

# The CIPM<sup>®</sup> Program

Where theory meets practice



CFA Institute<sup>®</sup>

# The CIPM® Program

The program was first opened for enrollment in November 2005 and the first LI exams were administered in Spring 2006. In Spring 2007, the first cohort of 97 professionals successfully passed LII of the CIPM Program and, upon completing other requirements, earned the right to use the CIPM designation as recognized investment performance professionals!

The Certificate in Investment Performance Measurement (CIPM) Program leverages the expertise of CFA Institute to deliver practice-based approaches and develop skills for effective investment performance evaluation and manager selection. The topical domains of the different levels are shown in Figure 1. The current program is best described as a self-study, distance-learning program with a generalist approach, and continuous emphasis on the highest ethical and professional standards.

This article describes the CIPM Program process in detail. You will learn how the Candidate Book of Knowledge (CBOK™) and curriculum are established, how exam questions are written, how exams are developed and administered, how the exams are graded, how the minimum passing score (MPS) is determined, and how results are reported. After reading this article, we hope you will see how the current framework of the CIPM Program enhances the value of the CIPM designation.



# The CIPM Program Process and Certificant Involvement

The success of the CIPM Program relies on a sound process framework and active practitioner involvement. Practicing CIPM certificants are involved at every stage of the program development process illustrated in Figure 2. The program is not primarily an academic one rather, it focuses on evaluating performance and risk from a practitioner’s standpoint.

The CIPM Program process begins with practice analysis—discussions with subject matter experts, industry stakeholders and practitioners, followed by a survey of current practicing investment performance reporting professionals to develop and update the CBOK, which is the program’s foundation. The Education Advisory Committee (EAC), a group of volunteer CFA Institute members, leads this process with critical input from supporting committees. With the CBOK determined, CFA Institute staff, members, and consultants design the curriculum with EAC oversight of the process, supported by Curriculum Advisors. The Council of Examiners (COE), another group of volunteer CFA Institute members, then advises on issues in the development of the CIPM exams. Exam questions (commonly referred to as items) are developed by CIPM Program item writers, a group of consultants who write items based on the curriculum with oversight and guidance from CFA Institute Exam Development staff. CIPM exam forms are constructed by CFA Institute Assessment Management and Exam Development staff using exam blueprints, test specifications, and psychometric criteria to ensure every constructed exam is faithful to the curriculum in addition to being valid and reliable.

After exams are administered to candidates, CFA charterholders from around the world virtually grade the constructed response (essay) portion of the Level III exams. Multiple choice and item set portions of the Levels I, II, and III exams are machine graded. With grading concluded, additional groups of charterholders convene to “set the standard” for the exams and recommend the minimum passing score (MPS). Members of the CFA Institute Board of Governors then determine the MPS for each exam level.

After exams are administered to candidates, multiple choice and item set questions of the Levels I and II exams are machine graded. With grading concluded, additional groups of CIPM certificants convene to “set the standard” for the exams and recommend the minimum passing score (MPS). Members of the CFA Institute Board of Governors then determine the MPS for each exam level.

Candidates receive their exam results approximately two months after the exam administration window concludes. Only after passing the Level II CIPM exam and fulfilling the work-experience requirement can a candidate use the coveted CIPM designation.

**Figure 1: CIPM Program Domain Weights by Level**



**Figure 2: The CIPM Program Process and CFA Institute Member Involvement**



### Global Practice Analysis

Many credentialing agencies use standardized exams to ensure candidates demonstrate sufficient competence in their fields of practice. The claim that a candidate’s performance on an exam provides a meaningful indicator of professional competence depends on the chain of evidence that supports the exam’s job-relatedness or content validity. The Standards for Educational and Psychological Testing state that a practice analysis study is a compilation and confirmation of the knowledge and skills required for competent professional practice establishes the basis for content validity of credentialing exams. CFA Institute has worked closely with psychometricians (experts in testing and measurement) to develop and refine a high-quality practice analysis.

