



Australian Government

FNSASICL503A Provide advice in the regulated emissions market

Release 1

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Modification History

Version	Comments
Release 1	This version first released with <i>FNS10 Financial Services Training Package v4.0</i>

Unit Descriptor

This unit (in conjunction with the defined prerequisites) describes the performance outcomes and skills required to satisfy the training requirements of Australian Securities and Investments Commission (ASIC) Australian Financial Services (AFS) licensing at Tier 1 level in the area of skills defined for competent performance by those advising in carbon markets, as defined in RG146.

Application of the Unit

This unit applies to job roles involving the provision of advice on regulated emissions products and services.

Licensing/Regulatory Information

This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements; Commonwealth, State or Territory requirements should be confirmed with the relevant body.

Pre-Requisites

- FNSFMK501A Analyse financial markets
- FNSFMK502A Analyse financial market products for client
- FNSFMK503A Advise clients on financial risk
- FNSFMK512A Apply knowledge of the emissions market

Employability Skills Information

This unit contains employability skills.

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

1. Establish relationship with client	<p>1.1 Establish relationship with client by communicating directly and openly</p> <p>1.2 Inform client of the role and capacity of the adviser, and the licensee responsible for the adviser's conduct</p> <p>1.3 Establish client's understanding of the regulated emissions market in order to determine the range of services to be offered.</p> <p>1.4 Explain the scope and limitation of the advice and services including fee and charging methodology, procedures for complaints handling and the circumstances in which they should be engaged</p> <p>1.5 Respond to enquiries in relation to the services and products to be provided in a professional manner</p>
2. Identify and analyse the client's objectives, needs, financial situation and risk profile	<p>2.1 Establish client's motivation for investing in the regulated emissions market</p> <p>2.2 Identify and document all relevant <i>liabilities and assets</i> for client, their expectations of cash flow and any relevant taxation obligations</p> <p>2.3 Identify client needs by encouraging expression of goals and objectives (short, medium and long-term) relevant to the product</p> <p>2.4 Assess client's risk profile, and agree the rating with them</p> <p>2.5 Explain the investment implications for client for achieving their objectives and needs based on their risk profile, cash flow and taxation implications</p> <p>2.6 Consult with client throughout the analysis for further clarification where necessary</p> <p>2.7 Analyse whether there is a need for specialist advice and refer to an appropriate adviser if required</p>
3. Develop a strategy for	3.1 Assess the broad strategies available to client

client	<p>3.2 Discuss the strategies identified with client to determine and agree on the most suitable approach for their needs, objectives and risk profile</p> <p>3.3 Select the appropriate emissions products and undertake research, analysis and <i>financial modelling</i> to establish which product mix best meets client's needs, objectives and risk profile.</p> <p>3.4 Prepare statutory and organisational strategy and transaction documentation</p> <p>3.5 Identify and discuss with client any conflicts of interest arising from selected strategy</p>
4. Present and negotiate strategies and solutions with client	<p>4.1 Explain to client the proposed transaction and the strategic methodology used in a clear and unambiguous way</p> <p>4.2 Check that the client understands the relevant details, risks, terms and conditions, advantages and disadvantages of the transaction recommended</p> <p>4.3 Negotiate and resolve any concerns or issues that client has regarding the proposed transaction</p> <p>4.4 Explain the fee and cost structures for the transaction and the timeframes for execution</p>
5. Implement and document agreed plan, policy or transaction	<p>5.1 Prepare and provide client with written documentation where required by law or codes of practice that incorporate the basis upon which the advice is given</p> <p>5.2 Explain the supporting documentation, and confirm the content and advice against the established investment requirements, risk profile and objectives</p> <p>5.3 Seek confirmation from client that they understand the proposed transaction and its fee implications, and gain formal agreement to proceed in line with regulatory guidelines, accepted industry practice and organisation policies</p> <p>5.4 Exchange signed copies of appropriate documentation and the signed agreement with client</p>
6. Determine and agree any ongoing services required	<p>6.1 Agree with client what type and form of ongoing service will be provided, including reporting on performance of this transaction and other associated services</p> <p>6.2 Explain fees and costs for ongoing and specifically defined service and obtain confirmation of understanding from client</p>

