



Santa Clara University
Certified Equity Professional Institute

Examination Dates

June 9, 2012

*Registration deadline:
April 27, 2012*

November 3, 2012

*Registration deadline:
September 21, 2012*

2012 Certification Information Handbook

Certified Equity Professional Institute
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This handbook is
subject to periodic update.
The version posted on the CEP
Institute web site represents the most
current CEP Institute policies
and procedures.

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Santa Clara University is the oldest institution of higher learning in the state of California and is located in the heart of Silicon Valley. The Jesuit Catholic University offers a rigorous undergraduate curriculum in the arts and sciences, business, and engineering. It has nationally recognized graduate and professional schools in business and law.

The **Certified Equity Professional Institute (CEP Institute)** is a unit of the Executive Development Center at Santa Clara University. The Institute's mission is to promote educational and practice standards for the equity compensation industry. The CEP Institute is the professional certification body for the field of equity compensation. The Institute oversees the development of course curriculum, reference materials, and certification examinations. Utilizing an advisory board and certification council composed of academic and practicing subject-matter experts, the CEP Institute continuously develops and maintains a vital curriculum. Individuals who pass the Institute's three examinations and therefore demonstrate a comprehensive understanding of the equity compensation body of knowledge are awarded the CEP certification.

Contact Information

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<http://www.scu.edu/business/cepi/>

Purpose of Certification

Certification is an essential tool for maintaining high professional standards. The equity compensation field requires knowledge and practical skills in several core disciplines including:

- Accounting
- Corporate and Securities Law
- Equity Plan Design, Analysis, and Administration
- Taxation

The certification conferred by the CEP Institute is the only industry accepted measure of a person's comprehensive understanding of the equity compensation body of knowledge. This certification provides an industry recognized standard for job related knowledge and national recognition of professional achievement in the equity compensation field. It is also an excellent aid for career advancement.

Use of Certification

The program is voluntary in nature, and the certification is conferred by the CEP Institute for those purposes stated above. Those persons or organizations that choose to incorporate CEP Institute certification as a condition of employment or advancement do so of their own volition. Such persons must determine for themselves whether the use of such a certification process, when coupled with any other requirements imposed by such persons, meets their respective needs and complies with any applicable laws.

Maintaining Certification

To protect and enhance the reputation of the CEP designation, CEP designees are required to complete 30 hours of industry-related continuing education (CE) every two years in order to continue using the CEP designation. The continued growth in numbers is a testament to the increasing professionalism of CEP designees and the respect the designation has earned within the industry. The CE requirement ensures that the CEP designation remains the preeminent symbol of knowledge and integrity within the equity professional field.

CEP designees who maintain their certification are listed on the CEP Institute's website. Those who do not keep their certification current are indicated as such on the website and can be reinstated by contacting the CEP Institute and following the recertification process.

CEP Institute Examinations and Experimental Questions (Items)

Certification is awarded upon passing a sequence of three examinations. Candidates must take and **pass all three examinations** to be awarded certification. There are no exceptions. Each test is a comprehensive examination that varies in terms of the cognitive level of the questions being asked. The Level 1 exam questions tend to be definitional and basic concepts, whereas Level 2 and Level 3 questions tend to focus on application and the synthesis of concepts. The examination questions cover a wide range of topics, and are developed from the readings outlined by the course syllabi.

Beginning in 2012, exams will contain 10% experimental items. These items are integrated throughout the exam, are not identified as experimental, and **will not be reflected in the exam score**. Experimental items are questions that are being tested for possible use as a scored item in the future. They are necessary to reduce the time required for exam scoring on future exams. Exam duration has been adjusted to account for the added experimental items.

Exam construction is as follows: Levels 1 and 2, 110 multiple choice questions (100 scored, 10 experimental); Level 3, 77 multiple choice questions (70 scored, 7 experimental).

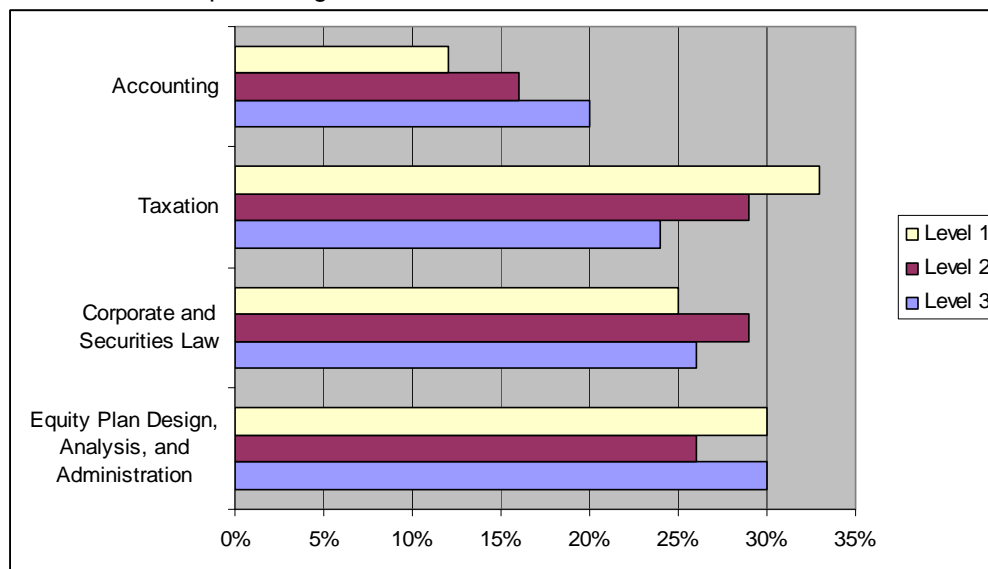
Candidates have four and one half (4.5) hours to complete each examination. All exams are open book.