The EAC convenes a panel for each certificate in our portfolio and several panels under it. Each panel has EAC representation. Some examples of panels providing practice analysis insights include the following:

- Private Wealth Panel
- Private Markets Panel
- Data Science and AI Panel
- Sustainability Panel, and
- Performance Measurement Panel

The CIPM Program is supported by the Performance Measurement Panel of the EAC.

**At CFA Institute, the Practice Analysis process is managed by the Education Advisory Committee (EAC), working closely with members of the Practice Analysis Working Body and various panels of subject matter experts. The Practice Analysis Working Body is a broad group that supports the EAC by serving as a forum for surveys of current practice by reviewing proposed revisions to the CBOK related to our credentialing and certificate programs, and by reviewing curricula materials such as learning outcome statements (LOS) and study tools.**



The Practice Analysis process involves engaging with performance measurement and risk management practitioners to identify the critical knowledge, skills, and abilities required for an investment performance evaluation role today. This is accomplished through a series of panel sessions, one-on-one meetings, webinars, and surveys with industry professionals across the globe.

#### **Candidate Body of Knowledge (CBOK)**

A major outcome of the practice analysis is an updated CBOK. The CBOK reflects the scope of knowledge needed for basic competence in investment performance evaluation, with "basic competence" defined as the baseline level of knowledge and skills required to perform professional responsibilities in an effective and ethical manner.

The CIPM Program is global in scope, and because laws and regulations differ among countries, the CBOK does not include country-specific securities regulations.

In the CBOK, as shown in Figure 1 above, there are a total of 5 topics at Level I of the CIPM Program. At Level II of the CIPM Program, a sixth topic is introduced—Manager Selection. The sequence corresponds to the path that typical candidates might follow as they progress through their careers.

Because integrity must be exercised throughout the investment performance evaluation process, CFA Institute emphasizes ethical and professional standards at each level. Although all CBOK topic areas relate directly to competence in investment performance evaluation, they have differing degrees of significance for professional practice. Some areas may be more important or used more frequently than others in a practitioner's day-to-day responsibilities. Consequently, based on the results of the practice analysis study, weights are assigned to each topic area to indicate relative emphasis within the CBOK. In turn, these weights, shown in Figure 1, guide the development of the curriculum and exams.

# Curriculum Development



## Curriculum Process

The CIPM Program curriculum constitutes the study material that forms the basis for the exam items. The curriculum topics are those CBOK elements identified in the practice analysis.

The curriculum's purpose is to prepare CIPM Program candidates for the investment performance evaluation profession and to facilitate their preparation for the exams.

The CIPM Program is fundamentally different from typical university programs. A key attribute of the curriculum's effectiveness is the presence of individual learning outcome statements (LOS).

The purpose of the LOS is to enhance candidate learning while guiding exam item writers as to what exam items the curriculum material will support. The LOS serves as the link between the CBOK, the curriculum, and the exam, helping candidates prepare for the exacting standards of the investment

performance evaluation profession. Reading-specific LOS help candidates frame the knowledge they must gain from each reading. Each LOS contains command words such as "calculate," "describe," and "analyze" that indicate the knowledge and skills candidates will be expected to demonstrate on the exams and in their professional positions.

The item writing team writes exam items within the bounds of the LOS. The item writing team views the LOS as a contract with the candidates. If candidates can do what the LOS indicate, they should be well prepared for the exam.

The following is an example of the Level II reading-specific LOS from "Setting Weights for Active and Index Managers" (CFA Institute, 2024).

The candidate should be able to:

- a. describe the components of the investor's utility function for manager selection;
- b. explain why the investor's utility function for manager selection uses active return instead of total return;
- c. describe approaches to incorporating risk into the manager selection process;
- d. describe the optimal mix of managers;
- e. describe how search and monitoring costs affect the manager selection process.

