



Australian Government

Department of Education, Employment and Workplace Relations

FNSFMK510A Prepare trading strategies for clients

Revision Number: 1

FNSFMK510A Prepare trading strategies for clients

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to assess clients' needs and prepare appropriate trading strategies.</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

Application of the unit	This unit applies to job roles in the financial markets trading and dealing sector.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	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. Analyse client position, risks and needs	<ul style="list-style-type: none">1.1. Client's needs and objectives are obtained and confirmed1.2. Market and product focus of the advice to the client is determined1.3. Market opportunities for a client are analysed utilising appropriate analytical tools, <i>technical analysis</i>, <i>fundamental analysis</i> and <i>quantitative methodologies</i>1.4. Trading opportunities for the client are identified with justification provided as required
2. Manage the organisation's legal risk on client transactions	<ul style="list-style-type: none">2.1. Risks in the strategy are identified and explained to the client2.2. Sources of legal risk for the organisation arising from the advice and the advising process are identified2.3. Advice is developed in accordance with <i>organisation's policies, guidelines</i> and the <i>legal and regulatory framework</i>
3. Execute trading strategies for client	<ul style="list-style-type: none">3.1. Entry and exit levels and conditions for the proposed strategy are determined3.2. Appropriate order types for executing the strategy are identified3.3. Appropriate <i>money management solutions for trading strategy</i> are established3.4. Ongoing advice, including adjusting trading strategy where warranted is provided to the client

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 client trading requirements, using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- well-developed numeracy and IT skills to:
 - check transition calculations
 - access and use appropriate software such as organisational trading systems, accounting software, spreadsheets and databases
 - use internet information
- well-developed literacy skills to:
 - read and interpret organisational and industry trading procedures
 - frame client strategies and recommendations
- sound judgement skills for making decisions in operational situations
- organisational skills, including the ability to plan and sequence work

Required knowledge

- financial products that can be traded
- financial risk management principles
- financial trading reporting procedures and documentation
- financial trading system features and characteristics
- organisational trading policies and procedures

Evidence Guide

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

Evidence of the ability to:

- interpret compliance requirements for organisational and industry financial trading procedures
- analyse client needs to develop appropriate strategies to suit their circumstances
- access and use appropriate tools and techniques to determine suitable financial services for clients.

Context of and specific resources for assessment

Assessment must ensure:

- 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
- access to and the use of a range of common office equipment, technology, software and consumables
- access to an integrated financial software system and data

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency
- verbal or written questioning on underpinning knowledge and skills
- evaluating samples of work
- accessing and validating third party reports.

Guidance information for assessment

Range Statement

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>Technical analysis</i> is:	<ul style="list-style-type: none"> the method of analysing the historical data of a security usually involving a mathematic formula that is calculated for every day in the history then plotted on a chart.
<i>Fundamental analysis</i> involves:	<ul style="list-style-type: none"> considering the overall economy, the sector in which a business operates, and particular company's financial statements to calculate measures or 'ratios' such as: <ul style="list-style-type: none"> earnings per share price-earnings ratio dividend yield. analysis using a top-down approach or bottom-up approach.
<i>Quantitative methodologies</i> may:	<ul style="list-style-type: none"> assess the time series and distributional properties of financial series model and estimate the risk-return relationship estimate and test capital asset pricing models estimate values at risk. <p>could also involve:</p> <ul style="list-style-type: none"> modelling estimating testing the volatility of financial markets.
Financial markets <i>risks</i> may include:	<ul style="list-style-type: none"> compliance risk client credit risk fraudulent activity risk legal risk liquidity risk market risk operational or security risk reputation risk settlement agency or bank risk systemic risk

RANGE STATEMENT	
	<ul style="list-style-type: none"> • technology inadequacy or failure risk.
<i>Strategy</i>	<ul style="list-style-type: none"> • arbitrage • investment • relative value • multi-asset • speculative.
<i>Organisation's policies and guidelines</i> may be outlined and reflected in:	<ul style="list-style-type: none"> • access and equity principles and practice guidelines • business and performance plans • cash handling and storage procedures • complaints and dispute resolution procedures • dispute resolution processes • ethical standards, codes of practice • formal procedures manual and quality assurance documents • goals, objectives, plans, systems and processes • legal and organisational policies and guidelines • mission statements, strategic plans • OHS policies, procedures and programs • policies and procedures in relation to client service • product or service development • quality and continuous improvement process and standards • referral procedures • use of compliance documentation such as: <ul style="list-style-type: none"> • product disclosure statements • statements of advice.
<i>Legal and regulatory framework</i> may include:	<ul style="list-style-type: none"> • Australian Securities and Investments Commission (ASIC) regulations and guidelines • Consumer Protection Acts • corporations law • Trade Practices Act.
<i>Money management solutions for trading strategy</i> may include:	<ul style="list-style-type: none"> • stop losses for worst case scenarios.

Unit Sector(s)

Unit sector	Financial markets
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		