billion is 10^9 and a trillion is 10^{12} . This is in contrast to the long scale method where a billion is 1 million squared and a trillion is 1 million cubed. The short scale method of numeration is the prevalent method internationally and in the finance industry.

Volume 1

- *Reading 2:* In the second full paragraph at the top of p. 137, fee income of US\$200,000 should be for **Lewis Brothers** instead of Brady Securities.
- *Reading 6:* The solution to 12 (p. 292) should state that **Karna's** qualification as compliance officer is inadequate, instead of Schmidt's.

Volume 2

- *Reading 7:* In the last paragraph of Section 2 (p. 8), **delete the two sentences** that refer to Sections 2.4 and 2.5. Market behavior is discussed in Section 4.
- *Reading 9:* In the next-to-last paragraph of Example 3 (p. 136), numbers were transposed. The calculation using Bayes' formula should be $[(0.6/0.44) \times 0.2] = 1.36 \times 0.2 = 0.27$. The final solution remains unchanged.

Volume 3

Volume 4

- *Reading 23:* Insert "in isolation" in the last sentence of point 1 on p. 14: "Because parallel shifts in the yield curve are relatively rare **in isolation**, ..."

Volume 5

- *Reading 34:* In the second full paragraph of p. 261, change " $2(\text{€}5,000,000) = \text{€}10 \text{ million}$ " to " **$3(\text{€}5,000,000) = \text{€}15 \text{ million}$** ." In the last sentence of the paragraph, change " $\text{€}10 \text{ million}$ " to " **$\text{€}7.5 \text{ million}$** " and change "lower return on both capital and VAR" to "lower return on capital **but a higher return on VAR**."

Volume 6

- *Reading 42:* In the paragraph above equation 3 (p. 207), the number of units of currency 0 per unit of currency j should be shown as S_j instead of s_j (i.e., capital S).
- *Reading 43:* In the paragraph above equation 6 (p. 286), **delete "acceptable prior to 1 January 2011."**