## Curriculum Innovations

The concept of the CIPM Program began in 1999, when CFA Institute staff explored promising certification programs to complement the CFA Program. An extensive market study concluded there was an industry need for a Global Investment Performance Standards (GIPS®) credential. In 2004, CFA Institute leadership approved plans to begin offering a credential for specialization in GIPS. At the same time, David Spaulding, CIPM, and The Spaulding Group's Performance Measurement Forum formed a Blue Ribbon committee that was developing a reading list and exam for investment performance analysts, established as the Certified Investment Performance Analyst (CIPA) program. When CFA Institute broadened the proposed curriculum for their new credential to include performance

evaluation in addition to the GIPS standards, the Blue Ribbon committee disbanded and turned over their work to CFA Institute.

The new credential, known at launch as the Certificate in GIPS (CGIPS), first opened for enrollment in November 2005 and the first Principles exams were administered in Spring 2006. In an effort to establish investment portfolio evaluation as a broader professional responsibility that goes beyond the understanding and application of the GIPS standards, CFA Institute announced in June 2006 that the CGIPS program would be renamed to the Certificate in Investment Performance Measurement (CIPM) Program.

Since inception, significant enhancements have been made to the CIPM Program curriculum. In 2012, we conducted detailed practice analysis to understand the needs of portfolio evaluation practitioners and to ensure that CFA Institute aligned the program more closely with current industry demands. The updates represented a repositioning of the CIPM Program to emphasize the heightened importance of manager selection and investment performance risk to the portfolio evaluation process. To ensure the CIPM Program continues to stay up-to-date and provides practice-based skills, we conduct practice analysis sessions and surveys.

Another curriculum delivery innovation was the release of the curriculum eBook in 2010. The eBook provides access to the curriculum in digital format. In 2019,

CFA Institute launched a digital platform to modernize and personalize the learning experience, a change which will be further enhanced by the release of CIPM Program curriculum on the leading Canvas Learning Management System for the 2026 curriculum year.

### Candidate Products

Creating a custom curriculum has allowed CFA Institute to produce only those readings that candidates need to study. The readings are custom-developed and tailored to the program, they are written from the perspective of the global investment performance reporting industry, and they are focused on teaching candidates the body of knowledge without the inclusion of excessive, extraneous content not directly related to the CIPM Program.

Candidates have consistently asked for more practice problems so they may practice by “doing”, reinforce curriculum concepts, test retention of those concepts, and see how the curriculum concepts might be tested on the live exam. To address this request, CFA Institute makes sure the curriculum readings are rich with samples of practical application of the content.

Moreover, CFA Institute provides candidates with practice problems. Candidates also have mock exams available to them, which cover all curriculum topics and attempt to replicate the exam-day experience in terms of difficulty, length, and topic weights.

## Exam Development

**A** commitment to excellence in the development of the CIPM exams has been the program’s hallmark. The CIPM Program item writing team writes exam items with the assistance of CFA Institute staff. Today, consultants holding the CIPM and/or CFA designations from around the world serve on the CIPM Program item writing team. The team consists of practitioners and academics. CIPM Program item writers are recruited based on their expertise in different areas of industry practice and CIPM Program curriculum topics.

CFA Institute follows the professional advice of expert psychometricians on all aspects of testing, including exam design, item structure, and exam performance evaluation. CFA Institute uses two item formats on its exams: stand-alone multiple choice at Level I; and multiple choice items and in an item set format composed of a vignette with four multiple choice items at Levels II.

These formats support the primary focus on knowledge and comprehension at Level I, and analysis and synthesis at Level II. Given the nature of the profession and the targeted learning outcomes, candidates

are asked to analyze performance data and apply valuation concepts at both levels.

Each writing cycle begins with CFA Institute staff members setting the guidelines for the next item writing effort. These guidelines are disseminated to CIPM Program item writer teams, who then begin drafting items before the first of a series of item review meetings. To be included in the CIPM Program item bank, an item must relate directly to a LOS in the curriculum. Item writers must ensure candidates will be able to answer any item solely from curriculum content and practice problems. CIPM Program item writers are also encouraged to use assigned curriculum problems for ideas on item structure and content. The CIPM Program item writer teams develop more items than needed to enhance the depth of the item banks and provide for multiple uses.

