



Australian Government

FNSASICL503 Provide advice in the regulated emissions market

Release: 1

FNSASICL503 Provide advice in the regulated emissions market

Modification History

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

Application

This unit describes the skills and knowledge required to analyse client needs and provide advice ethically and professionally on regulated emissions products and services, in compliance with industry regulations and codes of practice. It addresses the training requirements of current Australian Securities and Investments Commission (ASIC) and Australian financial services (AFS) licensing at Tier 1 level.

It applies to individuals who analyse client needs and provide advice about carbon markets products and services using well-developed interpersonal skills and proficient communication and self-management skills.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or ASIC for specific guidance on requirements.

Pre-requisite Unit

FNSFMK50 1	Analyse financial markets
FNSFMK50 2	Analyse financial market products for client
FNSFMK50 3	Advise clients on financial risk
FNSFMK51 2	Apply knowledge of the emissions market

Unit Sector

ASIC units

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Establish relationship with client	1.1 Establish relationship with client by communicating directly and openly 1.2 Inform client of role and capacity of adviser and licensee responsible for adviser's conduct 1.3 Establish client's understanding of regulated emissions market to determine range of services to be offered. 1.4 Explain scope and limitation of advice and services, including fee and charging methodology, procedures for complaints handling and circumstances in which they should be engaged 1.5 Respond to enquiries in relation to services and products to be provided in professional manner
2. Identify and analyse client's objectives, needs, financial situation and risk profile	2.1 Establish client's motivation for investing in regulated emissions market 2.2 Identify and document all relevant liabilities and assets for client, expectations of cash flow and any relevant taxation obligations 2.3 Identify client needs by encouraging expression of goals and objectives (short-term, medium-term and long-term) relevant to product 2.4 Assess client's risk profile and agree on rating with client 2.5 Explain investment implications for client for achieving objectives and needs based on client's risk profile, cash flow and taxation implications 2.6 Consult with client throughout analysis for further clarification where necessary 2.7 Analyse whether there is need for specialist advice and refer to appropriate adviser if required
3. Develop strategy for client	3.1 Assess broad strategies available to client 3.2 Discuss strategies identified with client to determine and agree on most suitable approach for client needs, objectives and risk profile 3.3 Select appropriate emissions products and undertake research, analysis and financial modelling to establish which product mix best meets client's needs, objectives and risk profile

ELEMENT	PERFORMANCE CRITERIA
	3.4 Prepare statutory and organisational strategy and transaction documentation 3.5 Identify and discuss with client any conflicts of interest arising from selected strategy
4. Present and negotiate strategies and solutions with client	4.1 Explain to client proposed transaction and strategic methodology used, in clear and unambiguous way 4.2 Check that client understands relevant details, risks, terms and conditions, advantages and disadvantages of transaction recommended 4.3 Negotiate and resolve any concerns or issues that client has regarding proposed transaction 4.4 Explain fee and cost structures for transaction and timeframes for execution
5. Implement and document agreed plan, policy or transaction	5.1 Prepare and provide client with written documentation where required by law or codes of practice that incorporate basis on which advice is given 5.2 Explain supporting documentation, and confirm content and advice against established investment requirements, risk profile and objectives 5.3 Seek confirmation that client understands proposed transaction and its fee implications, and gain formal agreement to proceed in line with regulatory guidelines, accepted industry practice and organisational policy 5.4 Exchange signed copies of appropriate documentation and signed agreement with client
6. Determine and agree on any ongoing services required	6.1 Agree with client on type and form of ongoing service to be provided, including reporting on performance of this transaction and other associated services 6.2 Explain fees and costs for ongoing and specifically defined service and obtain confirmation of understanding from client

Foundation Skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

Skill	Performance	Description
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	Criteria	
Reading	2.2, 3.3, 3.4	Recognises and interprets textual information from relevant sources
Writing	1.1-1.5, 2.2, 3.4, 5.1, 5.4	Uses clear, specific and industry related terminology to complete and consolidate workplace documentation
Oral Communication	1.1-1.5, 2.1-2.6, 3.2, 3.5, 4.1-4.4, 5.2, 5.3, 6.1, 6.2	- Clearly articulates requirements using industry specific language appropriate to the audience and environment, and participates in negotiated outcomes - Uses active listening and questioning to confirm understanding and elicit information
Numeracy	3.3, 4.4, 6.2	Interprets financial product information and calculates client costs, risks and returns
Navigate the world of work	1.4, 5.1, 5.3	- Takes personal responsibility for following explicit and implicit policies, procedures and protocols to provide advisory services and documentation that complies with legal, ethical and organisational requirements - Extends knowledge of product features and applications relevant to current role
Interact with others	1.1, 1.2, 2.4, 2.6, 2.7, 5.4, 6.1	Selects and uses the appropriate conventions and protocols when communicating with clients to build rapport, seek and share information, establish clear agreement and maintain an ethical service relationship
Get the work done	3.1-3.4	- Takes responsibility for the planning, sequence and priority of tasks within own workload to achieve effective and compliant outcomes - Applies systematic and analytical decision-making processes to determine and implement solutions that meet client needs and financial requirements - Uses the main features and functions of digital tools to complete work tasks

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSASICL503 Provide advice in the regulated emissions market	FNSASICL503A Provide advice in the regulated emissions market	Updated to meet Standards for Training Packages	Equivalent unit

Links

Companion Volume implementation guides are found in VETNet -

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

Assessment Requirements for FNSASICL503 Provide advice in the regulated emissions market

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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

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