Course Level Description

Course Level	Course Description
Level 1: Fundamentals in Equity Compensation	<ul style="list-style-type: none">• A basic understanding of corporations and the frameworks for corporate governance and finance• An understanding of why corporations use equity compensation• The ability to differentiate between types of equity compensation• A basic familiarity with the tax, accounting, and securities law principles that govern equity compensation• A working knowledge of the terminology of equity compensation plans• The ability to read and interpret plan documents• A familiarity with the basic administrative procedures necessary to effectively manage an equity compensation program
Level 2: Equity Compensation Administrator	<ul style="list-style-type: none">• A thorough working knowledge of the basic tax, accounting, securities law, and corporate law aspects of equity compensation plans, with particular emphasis on the tax consequences to the employer and the employee• A basic understanding of certain common equity compensation-related transactions and issues• Familiarity with the specific code and regulatory provisions applicable to equity compensation programs
Level 3: Certified Equity Professional	<ul style="list-style-type: none">• The ability to identify, analyze, and resolve sophisticated substantive problems, with particular emphasis on situations that require an understanding of the interaction between several different technical areas• A basic understanding of special equity compensation transactions and issues, such as the impact of an acquisition or merger on a plan and plan participants• A familiarity with cash-based equity compensation programs, as well as an in-depth understanding of advanced employee stock plan financing methods and certain complex tax and accounting issues

Examination Subject Matter by Discipline

This chart depicts the relative percentage of questions by discipline for each of the CEP Institute comprehensive examinations. The percentages reflected in the chart are for **scored items only**. Beginning in 2012, the CEPI will include 10% experimental items. The experimental items are NOT included in these percentages.



CEP Institute Study Materials

The CEP Institute updates materials each calendar year. All materials necessary for an upcoming exam are posted on the CEP Institute website at http://www.scu.edu/business/cepi/cepi_study_materials.cfm. It is the responsibility of the candidate to make sure all reference texts and all CEP Institute binder materials in their possession are for the applicable exam year (e.g. candidates registered for a 2012 exam should ensure all study materials are also dated 2012). For 2012, the study materials consist of:

All Levels:

- CEP Study Binder (included in tuition)
- *Selected Issues in Equity Compensation*, Scott Rodrick
- *The Stock Options Book*, Alisa Baker with Pam Chernoff
- *Consider Your Options*, Kaye Thomas
- *GPS: Employee Stock Purchase Plans*, CEP Institute

Level Two and Level Three

- *Accounting for Equity Compensation*, Barbara Baksa
- *Equity Alternatives*, Scott Rodrick
- *GPS: Restricted Stock and Restricted Stock Units*, CEP Institute

Level Three

- *Advanced Topics in Accounting for Equity Compensation*, Takis Makridis
- *Securities Sources for Equity Compensation*, NCEO
- *GPS: Global Stock Plans*, CEP Institute
- *GPS: Performance Awards*, CEP Institute

The additional texts are required and are not included in tuition. Information on ordering the additional required texts is included in the study binder. Candidates will be sent the study binder when payment is received for their exam registration. The CEP Study Binder contains a detailed reading list and syllabus for all three exam levels. It also includes a review guide, sample plan documents, and may contain additional reading material.

Registering for the Certification Courses

Eligibility

The program is for individuals who work within the equity compensation field. While it is not required, the CEP Institute recommends that candidates have at least one year of equity compensation work experience prior to registering for the Level 1 exam.

Course Level	Recommended Pre-requisite
Level 1	≥ One year of equity compensation-related work experience recommended
Level 2	> Two years of equity compensation experience
Level 3	> Three years of equity compensation experience and exposure to various types of multidimensional plans

For more detailed information please visit the website at <http://www.scu.edu/business/cepi/>.

Test Dates and Registration Deadlines

In order to register for an examination, the CEP Institute must receive your completed registration with payment by the enrollment deadline. Registration cannot be processed without payment, nor can payment be processed without identifying registrant information. Any delay due to the above is considered the responsibility of the candidate.

Test Date and Time	Registration Deadline
June 9, 2012 9:00 am – 1:30 pm	April 27, 2012
November 3, 2012 9:00 am – 1:30 pm	September 21, 2012

Suggested Registration Deadlines for International Candidates

If you are testing outside of the contiguous United States, please allow sufficient time for material shipments. The CEP Institute recommends that candidates outside of the contiguous United States register no later than eight weeks prior to the exam date.

Exam Locations

The CEP Institute examinations are available throughout the United States at the following locations. Locations are not exact – the actual exam site may be outside the limits of the city that is listed. Registrants are required to select one of the examination locations provided (subject to change for each exam date). Approximately two weeks prior to the exam, registrants will be notified of the exact address and location of the exam facility. In order to maintain the integrity of the examination, you are required to take the examination at one of the test centers. The CEP Institute is constantly evaluating this list of exam sites. If you live in an area that is not accessible to one of these exam sites, please contact the CEP Institute.