The CIPM Program item writers revise exam items continuously during an agile development cycle. Each new version benefits from review by the CIPM Program item writers, expert and generalist volunteers, and staff reviewers. During the cycle, hundreds of hours of review time contribute to improving the quality of exam items.

CIPM Program item writers are also responsible for answer rationales, as well as documenting LOS coverage, reading references, and other supporting information.

Once the items are nearly in final form, CFA Institute staff conduct review sessions with CFA charterholders from around the world. Participants review the items to ensure that the language is clear, simple, unambiguous, and free of bias. Global reviewers also identify any investment practices that may be inconsistent with practices in their regions. This information is used to revise the items before they are approved for use.

### **Level I Multiple Choice Questions**

The Level I exam format is entirely stand-alone multiple choice items. Multiple choice items on the CIPM exam have been the sole format used. Each Level I exam contains 100 scored items.

Level I multiple choice items are crafted to have three answer choices, with each of the incorrect responses (distracters) carefully constructed to represent common mistakes or misconceptions in either calculation or logic.

### **Levels II Item Set Questions**

The Level II exam is comprised entirely of item sets. Item sets consist of four multiple choice items that are related to a case, or vignette, in narrative and/or tabular form that describes challenges facing an individual or institution. Each of these multiple-choice items have three answer choices. Level II consists of 20 scored item sets for a total of 80 scored multiple choice items.

### **Exam Construction**

Once the item writing teams finish writing exam items, the developed items reside in their respective item banks. Exams are constructed from robust item banks using exam blueprints, test specifications, and psychometric criteria to ensure every constructed exam is faithful to the exam blueprint and psychometric standards. Exams are designed to sample many topics across all the domains in the CIPM Program curriculum.

The exams are then published following a secure process developed by CFA Institute and its computer-based testing vendors. Before final publishing, CFA Institute staff perform quality control checks to ensure the quality of the publishing process. The exams are then distributed electronically to the vendors' global testing network on exam day.

