



Australian Government

Assessment Requirements for FNSFMK512 Apply knowledge of emissions markets

Release: 1

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Modification History

| Release | Comments |
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| Release 1 | This version first released with FNS Financial Services Training Package Version 1.0. |

Performance Evidence

Evidence of the ability to:

- research, analyse and update information, including regulatory changes impacting on emissions markets and operations
- provide and apply specialist knowledge relating to emissions markets to daily work.

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

To complete the unit requirements safely and effectively, the individual must:

- analyse and describe types of products and their characteristics including:
 - types of emissions units, and their characteristics (encompassing carbon units, Australian carbon credit units and eligible international emissions units)
 - characteristics of emissions units including their status as personal property, and how they are typically derived from inception to the point of acquiring status as a financial product
 - risks associated with each type of emission unit, including rating, restrictions on their use, transfer and bankability for future use
 - processes for acquiring, transferring and surrendering emissions units, including compliance with the requirements of the Australian National Registry of Emissions Units
- outline the operation of regulated and voluntary carbon markets including:
 - geopolitical context of carbon markets, including the influence of political and economic factors and corporate social responsibility
 - main participants in carbon markets, and their key objectives and participation behaviours as factors influencing market activity

- emissions unit supply and demand factors and regulated price factors influencing market activity and prices
- issue of carbon units via auction, and auction types
- types of transactions in carbon markets, including transactions relating to the carbon pricing mechanism and in voluntary markets, and the function of financial markets facilitating such trading (including internationally)
- potential trading strategies and their implementation in carbon markets (e.g. hedging and investment strategies)
- risks associated with carbon markets, including liquidity, pricing, credit, operational and regulatory risks
- carbon market transaction documentation, including documentation used for different types of counterparties and transactions, their key terms and conditions, and advantages and disadvantages
- explain the regulated emissions legal environment including disclosure and compliance, covering:
 - domestic regulatory framework for the carbon pricing mechanism, including the role of the Clean Energy Regulator and the Australian National Registry of Emissions Units
 - domestic regulatory framework for the Carbon Farming Initiative, including the role of the Clean Energy Regulator and the Australian National Registry of Emissions Units
 - international regulatory framework for carbon trading, including the Clean Development Mechanism
 - relevant legal principles (e.g. Corporations Act, ASIC Act, Privacy Amendment (Private Sector) Act, Australian National Registry of Emissions Units Act, National Greenhouse and Energy Reporting Act, Carbon Credits (Carbon Farming Initiative) Act, Clean Energy Act)
 - the relationship between ethical and regulatory requirements (e.g. good faith, utmost good faith, full disclosure of remuneration and/or fees and any other conflicts of interest that may influence the adviser's recommendation), and the application of these requirements in professional practice
 - relevant industry standards and codes of conduct
 - regulators' guidelines, including ASIC Regulatory Guide (RG)146 requirements
 - dispute resolution procedures (external and internal)
- outline the taxation obligations in the emissions market including:
 - taxation treatment of emissions units and taxation issues relating to emissions units
 - deductibility of costs associated with emissions units.

Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the financial markets field of work and include access to:

- office equipment, technology, software and consumables
- emissions markets information.

Assessors must satisfy NVR/AQF assessor requirements.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>