CFA Institute®

Curriculum Errata Notice

2026 Level II CFA Program

Issue date: November 2025

Welcome to the Curriculum Errata Notice.

We review and confirm potential errors to ensure you can study with confidence. This notice includes reported issues that could affect your understanding, such as miscalculations, incorrect explanations, or mislabeled exhibits.

For the most current information, regularly check the Learning Ecosystem (Canvas) or this document. Due to the nature of our publishing process, corrections may not appear immediately in our printed materials.

In this document, you will find:

- Table of Contents by Course
- New Errata marked since the last notice
- Full list of errata organized by Course

If you spot something that seems incorrect, please let us know: cfainst.is/errata. Every report is carefully reviewed and investigated by our subject matter experts.

Good luck with your studies!

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New errata

Here are new posted errata since our last issue. You'll also find these same errata listed in the "Complete list of errata" below.

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<tr><th>Revised</th><th>Course, Module</th><th>Lesson</th><th>Location (PDF)</th><th>Replace</th><th>With</th></tr>
<tr><td>20 Oct 2025</td><td>Equity Valuation 5: Residual Income Valuation</td><td>5.06 Accounting Considerations: Other</td><td>Page 373 Example 14—Question 2</td><td>
<table>
<tr><th></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr>
<tr><td>RI = (NI + OCI) – (SE_{t-1} x r)</td><td>$1.14</td><td>$0.45</td><td>$2.30</td><td>$2.00</td><td>$2.77</td></tr>
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So, the estimated value using the RI model, with residual income based on net income adjusted for OCI, is
$$V_0 = \$8.58 + \frac{\$1.14}{(1.10)^1} + \frac{\$.45}{(1.10)^2} + \frac{\$2.30}{(1.10)^3} + \frac{\$2.00}{(1.10)^4} + \frac{\$2.77}{(1.10)^5} + \frac{\$68.40 - \$22.04}{(1.10)^5}$$
$$V_0 = \$8.58 + 35.01 = \$43.59$$
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$$V_0 = \$8.58 + \mathbf{\$36.67} = \mathbf{\$45.24}$$
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Complete list of errata

Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With
19 Aug 2025	1: Basics of Multiple Regression and Underlying Assumptions	1.03 The Basics of Multiple Regression	Page 8 Bullet 2	The change in the bond index return for a given one-unit change in the monthly government bond yield, BY, is –5.0585%, holding CS constant. This means that the bond index has an empirical duration of 5.0585.	The change in the bond index return for a given one-unit change in the monthly government bond yield, BY, is –5.0585%, holding CS constant. This means that the bond index has an **effective** duration of 5.0585.
25 Aug 2025	1: Basics of Multiple Regression and Underlying Assumptions	1.03 The Basics of Multiple Regression	Page 9 Question 3—Solution	R = 1.534 + 0.5892(1) − 0.8719(4) − 0.0560(−2) = −1.2524.	R = 1.534 + 0.5892(1) − 0.8719(4) − 0.0560(−2) = **−1.254**.
20 Aug 2025	2: Evaluating Regression Model Fit and Interpreting Model Results	2.02 Goodness of Fit	Page 29 Text after Exhibit 2	(Equation 3)	(Equation **2**)
22 Aug 2025	2: Evaluating Regression Model Fit and Interpreting Model Results	2.03 Testing Joint Hypotheses for Coefficients	Page 41 Knowledge Check—Question 2 Step 5	F = 54.4039, as given in the regression output. (Note small difference vs. MSR/MSE from rounding.)	**F = 54.4029**, as given in the regression output. (Note small difference vs. MSR/MSE from rounding.)

21 Aug 2025	4: Extensions of Multiple Regression	Practice Problems	Page 104 Question 10	Based on the output from with Logistic Regression 1, how will the change in the probability that an ETF will be a winning fund increase if one of the other independent variable values, except for net_assets, is decreased by one unit, holding all else constant?	Based on the output from with Logistic Regression 1, how will the change in the probability that an ETF will be a winning fund increase if **all** independent variable values, except for net_assets, is decreased by one unit, holding all else constant?
22 Aug 2025	4: Extensions of Multiple Regression	Practice Problems	Page 107 Question 10—Solution	Therefore, as the portfolio_bonds variable increases by one unit, it results in a larger increase in profit than the price-to-earnings variable (0.1113 versus 0.0292), since its product is larger than the price-to-earnings product increase by one unit.	Therefore, as the portfolio_bonds variable increases by one unit, it results in a larger increase in profit than the price-to-earnings variable (0.1113 versus 0.0292), since its product is larger than the price-to-earnings product **decreases** by one unit.
20 Aug 2025	5: Time-Series Analysis	5.04 Trend Models and Testing for Correlated Errors	Page 120 Exhibit 10	Regression Statistics R^2 0.9771	Regression Statistics R^2 **0.95**