Phoenix, AZ	Fairfield, CT	Northern NJ	Nashville, TN
Los Angeles, CA	Orlando, FL	New York, NY	Dallas, TX
Oakland, CA*	Atlanta, GA	Greensboro, NC	Houston, TX
San Diego, CA	Chicago, IL	Cincinnati, OH	Salt Lake City, UT
Santa Clara, CA	Boston, MA	Cleveland, OH	Arlington, VA
Denver, CO	Detroit, MI	Philadelphia, PA	Seattle, WA

Alternate Exam Locations for Non-US Candidates

The CEP Institute will make alternate exam arrangements for those candidates who live outside of the contiguous United States. These exam sites are arranged on an individual basis. Candidates who test outside of the US may be required to:

- assist in arranging a suitable location
- assist in securing a suitable proctor
- allow other candidates in the vicinity to test at that location

Note that non-US exams may be administered on the Monday following the regularly scheduled date. Candidates will be notified of the exam date at least three weeks prior to the test, but should be aware that the exam date may be modified.

The suitable location may be a room located in your place of employment. The proctor can be, but does not have to be, an employee of the company. If the proctor is an employee, he/she should be in a position which is equal or senior to the person taking the examination, but who will not be taking the exam. The proctor must be able to monitor the entire examination (i.e. must remain in the test room) and witness that the examination is taken per CEP Institute requirements. The proctor will be required to sign a confidentiality agreement before the exam date.

Alternate exam locations are not available unless the registrant resides outside of the contiguous United States, or conforms to one of the situations listed below under *Alternate Examination Dates or Accommodations*.

Alternate Examination Dates or Accommodations

The CEP Institute will make alternate testing arrangements for those candidates who, because of religious beliefs, cannot test on the predetermined exam dates. A written request for such arrangements should be sent to the CEP Institute along with a letter from the leader of your religious community. The CEP Institute will also make alternate examination arrangements for those candidates who, because of a disability, require special accommodations. A written request for such arrangements, from a licensed physician, optometrist, social worker or psychologist (including title, address, and telephone number on letterhead) should be sent to the CEP Institute describing the disability and the site accommodation requested. Requests for alternate test dates and/or special accommodations **must be received before the registration deadline**. Requests made after the deadline may not be honored.

Course Fees and Candidate Status

The course fees for the each of the certification examinations and accompanying study materials are represented in the following tables. The first table lists the fees for exams administered within the contiguous United States. The second table shows the fees for all other exams. Please reference the correct table when determining the fee for an exam.

Fee Schedule for Candidates Within the Contiguous United States

Registration Type	Description	Fee Amount
Enroll	First time candidates for each level within the contiguous United States.	\$1295 per level.
Retest within the contiguous U.S.	Candidates who have received a non-passing score and wish to register for the same level again.	\$250 if new test date year is within one calendar year of original test year. \$600 if the new test date year is more than one calendar year from original test year.
Deferral within the contiguous U.S. (deferral request must be received prior to deadline.)	Registered candidates who wish to defer their registration to a later exam administration.	\$250
Late deferral within the contiguous U.S.	Candidates who do not defer by the deferral deadline who wish to defer their registration to the next exam administration. Request for deferral must be made more than 24 hours before the exam date or the candidate is considered a NO SHOW.	\$500
No Show Candidate within the contiguous U.S.	Registered candidates who do not show up at the test center on the day of the examination or who defer less than 24 hours before the exam.	Exam registration fee is forfeited. Reenter program as new registration.

All prices are in U.S. dollars

Fee Schedule for Candidates Outside the Contiguous United States

Registration Type	Description	Fee Amount
Enroll outside of the contiguous U.S.	First time candidates for each level outside the contiguous United States.	\$1,495 per level.
Retest outside the contiguous U.S.	Candidates who have received a non-passing score and wish to register for the same level again.	\$350 if new test date year is within one calendar year of original test year. \$700 if the new test date year is more than one calendar year from original test year.
Deferral outside the contiguous U.S. (deferral request must be received prior to deadline.)	Registered candidates who wish to defer their registration to a later exam administration.	\$350
Late Deferral outside of the contiguous U.S.	Candidates who do not defer by the deferral deadline who wish to defer their registration to the next exam administration. Request for deferral must be made more than 24 hours before the exam date or the candidate is considered a NO SHOW.	\$600
No Show Candidate outside the contiguous U.S.	Registered candidates who do not show up at the test center on the day of the examination or who defer less than 24 hours before the exam.	Exam registration fee is forfeited. Reenter program as new registration.

All prices are in U.S. dollars

Registration Instructions

In order to enroll for certification, each candidate must complete the online registration process. This provides the CEP Institute with the information necessary to manage the registration and administration processes for all candidates. Information collected includes demographic data which provides critical information used in the on-going development of policies, procedures, and curriculum. To access the online registration system, please go to the CEP website at www.scu.edu/business/cepi/. Select “Candidates” from the left hand menu, then select “Register.”

Personal Information

Complete the personal information for the course registrant. The online registration system requires that all fields be completed. Email is the primary method of communication used by the CEP Institute to provide candidates with updated information, so please make sure this and all other information provided is accurate and complete.

