



Australian Government

FNSFMK508 Monitor and process collateral

Release: 1

FNSFMK508 Monitor and process collateral

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 monitor collateral activity, process agreements and manage disputes as required.

It applies to individuals who use highly specialised knowledge, analytical skills and systematic approaches for problem solving and making judgements about financial decisions in complex situations.

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 the relevant regulator for specific guidance on requirements.

Unit Sector

Financial markets

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. Process collateral support documentation	1.1 Source collateral support annexe (CSA) relevant for specified clients 1.2 Interpret and analyse implications of CSA for managing collateral with counterparty 1.3 Identify requirements of CSA and its impact on how collateral is measured and managed 1.4 Execute collateral requirements identified in line with organisational policy
2. Monitor collateral	2.1 Use net market to market value of trades covered by credit

ELEMENT	PERFORMANCE CRITERIA
activity	support documents to calculate collateral margining activity 2.2 Initiate margin calls when terms of CSA dictate 2.3 Monitor and update daily market values for non-cash collateral debt, checking that any cuts in valuations are applied in line with agreed framework 2.4 Identify and update derivative credit exposures on long-term and short-term deals on organisational credit management system 2.5 Monitor threshold amounts to determine options to use break clause if necessary 2.6 Negotiate and replace collateral deals when break clause has been invoked 2.7 Process call and return amounts promptly and accurately 2.8 Observe segregation of roles according to organisational requirements and industry codes of practice
3. Manage collateral disputes or defaults	3.1 Identify differences in valuations and escalate to correct stream 3.2 Check, value and reconcile portfolios on regular basis to ensure collateral management data is current and valid 3.3 Deal with disputes according to organisational policy and procedures 3.4 Document and escalate unresolved disputes or defaults to appropriate personnel as required 3.5 Investigate and escalate non-settlement or fails of agreed collateral to the appropriate risk stream in line with agreed Service Level Agreements

Foundation Skills

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

Skill	Performance Criteria	Description
Reading	1.1-1.3, 2.4, 3.1, 3.5	Analyses accuracy of complex market information and financial data from a range of sources to determine and confirm requirements
Writing	1.4, 2.2, 2.4, 2.6,	Records key information and accurately prepares documentation following organisational procedures

	3.3, 3.4	and protocols
Oral Communication	1.4, 2.6, 3.3, 3.4	Participates in verbal exchanges using active listening and questioning techniques, appropriate to audience and purpose, to disseminate and clarify information
Numeracy	1.1-1.3, 2.1, 2.3, 2.4, 2.5, 2.7, 3.1, 3.2	Uses mathematical equations to perform calculations, check accuracy of information and achieve required outcomes
Navigate the world of work	1.2-1.4, 3.3	- Keeps up to date on changes to legislation or regulations relevant to own rights and responsibilities, and considers implications of these when negotiating, planning and undertaking work - Takes full responsibility for following policies, procedures and legislative requirements
Interact with others	1.4, 2.6, 3.3-3.4	- Selects and uses appropriate conventions and protocols when communicating with personnel - Cooperates with others where joint outcomes are required
Get the work done	2.1-2.8, 3.1- 3.3, 3.5	- Accepts responsibility for planning and sequencing complex tasks and workload - Applies systematic and analytical processes to make decisions in complex and non-routine situations - Uses the main features and functions of digital tools to complete work tasks, store data and access information

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSFMK508 Monitor and process collateral	FNSFMK508A Monitor and process collateral	Updated to meet Standards for Training Packages Rewording and clarification of performance criteria	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 FNSFMK508 Monitor and process collateral

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Performance Evidence

Evidence of the ability to:

- manage collateral agreements and transactions and enter details in organisational systems
- evaluate and adjust financial positions
- manage collateral disputes.

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:

- explain a range of commonly used financial products
- explain the key features of organisational requirements relating to collateral agreements, including International Swaps and Derivatives Association (ISDA), credit support documents (CSD) and credit support annexes (CSA)
- outline key features of financial markets report structures and characteristics.

Assessment Conditions

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

- office equipment, technology, software and consumables
- financial markets product information.

Assessors must satisfy NVR/AQTF assessor requirements.

Links

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