



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSFMK511A Apply limits when trading**

**Revision Number: 1**

## FNSFMK511A Apply limits when trading

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to identify, respond to and periodically review trading limits set by an organisation.</p> <p>This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so Commonwealth, State or Territory requirements should be confirmed with the relevant body.</p>
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### Application of the Unit

<b>Application of the unit</b>	This unit applies to job roles in the financial markets trading sector.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>	

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Identify trading limits	1.1. Various <i>types of trading limits in an organisation</i> are accessed and accurately interpreted 1.2. The process for establishing trading limits in the organisation is identified 1.3. Organisational limits are documented and the process for communicating to <i>relevant personnel</i> is determined
2. Respond to trading limit breaches	2.1. The process for identifying trading breaches, including by whom, how and when and for reporting them to relevant personnel is established and complied with 2.2. The process for <i>approving limit breaches</i> and the person responsible for that process is determined 2.3. The organisational process for dealing with breaches for which there is no approval is identified 2.4. Consequences of a breach are managed according to <i>organisational guidelines</i>
3. Review limits	3.1. The process for determining the allocation of risk in the organisation is known and consistently applied 3.2. Factors that are critical in determining limits are identified and analysed 3.3. Relevant personnel are promptly informed of changes in trading limits 3.4. Changes to trading limits are communicated to relevant staff using relevant organisational processes

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- well-developed communication skills to:
  - determine and confirm organisational trading limit requirements, using questioning and active listening as required
  - provide advice on trading limits to others
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
  - apply statistical techniques
  - use spreadsheets and databases
  - use internet information
- highly developed research and analysis for accessing, interpreting and managing complex information
- well-developed literacy skills to:
  - read and interpret organisational and industry information
  - identify economic environmental factors which affect financial services and markets
  - produce trading information
- judgement skills for forming recommendations in complex situations
- organisational skills, including the ability to plan and sequence work and work effectively in a constantly changing environment
- self-management skills for complying with ethical, legal and procedural requirements

#### Required knowledge

- the economic environment, including:
  - characteristics and impacts of economic and business cycles
  - government monetary and fiscal policies
  - interest rates, exchange rates, inflation
- data collection and management systems
- organisational guidelines, goals and objectives
- structure and inter-relationships within the financial markets
- theories of investment, portfolio management and management of investment risk

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• identify and monitor financial trading limits using a range of data sources</li> <li>• deal effectively and promptly with financial trading limit breaches following all required industry and organisational policies and procedures</li> <li>• access and comply with relevant legislation affecting financial trading.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to financial markets information.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing workplace projects and business simulations or scenarios</li> <li>• evaluating samples of work</li> <li>• accessing and validating third party reports.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

<b>RANGE STATEMENT</b>	
<p>The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.</p>	
<p><i>Types of trading limits in an organisation</i> may include consideration of:</p>	<ul style="list-style-type: none"> <li>• outright risk</li> <li>• spread risk</li> <li>• stop loss risk (including slippage)</li> <li>• Value at Risk (VAR).</li> </ul>
<p><i>Relevant personnel</i> may include:</p>	<ul style="list-style-type: none"> <li>• colleagues</li> <li>• compliance monitoring personnel</li> <li>• managers, supervisors.</li> </ul>
<p><i>Approving limit breaches</i> may involve:</p>	<ul style="list-style-type: none"> <li>• breaches of limits being reported immediately by the dealer to line management. The escalation process for reporting and managing limit excesses should be clear and effective.</li> </ul>
<p><i>Organisational guidelines</i> may include:</p>	<ul style="list-style-type: none"> <li>• business rules of the exchange</li> <li>• credit limit</li> <li>• deal limit</li> <li>• industry association codes of conduct</li> <li>• loss limit</li> <li>• organisational codes of conduct</li> <li>• relevant regulations and legislation.</li> </ul>

## Unit Sector(s)

<b>Unit sector</b>	Financial markets
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## Competency field

<b>Competency field</b>	
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## Co-requisite units

<b>Co-requisite units</b>		