Course Level/Registration Type

Review the following guidelines to assist you in determining whether you are eligible to enroll, defer or retake your examination. **All new candidates must enroll for Level 1.** There are NO exceptions. Those who have successfully completed Level 1 are eligible to take Level 2, and those passing Level 2 are eligible to take Level 3. Successful completion of an exam level does not expire – candidates are only required to pass Level 1 and Level 2 once – regardless of the amount of time that has lapsed between exam levels. Candidates who wait more than one year between exam levels are cautioned to allow extra study time. Each level builds on the lower levels – therefore, the current Level 2 exam will include materials from the current Level 1 exam. If a candidate passed the Level 1 exam more than one year ago, the candidate should plan on reviewing the current study materials for Level 1 in addition to the Level 2 materials to adequately prepare for the Level 2 exam.

Refer to the table below to determine the registration type for which you qualify.

Registration Type	Who qualifies for the registration type?
Enroll	Candidates who have not previously registered for the requested course or who are re-entering the program from a previous withdrawal or a no show status.
Defer	Registered candidates who wish to reschedule to another exam during the current open registration window. For a schedule of deferral deadlines, please read the instructions on Exam Date Change.
Retest	Candidates who have received a non-passing score report and are registering to take the exam at a future scheduled administration.

Examination Location

Select the location where you would like to take the examination. In order to request an exam site outside of the contiguous United States, please select “Non-contiguous US” as your location. Upon completion of this information, the CEP Institute will contact you to coordinate your exam arrangements.

Payment Information

There are three methods of paying—credit card, company payment code or check.

If paying by credit card, be sure to print out the confirmation page for your records. You will NOT receive any additional receipt from the CEP.

If your company has been issued a payment code from the CEP Institute, you may enter this code to register without entering credit card information. The code can be obtained from the owner of the code – i.e. your employer. The use of a payment code establishes an agreement between the test candidate and the employer. The employer who established the code agrees to pay the exam registration fees for the candidate and the candidate agrees to the terms and conditions of the code. **In many cases, the employer will require the candidate to release their score report to the employer. It is the responsibility of the test candidate to know and understand the terms and conditions of the payment code. The CEP Institute will not be held responsible for misuse of the code by the test candidate or the employer.**

If paying by check, please select payment method “check” on the registration web page. If you need an invoice for your registration, please send an email to the CEPI at cepi@scu.edu. The email should include the name, address, and delivery method (email or regular method) for the invoice. Please make checks payable to the CEP Institute, and submit to the Institute via US mail. Please make sure that the name of the candidate is listed on the check to ensure that payment is credited to the proper individual. **Please note: although you receive a confirmation notice after completing the online registration, your registration is not complete and CEP Institute study materials will not be shipped until full payment is received.** Candidates who have not paid the registration fee prior to the exam date may not be allowed to sit for the exam. Exam results will NOT be released to any candidate with an unpaid registration fee.

For those using a company check to pay for multiple individuals, **please include all candidate names and contact information together with the check to ensure proper payment is credited for each registrant.** The CEP Institute cannot process payment without identifying candidate information, and any delay will be considered the responsibility of the candidate(s).

All fees for returned checks will be charged to the registrant.

Study Groups

If you select “yes” to participate in a study group, the CEP Institute will release the following information to other candidates seeking to assemble study groups: name, daytime phone number, email address, exam location and course level. Study groups are voluntary and are convened by the candidates themselves. Contact information is released after the registration deadline.

Submitting the Registration

By submitting the registration, you agree to the CEP Institute policies and guidelines in this handbook.

Print the Confirmation Notice

Please print the confirmation notice that appears once you submit the registration for your records. **You will not receive any other written confirmation from the CEP Institute until the exam admission ticket is mailed to you. In addition, the confirmation notice contains the list of text books that are required for the exam, and instructions on how to order those texts at a discounted price.**

Materials Shipment

The CEP Study binder will ship via UPS Ground to the address you have supplied during the online registration process. The package will require a signature for delivery.

NOTE: If the CEP Study Binder cannot be delivered by UPS and is returned to the CEP Institute due to an incorrect address provided by the candidate OR because UPS attempted three deliveries and was not able to deliver the package due to lack of signature, ***the candidate will be responsible for all shipping fees - including but not limited to the return shipping fee and any reshipping charges that may apply. There is a minimum \$25 shipping and handling fee to resend the study binder, depending on location and shipping method.***

The CEP Study Binder contains a detailed reading list and syllabus for all three exam levels. Therefore, a candidate will receive only one binder per calendar year unless they make a specific request- i.e. if a candidate registers for the Level 1 exam in June and receives the study binder, that candidate will NOT receive a new binder when they register for the Level 2 exam in November. Please note that a candidate may request that an additional binder be sent for the second exam in a calendar year.

While you are waiting to receive your binder, please be sure to order the additional reference texts listed on the website that are applicable to your level. The list of required texts and the ordering information is on the confirmation letter that is generated when the candidate completes the online registration.

Admission Ticket to the Exam Site

You will receive a scheduling notice/admission ticket no later than 10 days before your examination date. This notice will show the exam for which you registered, the complete address of your test center, and the reporting time. When you receive your scheduling notice, immediately check it to make sure the correct exam, test center and exam date are indicated. If incorrect, immediately call the CEP Institute at **408-554-2187**.

Candidates must bring their scheduling notice with them in order to be admitted to the test center.

If you have not received your scheduling notice 10 days before the examination date, please contact the CEP Institute at cepi@scu.edu.

Address Change

Your materials, scheduling notice and score report will be sent to you at the address you provided while registering. If your address, email, or other contact information changes at any time, please update your information using our online registration system AND send an email notice to the CEP Institute at cepi@scu.edu. The CEP Institute is not responsible for communications that candidates do not receive due to outdated address information. At the examination you will be asked to verify the address to which your score report will be sent. If you have not received your scheduling notice or study materials, and suspect that you may have provided an incorrect address, contact the Institute to verify the accuracy of the address information.

Test Center Change

If you need to change your choice of test centers after you have submitted your registration, you must notify the CEP Institute in writing prior to the registration deadline. Requests for test center changes can be sent via mail, or e-mail to the CEP Institute. Requests must be received **BEFORE the registration deadline**. Requests received after the deadline cannot be honored. Please refer to the deadlines on page 8.

Exam Date Change (Deferrals)

If you are unable to take an exam on the date for which you registered, you may defer your registration using the online registration system. You may only defer to the next regularly scheduled examination sessions, and it is your responsibility to purchase any necessary material updates. Please refer to the table below for deferral deadlines.

Originally Scheduled Exam Date	May Defer To:	Deferral Registration must be received by
June 9, 2012	November 3, 2012 or exam date in 2013 (dates TBD)	May 25, 2012
November 3, 2012	Exam in 2013 (dates TBD)	October 19, 2012

There is a fee to defer an exam once a candidate has registered. Deferral fees are outlined in the [Course Fees and Candidate Status](#) section of this handbook. Deferral requests submitted after the deadline are subject to the additional fees and restrictions outlined in the [Course Fees and Candidate Status](#) section (see pages 10 and 11).

Cancellation Refund Policy (Withdrawal)

If you wish to withdraw from the examination, you will forfeit a portion of your examination fee in accordance with the following schedule. Program withdrawal may be made by notifying the CEP Institute in writing prior to the deadlines listed below. *The refund policy is applicable only within the original registration window.* **Please note: deferral and retest fees are non-refundable. Once an exam has been deferred, the original registration fee is non-refundable.**

Test Date	Withdrawal Deadline	Refund Amount
June 9, 2012	May 9, 2012	50% tuition
November 3, 2012	October 3, 2012	50% tuition

Candidates withdrawing **after** the deadline according to the above schedule are not eligible for a refund. All candidates who withdraw must re-enter the program as a new candidate (i.e. pay the full registration fee for a new exam).

Exam Preparation

The CEP curriculum has been developed as a self-study program. The core of this program is the syllabi and reading lists which are in the study binder. The course syllabi are itemized lists of all topics that are addressed in each level. The detailed reading lists link each topic on the syllabi to specific sections of the reference materials. Used together, the syllabi and reading lists guide the candidate through all of the subject matter covered on the exams.

All exam questions are derived from the assigned readings. Therefore all candidates should complete all of the assigned readings for each level.

The CEP Study Binder contains a Review Guide designed to assist candidates with selected portions of the assigned reading material. This review guide is not sufficient for exam preparation, but is a valuable study tool.

The CEP Institute Exam Overview Webinars are another study aid. The CEP Institute will open the webinars for use approximately five weeks before the exam. The CEP Institute offers webinars for each main discipline (Accounting, Corporate & Securities Law, Equity Plan Design, Analysis & Administration, and Taxation) for

each exam level providing an online review session of key curriculum topics. All webinars will be available 24 hours a day, 7 days a week. There is no limit to the number of times a candidate can access a session. Access information will be distributed via email approximately five weeks before the exam. It is the responsibility of the candidate to ensure the CEP Institute has a valid email address for the candidate on file.

In addition, course reviews are often offered by industry organizations such as FRS (FatRabbit Services), Global Equity Organization (GEO), National Association of Stock Plan Professionals (NASPP), National Center for Employee Ownership (NCEO), stockplanadministrator.com, Stock & Option Solutions (SOS), Transcensive, and others throughout the year. Although the CEP Institute makes this information available to candidates, the CEP Institute does not endorse educational programs—it is up to the candidates to determine whether the program is suitable to their needs.

The CEP Institute does not provide sample exam questions to exam candidates or to any industry organization. Candidates should be aware that all sample questions offered by industry organizations were developed outside of and independent of the CEP Institute.

Study Groups

While the courses can and often are completed by independent study, the CEP Institute recommends participation in a study group as a useful exam preparation strategy. Research has indicated higher exam scores, on average, for CEP Institute candidates who participate in study groups than candidates who did not participate in study groups.

Steps for establishing a study group:

1. Candidates select “yes” in the Study Groups section of the course registration.
2. The CEP Institute sends the study group list to all interested candidates approximately one week after the registration deadline for the next scheduled exam.
3. Candidates contact one another to determine meeting days, times, and agendas. Note that study groups often meet virtually via web/phone.

Report to the Test Center

On the day of the exam, please report to the testing center at the time listed on your admission letter. Please leave ample time for locating the testing facility, parking your vehicle or compensating for traffic or the weather. Candidates arriving after the exam begins will not be allowed to test and will be required to re-register for the next exam.

What to Bring to the Exam – Required Items

- Photo Bearing ID; (preferably government issued such as a driver's license, passport, military ID, etc.). You must have a photo identification that bears a signature.
- Admission Ticket – original or copy sent via fax or email.
- Approved Study Materials. You are required to bring all study materials (including reference texts) required for your level to the examination.
- Several sharpened #2 pencils with erasers, the only approved writing instrument.

Candidates failing to bring both the Photo ID and admission ticket will not be admitted to the examination room and will be considered a No Show. See the section titled [Failure to Take the Exam](#) for details on a No Show status. Candidates failing to bring the approved study materials may still take their certification examination, but do so at their own risk. Refunds are not granted to candidates for failure to bring required supplies and/or materials to the examination.

What to Bring to the Exam – Optional Items

- Calculator - the calculator must be a "stand alone" device. A candidate may NOT use a device such as a phone, tablet computer, laptop, etc. as a calculator. If you need further clarification, contact the CEP Institute prior to the exam date.
- Watch – to pace yourself during the exam.
- Notes – all notes must be three-hole punched and inserted in the CEP Institute study binder in the section titled "Notes." Any papers that are not three-hole punched and inserted in the binder will not be allowed at the testing session.
- Jacket or sweater – dress in layers. While every attempt is made to provide a quiet, comfortable room for the test, the CEP Institute cannot guarantee that the environment will meet your personal comfort level.
- Bottled water and sealed snack food items – Only bottled water and sealed snack foods (i.e. energy bars, cracker snack packs, sealed bags of nuts) are permitted in the exam room, however all food must be consumed outside of the exam room during a self-selected break.
- Earplugs - if you are sensitive to noise or distracted by background sounds such as paper ruffling or pencil tapping.

What NOT to Bring to the Exam

- Cell phone or pager – if you do bring one into to the test center, it will be collected by the proctor. The proctor will not be responsible for the safeguarding of such devices during the exam. Therefore, it is recommended that cell phones and pagers be left in your car or vehicle and not brought into the testing facility.
- Electronic device of any kind – no MP3 players, iPods, iPads, cameras, tablet computers, PC, memory sticks, iTouch, Blackberry, CD/DVD players, PDAs, flash memory devices, etc. The only exception is a calculator.
- Unsealed food or beverage – see “What to Bring to the Exam – Optional Items” for information on permissible food and beverage.
- Scratch paper – you may use the test booklet for scratch paper. **No other scratch paper is allowed.**
- Text books, bound documents or loose leaf papers that are not on the reading list or syllabus for the exam level.
- Cigarettes, chewing tobacco, cigars, etc... - No smoking or chewing tobacco is allowed in or near the exam room.

Exam Start and End Times

Exams are scheduled to begin at 9 a.m. and candidates are allowed four and one half hours of examination time. Exams should conclude at 1:30 p.m. local time. Due to proctor instructions and potential start time delays, exams may not start exactly at 9 a.m. and therefore may conclude at 2:00 p.m. or later. Please plan accordingly.

All candidates will have four and one half hours to complete the exam. Candidates completing the exam in less than the scheduled time will be allowed to leave the testing room, except during the last 15 minutes, when all candidates must remain seated and wait for the proctor's instructions. In no case may candidates leave the testing room until dismissed by the proctor. Note that the proctor will announce to the group when there is one hour of exam time remaining, and then continue to report the remaining time in 15 minute increments.

Test Center Rules – Do's and Don'ts on Test Day

The following are the rules that will be in effect during your exam. Please read through these rules to make sure you are prepared for the testing event.

- You must have your admission ticket and proper ID to be admitted to the test center.
- Use only #2 pencils. Do not use other writing instruments on the answer sheets as they are graded with an optical mark scanner that only reads and detects #2 pencil lead. Make sure that you record your answers on the answer sheet – marks made in the exam booklet will NOT be considered.
- Bring only authorized testing materials to the exam. Using other study materials puts you at risk of being dismissed from the exam.
- There are no formal breaks during the exam. Candidates are permitted to take rest or snack breaks on an individual basis. No additional time will be given to candidates who take breaks. Any candidate who must leave the testing room must receive permission from the proctor before leaving the room. Only one candidate may leave the testing room at a time so candidates are encouraged to make their breaks brief. Exam materials must be left with the proctor prior to leaving the testing room. Any candidate who talks during a rest break will be denied re-admittance to the testing room, will forfeit all fees paid, and will not have his or her exam scored. Snacks may not be consumed in the exam room. Candidates must leave the exam room for a short snack break
- Pace yourself – you have four and one half hours and 110 multiple choice questions for Level 1 and Level 2, or 77 multiple choice questions for Level 3. (Note: 10% of the items are experimental items. These items are not identified as such and will not impact the final score. Candidates should answer all items on the exam.) Do not spend too much time on one question.

- Do not copy any test information – candidates are not permitted to copy exam questions, etc...

Collusion

It is possible to detect collusion in multiple choice examinations in a statistical way by examining the patterns of answers between pairs of candidates. Through our test provider, CPS, statistical analyses is performed on CEPI exam results to detect anomalous candidate pairs or groups. Anomalous pairs are subsequently assessed in terms of examination centers. The CEPI reserves the right to withhold or invalidate candidate scores when there are statistically significant irregularities in the data or when there is evidence of candidates engaging in any form of academic dishonesty, including copying the work of another person, stealing exam content, using a proxy text taker and other acts generally understood to be dishonest in an academic context. All exam candidates will be asked to sign a statement to show that they acknowledge and agree to this course of action.

