FMI GRADING POLICIES AND PROCEDURES

OVERVIEW

Following each exam sitting, the FMI begins a very detailed grading process that has been designed to protect the integrity of the exam and to ensure equitable adjudication. candidates' submissions are fairly assessed. The FMI has its own Grading Committee and this group of subject matter experts is responsible for aggregation, quality control, adjudication and summarizing candidate results. The FMI's proprietary grading rubrics are qualitatively detailed in the Body of Knowledge for each exam level.

COMMUNICATION OF RESULTS

Exam results are expected to be released within 10 weeks from the date of the exam. The official results email provides an overall exam result of either "PASS" or "FAIL", as well as a "Pass", "Near" or "Below" assessment for each of the Grading Categories.

EXAM REVIEWS

Following the release of exam results, candidates who did not pass but who would like to register for the "Re-Write and Review" option can schedule a 30-minute exam review call with one of the Grading Committee members. The purpose of the exam review call is to highlight areas to candidates where their exam submission fell short and to encourage continued development of their financial modeling skills.

The "Re-Write and Review" option is $250USD and the exam review calls must be scheduled no later than 12 weeks following the release of results. A review call will not be scheduled until registration is completed. In the event that a candidate books a review call but fails to join the call or reschedule within 24 hours of the scheduled call, a $50USD rescheduling fee will apply. Review calls are 30 minutes in length and cannot be extended, including in the instance a candidate is late for the call.

RE-GRADING

The FMI's 3-round exam grading process is extremely intensive to ensure the exam results are accurate and as such it is our policy not to re-grade exams unless under special circumstances. Requests for re-grading due to special circumstance may only be made after the candidate has reviewed their exam submission with a member of the Grading Committee through an Exam Review. The request for re-grading due to special circumstance is granted solely at the FMI's discretion and at no cost to the candidate.

LEVEL I: ADVANCED FINANCIAL MODELER (AFM) GRADING

For Level 1 AFM, there are three rounds of grading per exam as follows:

Round 1: each exam is anonymously graded twice by two independent graders using the FMI's proprietary grading rubric

Round 2: results from Round 1 are reviewed by a senior member of the Grading Committee for consistency and accuracy

Round 3: a select group of exams within a pre-specified threshold of passing are reviewed by the Grading Committee

Through the three-round grading process, an overall exam result of either "PASS" or "FAIL" is determined, as well as a "Pass", "Near" or "Below" assessment for each of the main grading categories using the following definitions:

- **Pass:** candidate met or exceeded the required level of proficiency for this section

- **Near:** candidate demonstrated a level of proficiency close to that required to pass this section

- **Below:** candidate fell short of demonstrating the required level of proficiency for this section

LEVEL I: ADVANCED FINANCIAL MODELER (AFM) GRADING (CONTINUED)

The overall exam result of "PASS" or "FAIL" represents a weighted-average of the quantitative category scores. The main categories, in order of their overall weighting (from highest to lowest) are as follows:

1. **Model Schedules**
   Does the model include the required schedules and properly calculate the values needed on the financial statements?
2. **Financial Statements**
   Do the set of financial statements remain integrated and balanced when different economic scenarios are used?
3. **Tab Structure**
   Are the worksheet tabs organized in a logical structure?
4. **Design/Presentation**
   Do the design and layout of the model convey information clearly and professionally?
5. **Model Construction**
   Are simple and appropriate Excel tools used so that the model is easily understandable and transferable?
6. **Overall Impression:**
   Does the model create credibility for the builder and inspire confidence with the reader?

It is important to note that not all categories are weighted evenly when calculating the overall exam result. Similarly, not all "Pass", "Near", and "Below" grades are equivalent as there is a range of scores within each grade (ie quantitatively, a candidate can score a relatively low "Pass" or a relatively high "Pass"). Therefore, it is possible for candidates to receive the same category scores (eg. 4 "Pass" and 2 "Below") and receive a different overall result.

LEVEL 2: CHARTERD FINANCIAL MODELER (CFM) GRADING

The Level 2 CFM exam builds on the topics covered in the AFM exam, but tests a candidate's ability to quickly and efficiently solve problems and to create modeling solutions for more in-depth and complex corporate finance situations.

As noted in the Level 2 Body of Knowledge, the CFM exam is comprised of several independent case studies taken from the following subject areas: Revenue, Operating Costs, Depreciation, Working Capital, Income Tax, Debt, Equity, Subsidiaries, Model Automation, Timing Flexibility, Model Checking, Data Management, Sensitivity Analysis.

For Level 2 CFM, there are three rounds of grading per exam as follows:

Round 1: each case is marked independently by members of the FMI's Grading Committee using the FMI's proprietary grading rubric. To ensure consistent marking for each case, all submissions of a particular case study are marked by the same committee members

Round 2: a preliminary result for each candidate is established based on their individual results on each case

Round 3: the Grading Committee reviews preliminary results for each candidate and assigns final results

Through the three-round grading process, an overall exam result of either "PASS" or "FAIL" is determined, as well as a "Pass", "Near" or "Below" assessment for each of the case studies using the following definitions:

- **Pass:** candidate demonstrated clear understanding of the topic areas and submitted a well-built solution with immaterial errors

- **Near:** candidate demonstrated basic understanding of the topic areas and submitted a solution with multiple errors

- **Below:** candidate did not demonstrate understanding of the topic areas and submitted a solution with material errors

- **Incomplete:** case not attempted

The overall exam result represents an average of the quantitative individual case study scores.