Australian Government

FNSFMK612 Manage trading exposures

Release: 1

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Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 4.0.

Application

This unit covers the skills and knowledge required to manage financial risk, arising as a result of client transactions. It involves assessing existing exposures and risk appetite and then developing strategies to minimise, prevent and mitigate financial risk.

The unit applies to individuals who use analytical skills and systematic approaches to assess, review and manage trading exposures.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Unit Sector

Financial markets

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
Elements describe the essential outcomes.	*Performance criteria describe the performance needed to demonstrate achievement of the element.*
1. Assess risk and determine need for hedging	1.1 Review existing trading portfolio and risk appetite to determine if hedging is required 1.2 Assess risks of various underlying hedge transactions including outright risk and basis risk
2. Develop and execute hedging strategies to mitigate risk	2.1 Formulate appropriate hedging strategy to mitigate risk, in line with market conditions and organisational hedging policies 2.2 Confirm hedge is within own authority to transact and within own existing market risk limit structure as a market maker 2.3 Determine most appropriate venue for executing hedge transaction 2.4 Execute hedging strategy in accordance with organisational, industry standards and regulatory requirements.

ELEMENT	PERFORMANCE CRITERIA
	2.5 Identify and report trading breaches in compliance to organisational processes
3. Review adjusted risk position and develop strategies to minimise risks	3.1 Assess post-transaction portfolio for inclusion of both original transaction and any subsequent hedges 3.2 Assess if position is within organisational risk tolerance and adjusted for changing market conditions

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

Skill	Description
Reading	• Interprets and analyses information from a range of texts including customer communication, organisational documentation and regulation
Writing	• Prepares documentation and correspondence according to organisational formats using clear language, grammar, spelling and terminology
Numeracy	• Interprets and analyses mathematical information to manage risk
Self-management	• Identify roles and responsibilities of own role and makes basic decisions on work completion parameters • Follows organisational policy, procedures and protocols, and regulatory requirements relevant to own role • Plans and implements routine tasks and workload, making limited decisions on sequencing and timing
Technology	• Uses main features and functions of digital tools to complete work tasks and access information

Unit Mapping Information

Supersedes and is equivalent to FNSFMK602 Manage financial risk.

Links

Companion Volume Implementation Guide is found on VETNet - https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe