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REVISION NOTES

CFA Level III: The Command Word Guide

What each instruction owes the grader — and what it does not

12 command words **1** session that decides it

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HOW TO USE THIS

Level III candidates lose the constructed-response session on command words, not on knowledge. They know the material, write a thoughtful paragraph, and score two out of five — because the question said "determine" and they explained instead of deciding.

The morning session is graded against a key. The grader is scanning for specific content, in a specific form, and they are doing it quickly. Your job is not to demonstrate understanding in general. It is to deliver exactly what THIS command word requires, in the box provided, and then stop.

This guide gives you, for each command word: what it demands, what it does NOT demand, the shape of a full-mark answer, and the specific way candidates throw marks away on it.

Read it once now and once the night before. Then practise past papers with the command word circled before you write a single line.

THE FOUR RULES THAT SIT ABOVE EVERY COMMAND WORD · read first

Rule 1 — Answer in the box

Anything written outside the answer box may not be marked at all.

► This is not a technicality. Working scribbled in the margin, an answer continued on a blank page, a correction with an arrow pointing off the box — all of it is at risk. If you need more room, you are writing too much.

Rule 2 — Bullets, not prose

The grader is hunting for keywords against a key. Paragraphs bury them.

► Beautiful writing scores nothing. A candidate who writes three tight bullets will out-score one who writes an elegant paragraph containing the same content, because the second one makes the grader work to find it.

Rule 3 — Formula, substitution, answer

Show all three. Partial credit is real and it is generous.

► If your arithmetic slips, a visible method still earns most of the marks. A bare wrong number earns zero. This one habit is worth more marks than any additional topic you could revise.

Rule 4 — Time by the minutes, not by the interest

Each question prints its minutes. That is your budget. Obey it.

► Overrunning one question steals marks from an easier one you never reach. If a question is not resolving, write your best partial answer, leave it, and come back only if time allows. Never leave a box blank.

BEFORE YOU WRITE A SINGLE WORD

- Circle the command word. Then count the marks. Then look at the minutes. Only then start writing.
- The number of marks tells you how many distinct points the key contains. A 6-mark question with three parts wants roughly two scoring points per part — not one long argument.

THE DECISION WORDS · they want a choice

These are the words candidates fumble most. All of them demand that you commit. Hedging scores zero.

DETERMINE

State the decision FIRST. Then support it.

► The single most misread word on the exam. "Determine whether the portfolio is immunised" wants "No" as the opening word, then the reason. Candidates write four lines of analysis and never actually say no — and score nothing, because the key awards the conclusion. Lead with the verdict.

RECOMMEND

Pick ONE. Name it. Then justify it with a fact from the vignette.

- ▶ *"Both approaches have merits" is a zero. If the question offers two strategies, one of them is right for THIS client, and the vignette contains the sentence that tells you which. Find that sentence and quote its substance back.*

SELECT

Choose from the options given. Nothing else.

- ▶ *Often paired with a checkbox or a named list. Do not invent a third option, however clever. Select from what is offered, then justify — and if the format gives you a box to tick, tick it, because an unticked box may score zero even if the prose is right.*

JUDGE / EVALUATE

Reach a verdict, then support it on BOTH sides if the marks allow.

- ▶ *Evaluate is the one place a balanced answer is legitimate — but it still needs a conclusion. Weigh, then decide. An evaluation that never lands anywhere has done half the job and earns half the marks, at best.*

CRITIQUE

Find what is WRONG. That is the whole task.

- ▶ *A critique is not a summary. The vignette contains errors, inconsistencies or unsuitable recommendations, deliberately planted. Name each one and say why it is wrong. Praising what is correct earns nothing — the key has no line for it.*

THE DECISION-WORD DISCIPLINE

- Write the verdict as the FIRST WORDS in the box. "No — the plan is not immunised, because..." The grader should not have to read to the end to find out what you concluded.
- Every decision word is asking: what does THIS client, with THESE constraints, need? The answer is always in the vignette. It is never a general principle applied in a vacuum.

THE EXPLANATION WORDS · they want reasoning

These want a because. The distinction between them is how much reasoning, and grounded in what.

JUSTIFY

Give the REASON, and draw it from the vignette.

- ▶ *"Justify with two reasons" means exactly two — a third earns nothing and costs you time. And the reasons must be specific: "because the client has a 25-year horizon and no liquidity needs for 10 years" scores. "Because of their circumstances" does not.*

EXPLAIN

Say WHY. The mechanism, not just the fact.

- ▶ *Explain wants causation. "Duration rises" is a statement. "Duration rises because the lower coupon defers more of the cash flow to maturity" is an explanation. If your answer has no "because" in it, you have probably not explained anything.*

DISCUSS

Cover the relevant considerations. Usually multiple.

- ▶ *Broader than explain, and it usually carries more marks — which is your cue that the key has several distinct points. Check the mark count and produce that many. One deep point where the key wanted three shallow ones scores one third.*

DESCRIBE

Set out the features or the process. No verdict needed.

- ▶ *The gentlest of the words: it wants content, not judgement. But it still wants SPECIFICITY. Describe the structure, name its components, state how it works. Do not editorialise — you are not being asked to.*

CONTRAST / COMPARE

Address BOTH. Explicitly. On the same dimension.

- ▶ *Describing A for three lines and then B for three lines is not a contrast. You must state the DIFFERENCE. "A uses total risk; B uses systematic risk" is a contrast. Two separate descriptions is not — and the key is written as differences.*

GROUNDING YOUR REASONING

- The vignette is the evidence. A justification that could apply to any client is not a justification — it is a definition, and definitions do not score at Level III.
- When the question says "with reference to the information provided", it is telling you the marks are FOR the reference. Quote the fact.

THE CALCULATION WORDS · they want a number

The most reliable marks on the paper — and the easiest to throw away by not showing the method.

CALCULATE

Formula → substitution → answer. Show all three.

- ▶ A correct answer with no working is risky; a wrong answer with visible working still earns most of the marks. Also: state the **UNITS** and the **SIGN**. "-1,240 contracts" and "1,240 contracts" are not the same answer, and the direction is usually part of the mark.

SHOW YOUR CALCULATIONS

The working **IS** the answer. It is not optional here.

- ▶ When the question says this explicitly, the marks are allocated to the steps. A correct final number with no method can score less than a wrong number with a correct method. Write the steps out even if you did them in your head.

DETERMINE (numerically)

Compute, then **STATE** the resulting decision.

- ▶ Determine wears two hats. When it precedes a calculation, it still wants a conclusion afterwards: "The duration gap is 3.2, therefore the plan is **NOT** immunised." The number alone is half an answer.

PROTECTING CALCULATION MARKS

- Write the formula down before you touch the calculator. It costs eight seconds and it is the cheapest insurance on the paper.
- Sign and direction are marks. Buy or sell? Long or short? Extend or shorten duration? State it in words, not just as a minus sign.
- If you cannot finish the calculation, write the formula and the inputs anyway. Something beats nothing, always.

THE FORMAT WORDS · they constrain the shape

These control HOW you answer. Ignoring them is a self-inflicted wound.

"Two reasons" / "Three factors"

Give exactly that many. No more.

- ▶ A fourth reason earns nothing and, in some formats, a wrong extra answer can offset a right one. It always costs time. Count them, number them, stop.

"Identify" / "Name"

One or two words. No explanation.

- ▶ If the question says identify and you write three sentences, you have spent two minutes earning one mark. Identify means name it and move on. When they want more, they will say "identify **AND** explain".

"Support your answer with ONE reason"

One. Your best one.

- ▶ A shotgun of four reasons hoping one lands is a Level I habit. Here it wastes time and signals you do not know which reason is the strong one — and if a wrong reason is listed first, some keys will mark that.

"With reference to Exhibit 2"

Use Exhibit 2. Cite it explicitly.

► *The marks are attached to using the exhibit. An answer that is correct in general but never touches the exhibit has missed the point of the question.*

"State"

Assert it. No reasoning required.

► *The lightest command word there is. It wants a fact or a position, cleanly. Do not gold-plate it — the extra sentences earn nothing and eat the time you need elsewhere.*

FORMAT DISCIPLINE

- The template answer sheets at Level III often give you a table with a fixed number of rows. That row count is telling you exactly how many points the key contains. Use it.
- If a question has parts A, B and C with separate boxes, answer each in ITS box. Content in the wrong box may not be marked.

PRACTISING WITH THIS GUIDE

The pre-writing ritual, every question

- Circle the command word. Count the marks. Check the minutes. Then write.
- For decision words, write the verdict first. Literally, as the opening words in the box.
- For calculation words, write the formula before you touch the calculator.
- For format words, count your points against what was asked and stop when you hit the number.

How to practise

- Do past constructed-response papers UNDER TIME. Reading a model answer teaches you nothing about writing one at speed.
- Then grade yourself against the official key, harshly. Award marks only for what the key actually lists. This is uncomfortable and it is the single most useful exercise available to you.
- Keep a tally of marks lost to command words rather than to knowledge. For most candidates that tally is embarrassingly large — and it is the fastest thing to fix.

On the day

- The morning session decides Level III for most borderline candidates. The afternoon is a familiar item-set format; the morning is where the marks leak.
- Never leave a box blank. A formula with no answer scores more than nothing.
- If you are running out of time, write in bullets and abbreviate ruthlessly. The grader wants content, not sentences.

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