21 Aug 2025	5: Time-Series Analysis	5.07 Mean Reversion and Multiperiod Forecasts	Page 126 Example 4—Question 1	Analyst Melissa Jones decides to use a time-series model to predict Intel Corporation's gross margin [(Sales − Cost of goods sold)/Sales] using quarterly data from the first quarter of 2003 through the second quarter of 2019. She does not know the best model for gross margin but believes that the current-period value will be related to the previous-period value. She decides to start out with a first-order autoregressive model, AR(1): Gross margin$_t$ = b0 + b1(Gross margin$_{t-1}$) + ε$_t$. Her observations on the dependent variable are 1Q 2003 through 2Q 2019. Exhibit 12 shows the results of estimating this AR(1) model, along with the autocorrelations of the residuals from that model.	Analyst Melissa Jones decides to use a time-series model to predict Intel Corporation's gross margin [(Sales − Cost of goods sold)/Sales] using quarterly data from the first quarter of 2003 through the **first** quarter of 2019. She does not know the best model for gross margin but believes that the current-period value will be related to the previous-period value. She decides to start out with a first-order autoregressive model, AR(1): Gross margin$_t$ = b0 + b1(Gross margin$_{t-1}$) + ε$_t$. Her observations on the dependent variable are 1Q 2003 through **1Q** 2019. Exhibit 12 shows the results of estimating this AR(1) model, along with the autocorrelations of the residuals from that model.
15 Aug 2025	5: Time-Series Analysis	5.07 Mean Reversion and Multiperiod Forecasts	Page 129 Exhibit 13 Table 2	<table><tr><th></th><th>Coefficient</th><th>Standard Error</th><th>*t*-Statistic</th></tr><tr><td>Intercept</td><td>0.13346</td><td>0.2134</td><td>0.6254</td></tr></table>	<table><tr><th></th><th>Coefficient</th><th>Standard Error</th><th>*t*-Statistic</th></tr><tr><td>Intercept</td><td>**1.3346**</td><td>0.2134</td><td>**6.254**</td></tr></table>

Economics

Revised	Module	Lesson	Location (PDF)	Replace	With
15 Aug 2025	1: Currency Exchange Rates: Understanding Equilibrium Value	1.10 The Carry Trade	Page 40 Question 4	A.+0.03% B.+1.53% C.+1.63%	A.+0.03% B.**+1.42%** C.+1.63%

Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
26 Aug 2025	1: Intercorporate Investments	1.02 Basic Corporate Investment Categories	Page 5 Exhibit 1	Remove last row in table.	
18 Aug 2025	2: Employee Compensation: Post-Employment and Share-Based	2.04 Share-Based Compensation Tax and Share Count Effects, Note Disclosures	Page 76 Discussion Box	Discussion box removed from curriculum.	
21 Aug 2025	2: Employee Compensation: Post-Employment and Share-Based	2.06 Financial Reporting for Post-Employment Benefits	Page 95 Example 10 – Solution to 2	Net pension asset of 952.6 million	Net pension asset of **954.5** million

2 Sept 2025	2: Employee Compensation: Post-Employment and Share-Based	2.06 Financial Reporting for Post-Employment Benefits	Pages 96-97 Exhibit 8	IFRS Component Service costs	IFRS Recognition Recognized in P&L. Past service costs	US GAAP Component Current service costs Recognized in OCI and subsequently amortized to P&L over the service life of employees	US GAAP Recognition Recognized in P&L.	IFRS Component Service costs	IFRS Recognition Recognized in P&L.	US GAAP Component Current service costs **Past service costs**	US GAAP Recognition Recognized in P&L. **Recognized in OCI and subsequently amortized to P&L over the service life of employees**

Corporate Issuers

Revised	Module	Lesson	Location (PDF)	Replace	With
1 Aug 2025	3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 150 Knowledge Check – Question 4 Solution 2	r_e = rf + ERP + SP + SCRP + CRP r_e = 5.41% + 6% + 5% + 6% + 2% = 24.41%	r_e = rf + ERP + SP + **IP** + SCRP + CRP r_e = 5.41% + 6% + 5% +**1%** + 6% + 2% = **25.41%**
18 Aug 2025	3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 150 Knowledge Check— Solution to 5	= (0.1749)(0.07096)(1 − 0.20) + (0.8251)(0.2441) = 0.2113, or 21.13%	= (0.1749)(**0.0887**)(1 − 0.20) + (0.8251)(0.2441) = **0.2138**, or **21.38**%

