



**Australian Government**

# **Assessment Requirements for FNSASICL503 Provide advice in the regulated emissions market**

**Release: 1**

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### Modification History

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

### Performance Evidence

Evidence of the ability to:

- establish and define the nature and scope of the client and adviser relationship
- collect qualitative and quantitative information to perform strategic analysis within the regulated emissions markets
- 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 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.

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 satisfy generic and specialist knowledge requirements relevant to the products and activities in which advice is given.

Generic knowledge

- analyse and provide an overview of the economic environment including:
  - characteristics and impact of economic and business cycles
  - interest rates and exchange rates
  - inflation
  - government monetary and fiscal policy

- analyse and provide a detailed explanation of the operation of financial markets including:
  - roles played by intermediaries and issuers
  - structure and interrelationships within the financial markets
  - interrelationship between industry sectors
- outline financial products including:
  - concept of a financial product: general definition, and specific inclusions and exclusions
  - types of financial investment products
  - types of financial risk products.

### Specialist knowledge

- describe types of regulated emissions units, and their characteristics (encompassing carbon units, Australian carbon credit units (ACCU) and eligible international 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
- analyse risks associated with each type of regulated emission unit, including restrictions on their use, transfer and bankability for future use
- describe risk characteristics and mitigating strategies relative to regulated emissions including:
  - regulatory risk
  - documentation risk
  - market and pricing risk
  - fraud
  - emerging market risk
  - counterparty risk
- explain processes for acquiring, transferring and surrendering regulated emissions units, including compliance with the requirements of the Australian National Registry of Emissions Units
- analyse and summarise key features of the operation of carbon markets including:
  - geopolitical context of carbon markets
  - 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 including 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
- discuss the 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 including Corporations Act, Australian Securities and Investments Commission (ASIC) Act and Privacy Amendment (Private Sector) Act
  - relationship between ethics and regulatory requirements (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 application of these requirements in professional practice
  - elements of the Registered Representatives Examination (where relevant)
  - Chi-X Australia or Australian Securities Exchange (ASX) Operating Rules (where relevant)
- outline taxation issues in relation to carbon emissions products and markets in which they operate, and deductibility of costs associated with regulated emissions units
- outline strategy development in an emissions marketplace including:
  - evaluation of client objectives against risks
  - concept development and evaluation
- explain theories of investment, portfolio management and management of investment and risk:
  - investment concepts and strategies
  - identification of types of risk
  - client risk profile.

## Assessment Conditions

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

- office equipment, technology, software and consumables
- carbon and regulated emissions market product information

Assessors must satisfy NVR/AQTF assessor requirements.

## Links

Companion Volume implementation guides are found in VETNet -

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