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - determine and confirm client requirements, using questioning and active listening as required
 - negotiate financial service transactions with clients
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- literacy skills to:
 - read and interpret documentation from a variety of sources
 - analyse information and products to ensure appropriateness to client needs, currency and accuracy
 - complete documentation accurately
- research and analysis skills for accessing, interpreting and managing complex information
- numeracy and IT skills to:
 - interpret financial information and calculate client costs, risks and returns
 - access and use appropriate software such as spreadsheets and databases
 - use internet to research information
- interpersonal skills to establish rapport with clients, and to liaise with other team members and specialists
- self-management skills for complying with ethical, legal and procedural requirements
- learning skills to maintain knowledge of products and services and any changes to compliance legislation and requirements
- judgement skills for:
 - applying ethical principles to decision making in the advising process
 - forming suitable recommendations in advising situation
- organisational and time management skills to sequence tasks, meet timelines and arrange meetings

Required knowledge

- advisory functions including:
 - the role of the representative or adviser
 - participants in the advisory services market
 - range of services provided
 - profile and financial information of the client
 - appropriateness of a risk assessment
 - relevant industry codes of practice and conduct
- complaints resolution procedures (internal and external)
- regulator guidelines including the requirements of ASIC

- A general understanding of Australian financial services products (general definition, specific inclusions and exclusions), financial investment products and financial risk products
- Knowledge of products available for risk management, speculation and investment in regulated emissions markets:
 - Australian Carbon Credit Units (ACCUs)
 - Carbon units
 - Eligible international emissions units
- Risks, risk characteristics and mitigating strategies relative to regulated emissions:
 - regulatory risk
 - documentation risk
 - market/pricing risk
 - fraud
 - emerging market risk
 - counterparty risk
- taxation issues in relation to carbon emissions products and markets in which they operate
- strategy development in an emissions marketplace
 - Evaluation of client objectives against risks
 - Concept development and evaluation
- theories of investment, portfolio management and management of investment and risk:
 - investment concepts
 - investment strategies
 - identification of types of risk
 - client risk profile
- the legal environment and disclosure and compliance:
 - the role of the representative or adviser
 - relevant legal principles (e.g. Corporations Act, Financial Services Reform Act (FSRA), Trade Practises Act)
 - the relationship between ethics and regulatory requirements (e.g. good faith, utmost good faith)
 - full disclosure of remuneration and fees and any other conflicts of interest which may influence the adviser's recommendation
 - elements of the Registered Representatives Examination (where relevant)
 - Chi-X Australia or Australian Securities Exchange (ASX) Operating Rules (where relevant)

Evidence Guide

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.

Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<ul style="list-style-type: none"> • Evidence of the ability to: <ul style="list-style-type: none"> • Establish and define the nature and scope of the client and adviser relationship • Collect qualitative and quantitative information in order to perform strategic analysis • Develop a strategic plan in emissions products that is appropriate for the client profile • Evaluate the financial strategy with respect to local and international financial markets and factors influencing the regulated emissions market • Develop advice that adheres to the relevant regulatory, ethical, industry and organisational requirements • Demonstrate application of ethical principles in decision making during the advising process • Communicate the details of a financial advice document and establish client understanding of the proposal
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • competency is demonstrated in the conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • that the intent and purpose of the unit is matched with an appropriate choice and balance of assessment instruments • required skills have been adequately demonstrated and assessed in both breadth and depth
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:</p> <ul style="list-style-type: none"> • analysis of responses to case studies and scenarios • setting and reviewing client advisory simulations • observation of role plays • oral or written questioning to assess candidate's knowledge of the advice process and its application to the product or market sector • evaluating - portfolios covering the advisory cycle • analysis of critique of colleague' s workplace advising practice • direct questioning combined with review of

	<p>portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate</p> <p>This unit forms part of a suite attesting to the competence of an occupation operating in a regulated environment. The expectation of the regulator is that assessment instruments chosen will provide robust testament to both the knowledge and skill of the candidate. The use of one single instrument is not appropriate in the assessment of this unit.</p>
Guidance information for assessment	Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

Range Statement

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.

<i>Assets and liabilities</i> includes	<ul style="list-style-type: none"> • Can include personal, financial and business details. Will depend on whether client is an individual or business, and the business structure utilised
<i>Financial modelling</i>	<ul style="list-style-type: none"> • The scope of meaning of this term will depend on the client and the nature of their investment objectives. It may refer to financial modelling for strategy development for a client or to financial modelling for a project if the client is a business investing in a carbon farming initiative

Unit Sector(s)

ASIC