Test Center Closing, Delayed Starting Times, and Exam Cancellation

Adverse conditions (such as extreme weather or a local power failure) or other circumstances at a test center may make it impossible to test or may require that the beginning of testing be delayed from one to four hours at a center. Applicants registered for a center that must be closed or where testing will be delayed will be notified, **if possible**, at the phone number or email address given on your application. Do NOT call the test center to which you are assigned to determine whether testing has been canceled or delayed. This information can only be provided by the CEP Institute.

Circumstances before or during an exam administration may make it necessary for the CEP Institute to cancel an entire center's testing. Should it be determined that the exam administration at a center must be canceled, the scores of affected candidates will be nullified and the candidates will be rescheduled.

If a test center must be closed before an exam date, all applicants scheduled for the affected center will be notified by email, fax or telephone of the new facility's address and location. When an administration is canceled during or after an examination, refund and reschedule options will apply only to candidates who reported to the affected test center.

The CEP Institute will not reimburse any expenses (other than the exam registration fee) incurred by candidates when an exam administration is canceled or relocated.

Medical and other emergencies

If you experience an emergency within 48 hours of the exam and are unable to test, you must contact the CEPI and **provide written documentation** of the event (doctor's report, hospital admission record, police report, etc..) The CEPI will review these on an individual basis. Medical deferments can be granted up to 48 hours before the exam at the reduced rate of \$250 (US) and \$350 (Non-US).

Failure to Take the Exam

If you fail to take the exam for ANY reason (and you have not deferred the exam), including arriving late at the testing center, you will be considered a No Show. A No Show candidate forfeits their exam registration fee and must reenter the program as a new test candidate. The candidate must contact the CEP Institute in order to register for any exams.

How the Exam is Scored

In order to ensure that all answers to exam questions are fairly graded, the CEP Institute provides for both machine grading as well as for hand-grading of answer sheets for candidates challenging the grading process.

All answer sheets will be machine graded using an electronic optical mark scanner. Only the answer sheets are scored. Make sure that you record your answers on the answer sheet – marks made in the exam booklet will NOT be considered. Scores that are within three (3) points of the passing score are automatically reviewed to ensure that all information was accurately and appropriately scored.

If you receive a non-passing score, you may request a hand-score of your answer sheet for a \$75 fee. The fee can be paid using a credit card, check or money order. Send a written request for hand scoring and the fee to the CEP Institute. Hand score requests must be received by the CEP Institute within 90 days of receiving your exam results. Hand scored exam results will be returned to the candidate within six (6) weeks after payment is received. Please note that ALL exams that are within three (3) points of the passing score are automatically hand scored.

How the Passing Score is Determined

After each exam, the CEP Institute convenes Standard Setting Panels, using the Angoff method to establish the passing points for minimally competent Level 1, Level 2, and Level 3 candidates. Three panels of CEP designees, one for each exam level, review the examination forms to determine how many test questions a minimally competent candidate should answer in order to pass the examination. The Angoff method includes the following steps:

- The knowledge of a "minimally competent candidate" is defined for Level 1, Level 2, and Level 3
- Panelists individually review examination questions and estimate the percentage of "minimally competent" candidates who will answer each question correctly
- Passing scores equal the average of the sum of individual panelist ratings

The Angoff process is the most commonly used approach to set standards on multiple choice credentialing examinations. It ensures that examination passing points are not arbitrarily determined.

Exam Results

Results will be mailed within approximately 6 – 8 weeks following the exam. For confidentiality purposes, the CEP Institute will not provide exam results by telephone, e-mail, or fax. If you have not received your exam results within eight (8) weeks after the date you tested, please contact the CEP Institute at cepi@scu.edu to request a copy of your score report. Pass/Fail information is posted to the candidate's online registration account 48 hours after the exam results have been mailed.

The exam results include the following information:

- Total exam score
- The passing score of the exam
- Pass or Fail status
- Total number of questions answered correctly in each of the four subject matter disciplines
- If a candidate has failed the exam, the results will also include a list of the main areas of the exam where the score can be most improved

If you have questions concerning your exam results, you should direct them in writing to the CEP Institute. However, because of the need to maintain exam security, test booklets will **not** be made available for review of questions and answers. The CEP Institute certification exams are the legal property of Santa Clara University and the CEP Institute. **The CEP Institute does not provide a list of the questions candidates answered correctly or incorrectly.** The only information provided to candidates regarding the exam will come from the score report.

Distribution of Exam Results

Score reports will be sent to the registered candidate. The CEP Institute will release a copy of the score report to the candidate's employer ONLY if the following conditions are met:

- The candidate has registered for the exam using a **payment code** obtained from the employer **AND**
- The candidate has signed the **CEP Institute Release Form** authorizing the CEP Institute to release the score report to the employer.

A copy of the exam result CEP Institute Release Form is located in the Appendix.

Duplicate Reports or Release of Information to Third Party

If you require a duplicate score report of your exam results, please send your request to the CEP Institute. Indicate the level and date of the exam for which you wish to receive the score information.