# Exam Administration

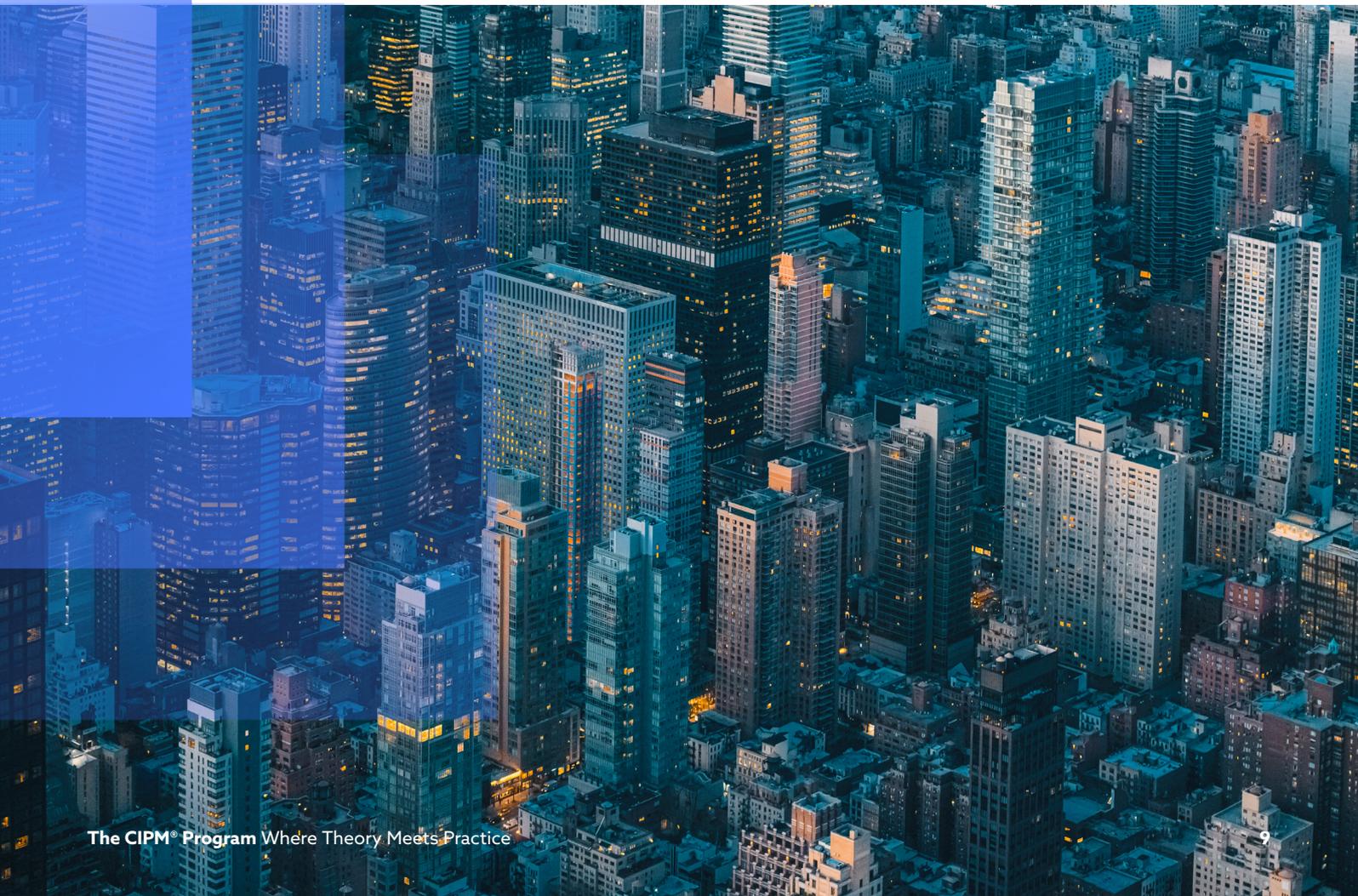
CFA Institute enlists testing vendors' professional personnel around the world to administer the CIPM exam with the utmost attention to the candidate experience and test security. In addition, trained CFA Institute employees travel to select test sites to observe testing operations and provide feedback.

CFA Institute strives to produce a fair and equitable testing environment and to ensure the safety of CIPM Program candidates and testing personnel. To ensure the integrity of the process, strict testing policies are enforced.

To sit for the exam, candidates must register with a valid international travel passport. This policy sets forth one global standard, in the form of a single document that is both internationally obtainable and recognizable, that allows CFA Institute to confirm a candidate's identity and to ensure that all candidates receive identical treatment during the exam day admission process.

Candidates are required to use only approved calculator models to ensure no candidate can gain an unfair advantage by using calculators that can store text in memory. Unauthorized personal belongings are not permitted in the testing room. Security and testing policies will continue to evolve to reflect industry best practices. You can review testing policies on the CFA Institute website [CFA Institute Exam Personal Belongings Policy | CFA Institute](#).

Matters involving alleged violations of the CIPM Program rules and regulations are investigated by the CFA Institute Professional Conduct team. Disciplinary sanctions are imposed on candidates who are found to have violated these rules and regulations, such as using an unauthorized calculator, or giving or receiving assistance during the exam. If a candidate is found to have violated the rules and regulations, the imposed sanction may range from a private reprimand and voiding of exam results to prohibition from further participation in the CIPM Program.



# Grading

**I**mmediately upon receipt at CFA Institute, exam records are reconciled with attendance rosters and prepared for the grading and quality control processes. The first step in the grading process is the computer grading of multiple choice and item set questions. This process includes a number of quality controls to ensure clean data results.