Equity Valuation

Revised	Module	Lesson	Location (PDF)	Replace	With
19 Aug 2025	2: Discounted Dividend Valuation	2.03 The Gordon Growth Model	Page 73 Under Equation 12	If prices reflect value (P0 = V0), P0 less E1/r gives the market's estimate of the company's value of growth, PVGO. Referring back to Example 6, suppose that MSEX is expected to have average EPS of $1.52 if it distributed all earnings as dividends. Its required return of 6.8% and a current price of $43.20 gives $43.20 = ($1.52/0.068) + PVGO = $22.42 + PVGO and PVGO = $43.20 − $22.42 = $20.78. So, 48% ($20.78/$43.20 = 0.48) of the company's value, as reflected in the market price, is attributable to the value of growth.	If prices reflect value (P0 = V0), P0 less E1/r gives the market's estimate of the company's value of growth, PVGO. Referring back to Example 6, suppose that MSEX is expected to have average EPS of $1.52 if it distributed all earnings as dividends. Its required return of 6.8% and a current price of $43.20 gives $43.20 = ($1.52/0.068) + PVGO = **$22.35** + PVGO and PVGO = $43.20 − **$22.35** = $20.78. So, 48% ($20.78/$43.20 = 0.48) of the company's value, as reflected in the market price, is attributable to the value of growth.
19 Aug 2025	5: Residual Income Valuation	5.03 Single-Stage and Multistage Residual Income Valuation	Page 358 Example 10	Total value is ZL$86.26, calculated by adding the present value of the terminal value, ZL$5.33, to $ZL83.93 (the sum of the PV of residual income in the first 19 years).	Total value is **ZL$89.26**, calculated by adding the present value of the terminal value, ZL$5.33, to $ZL83.93 (the sum of the PV of residual income in the first 19 years).

<table>
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<td>New:
20 Oct 2025</td>
<td>5: Residual Income Valuation</td>
<td>5.06 Accounting Considerations: Other</td>
<td>Page 373 Example 14—Question 2</td>
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<td>25 Aug 2025</td>
<td>6: Private Company Valuation</td>
<td>6.07 Private Company Valuation Approaches</td>
<td>Page 437 Example 8—Solution to 2</td>
<td>$$\text{Firm Value}_t = \frac{\text{BRL15,750,000}}{0.142 - 0.02}$$</td>
<td>$$\text{Firm Value}_t = \frac{\text{BRL15,}\mathbf{300}\text{,000}}{0.142 - 0.02}$$</td>
</tr>
<tr>
<td>1 Sept 2025</td>
<td>6: Private Company Valuation</td>
<td>6.08 Private Company Valuation: Income-Based Approach</td>
<td>Page 449 Step 3—FLI FCFF and Terminal Value Forecasts (SGD millions) Table</td>
<td>Terminal Value = 142.680</td>
<td>Terminal Value = 141.295</td>
</tr>
</table>

Fixed Income

Revised	Module	Lesson	Location (PDF)	Replace	With
1 Aug 2025	1: The Term Structure and Interest Rate Dynamics	1.05 The Swap Spread and Spreads as a Price Quotation Convention	Page 30 Paragraph under Exhibit 7	As market participants transition away from survey-based Libor to alternative benchmarks based on actual transaction data, the secured overnight financing rate (SOFR), or overnight cash borrowing rate collateralized by US Treasuries, has gained prominence and is expected to replace Libor in the future.	As market participants transition away from survey-based Libor to alternative benchmarks based on actual transaction data, the secured overnight financing rate (SOFR), or overnight cash borrowing rate collateralized by US Treasuries, has gained prominence and **has replaced** Libor.
19 Aug 2025	5: Credit Default Swaps	5.05 Application of CDS	Page 298 Last Sentence—6th Paragraph	In buying protection without owning the underlying, the investor is taking a position that the entity's credit quality will improve.	In buying protection without owning the underlying, the investor is taking a position that the entity's credit quality will **deteriorate.**

Derivatives

Revised	Module	Lesson	Location (PDF)	Replace	With

Alternative Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
5 Aug 2025	1: Introduction to Commodities and Commodity Derivatives	1.09 Contango, Backwardation, and the Roll Return	Page 38 Paragraph Under Exhibit 14	However, since 2010, the emergence of shale oil production in the United States has increased oil's convenience yield to the point that historical scarcity risk is much lower than before.	However, since 2010, the emergence of shale oil production in the United States has **decreased** oil's convenience yield to the point that historical scarcity risk is much lower than before.
11 Aug 2025	2: Overview of Types of Real Estate Investment	2.02 Real Estate Investment Features	Page 105 Equation 17	$R_t = \frac{R_t^*}{a} + \left(\frac{1-a}{a}\right) R_{t-1}^*.$	$R_t = \frac{R_t^*}{a} - \frac{\mathbf{1-a}}{\mathbf{a}} R_{t-1}^*.$

Portfolio Management

Revised	Module	Lesson	Location (PDF)	Replace	With

Ethical and Professional Standards

Revised	Module	Lesson	Location (PDF)	Replace	With

Glossary

Revised	Location (PDF)	Replace	With
25 Aug 2025	G-20	Tokenization: The process of representing ownership rights to physical assets on a blockchain or distributed ledger.	Tokenization: The process of **splitting a given text into separate tokens**.