If you wish to release your exam history, current status, or an individual score report to a third party, you must submit a signed release form to the CEP Institute. Information will not be released to any party other than the candidate without a signed release form. A copy of the general information CEP Institute Release form is located in the Appendix.

CEP Institute Certification

Candidates who successfully complete the three course levels are awarded the Certified Equity Professional designation. A certificate acknowledging this achievement is mailed to candidates approximately 8-12 weeks after receiving the passing Level 3 score report.

Continuing Education Requirements

Continuing Education requirements for maintaining the CEP designation are posted on the CEP Institute website, under "Current CEPs."

Frequently Asked Questions

The following is a list of some frequently asked questions. More questions and answers are on the CEPI web site at www.scu.edu/business/cepi/candidate_faq.cfm.

Q: What are the benefits of certification?

Certification indicates a candidate has demonstrated a comprehensive understanding of the equity compensation body of knowledge.

The median salary of Certified Equity Professionals is 24% higher than equity compensation professionals as a whole (based on a survey conducted in 2007). A survey of CEP designees found they gained greater confidence and recognition, grew professionally with their company and earned more responsibilities and technical knowledge as a result of certification.

Q: How long does it take to obtain certification?

The minimum time between initial registration and completion of all three CEP exams is approximately 14 months.

Q: What is the total cost of the certification program?

For 2012, the total cost is approximately \$4160 for US based exam candidates: $\$1295 \times 3 = \3885 for the three exam registration fees plus approximately \$275 in reference material costs. Non-US fees are slightly higher and are listed in the Course Fee section of this handbook (page 11).

Q: After initial registration, how long do I have to complete the program?

There is no time limit on completing the program. Once a candidate has passed Level 1 or Level 2, they do not have to repeat those levels. However, study materials are updated every calendar year. Therefore, if more than one year has passed since passing Level 1 or Level 2, candidates are cautioned to allow extra study time.

Q: Can I register for more than one exam at a time?

No. A candidate may only register for one exam at a time. No exceptions will be made.

Q: Does the CEP Institute provide sample exam questions?

The CEP Institute does not provide sample exam questions with the study materials. However, several outside sources offer study guides that may include sample questions. A list of companies that provide sample questions and/or practice exams are listed on the CEP Institute webpage at www.scu.edu/business/cepi/educational_resources.cfm.

Q: What is the relationship between Santa Clara University and the Certified Equity Professional Institute?

The CEP Institute is a program of Santa Clara University's Leavey School of Business and is housed within the Executive Development Center (EDC).

Q: Can I earn Continuing Education for a CFP (Certified Financial Planner) by taking the CEP exams?

The CEP Levels 1, 2, and 3 have been approved to offer CFP® Continuing Education. Levels 1 and 2 are each eligible for 10 hours of continuing education and Level 3 is eligible for 7 hours of continuing education. To qualify, candidates must obtain a score of at least a 70% (regardless of what the passing score is) on the exam. CFP® certificants are required to complete 28 hours of approved CE in an accepted subject area each two year reporting period; completion of all three CEP exams in one reporting period can nearly meet this requirement.



Santa Clara University

Certified Equity Professional Institute

Consent and Authorization to Disclose Information

I consent to and authorize the disclosure to **Company Name** by Santa Clara University (“SCU”) of any personally identifiable information from my educational records, including my course registration, my full score test results and my grades relating to my participation in SCU’s Certified Equity Professional Institute for any exam registrations that are paid for by **Company Name**. This consent and authorization will remain in effect for five (5) years from the date hereof unless a written revocation of this consent and authorization is delivered to SCU prior thereto.

Signature

Printed Name

Address

City, State, Zip

Date

Certified Equity Professional Institute, Executive Development Center
500 El Camino Real, Santa Clara, California, 95053-0400
408-554-2187 FAX 408-554-5143 www.scu.edu/business/cepi/



Certified Equity Professional Institute

AUTHORIZATION TO RELEASE INFORMATION

Last Name: _____ First Name: _____ Middle Initial: ____

Address: _____

City/State/Zip: _____

Country: _____ Phone: _____

Email: _____

Organization(s) to receive information*: _____

I authorize the CEP Institute to release information regarding my participation in the CEP program to the organization(s) listed above, including the following items:

For All CEP Program Participants, including CEPs:

- Date(s) of exam(s)
- Result(s) of exam(s) – Pass, Fail, Defer, No Show, Currently Registered
- Highest Level Achieved in CEP Program – Zero, One, Two or CEP
- Initial registration date in program
- Date of last activity in the CEP Program

For CEPs:

- Date of CEP designation
- Continuing education status (current or past due)

I voluntarily and knowingly, fully release and discharge, absolve, indemnify and hold harmless the CEP Institute, Santa Clara University and their officers, employees and agents from any and all claims, liability, demands, causes of action, damages, or costs, including attorney's fees, present or future, whether known or unknown, anticipated or unanticipated, arising from or incident to the disclosure or release of this information. This authorization and consent shall be valid in original, fax, or copy form.

Signature: _____ Date: _____

*You must specify an organization (or organizations), an individual or a group of persons. If this is left blank, the authorization is not valid.

**This handbook is subject to periodic update.
The version posted on the CEP Institute web site
at <http://www.scu.edu/business/cepi/>
represents the most current
CEP Institute policies and procedures.**

Revised 1/26/2012