Another quality control during this period is the investigation of all item performance statistics, comments and

complaints related to the exams. CFA Institute staff review the exam items and answers, curriculum readings, and exam results related to each comment or complaint. Special focus is given to the following circumstances: multiple similar complaints, exam results suggesting more than one correct answer, or exam results that otherwise suggest that an item was confusing or unfair. If, after investigation, an item is determined to be confusing or unfair, results are adjusted. If multiple answers are determined to be correct, they are credited.

## Setting and Maintaining the Standard

### Standard Setting

CFA Institute has used the modified Angoff standard setting method to assist the Board of Governors in establishing the minimum passing score (MPS) on each CIPM exam. The Angoff Method is the best-known and most widely used standard-setting method among professional credentialing programs.

CFA Institute retains independent psychometricians to conduct standard-setting workshops for each exam. Standard setting involves a large and diverse group of CIPM certificants. This method focuses the attention of the participants on a special subgroup of the total candidate pool, the "just-qualified candidate" typically, those candidates just qualified to practice in the profession or field. Each participant reviews the entire exam, item by item, and makes an independent judgment on the expected performance of a just-qualified candidate on each item.

Participants evaluate the entire exam a second time after reviewing and discussing item level data and their initial determinations. In the second round, each participant again records his or her judgment regarding the expected performance of a just-qualified candidate on each item. In the third round, participants are informed of the overall actual candidate performance on the exam prior to recording his or her judgment regarding the expected performance of

a just-qualified candidate on each item. This way, the participants consider both difficulty of the exam content and actual candidate performance.

The workshops result in a report that presents a score range judged as the appropriate competence level in the subject matter from the perspective of demographically representative groups of CIPM certificants. This report is submitted to the Board of Governors for its consideration in setting the MPS. The size of the group, its diversity, and its reliance on independent judgments contribute to the power of the standard-setting results.

### Minimum Passing Score

The CFA Institute Board of Governors, as the policy-making body for CFA Institute, uses information from the standard setting process and other relevant information to decide the MPS for the CIPM exams. The results and recommendation of the standard setting workshops are the most important input. Standard setting is a systematic process that adheres to sound psychometric principles, providing the Board with a valid range within which to establish the MPS.

The Board of Governors adopted the following guiding principles for the Board and management to consider when setting the CIPM exam minimum passing score. The MPS process should:

- Ensure fair treatment of all candidates while reflecting the high standards of CIPM certificant worldwide;
- Employ relevant expertise and best practices of the testing industry as well as the sound judgment of informed decision makers;
- Be appropriately transparent to all stakeholders while maintaining the integrity of exam information; and,
- Seek consistency over time in methodology and continuity in results while allowing for flexibility based on evolving circumstances.

After reviewing and discussing all the relevant information, the board members will then vote independently for the final decision on the MPS. The board convenes approximately six weeks following the CIPM exam administration window to determine the Level I and II MPS. Although pass rates may fluctuate, the Board's objective is to require a consistent standard competency level across years.

### Equating Analyses

Equating allows for the transfer of an approved MPS from standard setting to apply that MPS to future administrations. The results allow direct comparison between administrations, treating them as though they came from the same version.

Equating is a stable statistical process to maintain comparable MPS on different exams within or across administrations. It is analogous to converting degrees Celsius with degrees Fahrenheit by translating the temperature from one scale to the other.

If equating is possible, one may question why holding standard setting workshops is necessary. There are several reasons for this: there may be a call to change the MPS when the structure, format, or distribution of content in an exam changes, or when a candidate population significantly changes. These types of changes may impact the candidates' results; therefore, a standard setting workshop is needed to determine a new MPS.

**CFA Institute staff and the Board continue to monitor advances in the psychometric field to augment the information currently used to set and maintain the MPS.**



# Score Report and Pass Rates

Following the Board’s MPS decision, CFA Institute generates results and conducts a variety of quality control measures before results are released to candidates. This process ensures that the MPS is set or maintained in accordance with best practices in testing, and that every candidate’s exam is processed with appropriate due diligence.

Pass rates, as shown in Figure 3 below, are calculated from candidates who actually sat for the exam. (A portion of enrolled candidates who register do not sit for the exam, i.e., are no-shows; they are not included in the pass rate calculation).

Candidates receive exam results approximately two months after the exam. Candidates receive their result via direct email, and their result is also available in a secure section of the CFA Institute website. CFA Institute posts scores as “Passed” or “Did Not Pass” and provides candidates with an indication of performance across topic areas or items to help identify strengths and weaknesses.

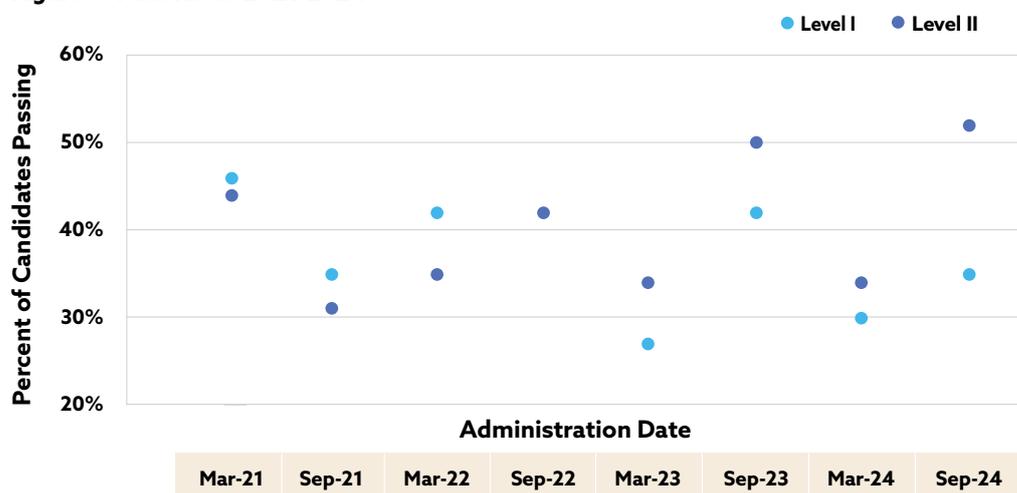
Starting in February 2025, CFA Institute will provide additional transparency by providing scale scores on the score reports. Scale score is a numerical representation of how a candidate performed relative to the MPS. A scale score will be provided for every exam level as shown in Table 1.

**Table 1: Scale Score Ranges and MPS**

Program Level	Minimum Score	MPS	Maximum Score
Level I	200	400	590
Level II	600	800	990

Each candidate’s score report will have “Your Score” and the MPS for that exam level. A candidate can then compare their score against that level’s MPS to determine their performance against the MPS and if the candidate did not pass, their distance from the MPS.

**Figure 3: Pass Rates 2021-2024**



Variation in pass rates reflect the changes of the candidate pool and candidate preparation practices. Related shifts in academic and professional experience, and the steady evolution of the CBOK supporting the investment performance reporting profession also influence the pass rate to a degree.

The addition of a scale score to the candidate score report was implemented to assist failed candidates in determining whether they are improving with each exam attempt. The exam’s primary objective, as with most professional credentialing and licensing programs, is to provide candidates the opportunity to demonstrate that they meet the standard established for competency in the profession.

# Future of the CIPM Program



**T**he CFA Institute Board of Governors established a clear guiding principle for governance of the CIPM Program on which all decisions will be made: "Never lower standards, either educational or ethical. Growth for growth's sake is not the goal." CFA Institute staff and CIPM certificant volunteers involved in the activities described in this article are committed to upholding fair and consistent standards for obtaining the CIPM certificate.

The CIPM Program will continue to evolve to meet the changing needs of the industry. We are proud of the CIPM Program and its history.

Much of the success of the CIPM Program reflects the participation of many volunteers who, along with CFA Institute staff, specify the CBOK, develop the curriculum and exams, and recommend the passing standards for the exams to the Board of Governors. CFA Institute welcomes all inquiries and suggestions regarding the CIPM Program.

