



Australian Government

FNSFMK512 Apply knowledge of emissions markets

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.

Application

This unit describes the skills and knowledge required to participate in and provide specialist advice on defined financial products in the emissions markets.

It applies to individuals who use specialised knowledge (including the mandatory knowledge outlined in ASIC RG146 Appendix A2.11), analytical skills and systematic approaches to manage the provision of advice to clients.

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. Comply with regulatory framework unique to emissions markets	1.1 Identify domestic and international regulatory framework within which emissions reduction schemes are placed 1.2 Identify key legislation, regulation and industry codes of practice relevant to operating within Australian emissions markets 1.3 Comply with relevant legal and regulatory principles when operating in emissions markets 1.4 Discuss regulatory risk for both voluntary and regulated emissions markets, and determine possible impacts of pending regulatory or legislative change
2. Evaluate scope and	2.1 Identify regulated and voluntary carbon markets and outline

ELEMENT	PERFORMANCE CRITERIA
impact of emissions markets	how they operate 2.2 Distinguish respective supply and demand drivers for voluntary and regulated markets 2.3 Describe price drivers for emissions products 2.4 Differentiate participants in carbon markets and motivations for their participation 2.5 Distinguish functions of primary and secondary emissions markets 2.6 Discuss auction types and processes 2.7 Describe functions, requirements and rules for registries
3. Identify types of emissions products, their characteristics and liabilities	3.1 Compare different types of emissions products and instruments traded in compliance and voluntary markets 3.2 Identify key features of compliance market products 3.3 Describe risks inherent within each product and their potential impact in given context 3.4 Describe transactional processes for each product, including acquiring, transferring and surrendering 3.5 Describe tax treatment of emissions products, including deductibility of costs where relevant
4. Apply knowledge of emissions products	4.1 Determine relevant information influencing the market 4.2 Analyse relevant information when selecting products for emissions markets transaction 4.3 Devise strategies for using emissions market products 4.4 Seek advice, guidance and specialist expertise when required 4.5 Apply knowledge of financial market transactional processes when operating in emissions markets 4.6 Complete relevant documentation and complete any additional organisational processes
5. Maintain emissions market knowledge	5.1 Review relevant emissions trading markets sources regularly and apply any changes in daily work 5.2 Maintain professional competence in market knowledge in accordance with codes of conduct and/or organisational requirements 5.3 Implement processes for maintaining up-to-date knowledge of relevant aspects of emissions trading markets

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
Learning	4.4, 5.2, 5.3	Actively updates and maintains knowledge of changes to regulation, markets and emissions
Reading	1.1, 1.2, 2.1, 2.4-2.7, 3.1-3.3, 4.1, 4.2	Accurately interprets and analyses complex information from a range of sources and consolidates information relevant to requirements
Writing	3.3-3.5, 4.6	Prepares documents, incorporating clear and detailed information organised sequentially for internal reference
Oral Communication	3.3-3.5	- Uses language, terminology and concepts appropriate to the audience and purpose - Participates in verbal exchanges to share, convey and clarify information
Numeracy	2.3	Uses mathematical equations to perform calculations to interpret pricing information
Navigate the world of work	1.3, 1.4, 2.5-2.7, 5.2	- Identifies and follows relevant legislative requirements, and explicit and implicit protocols, policies and procedures, and meets expectations associated with own role - Keeps up to date on changes to legislation or regulations and considers implications on work outcomes
Interact with others	4.4	Liaises with others, shares information, and seeks advice and guidance
Get the work done	4.3, 4.5, 4.6, 5.1	Plans and sequences complex tasks, and monitors and adapts work to incorporate changes in compliance issues

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status

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FNSFMK512 Apply knowledge of emissions markets	FNSFMK512A Apply knowledge of emissions markets	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 FNSFMK512 Apply knowledge of emissions markets

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Performance Evidence

Evidence of the ability to:

- research, analyse and update information, including regulatory changes impacting on emissions markets and operations
- provide and apply specialist knowledge relating to emissions markets to daily work.

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:

- analyse and describe types of products and their characteristics including:
 - types of emissions units, and their characteristics (encompassing carbon units, Australian carbon credit units and eligible international emissions units)
 - characteristics of 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
 - risks associated with each type of emission unit, including rating, restrictions on their use, transfer and bankability for future use
 - processes for acquiring, transferring and surrendering emissions units, including compliance with the requirements of the Australian National Registry of Emissions Units
- outline the operation of regulated and voluntary carbon markets including:
 - geopolitical context of carbon markets, including the influence of political and economic factors and corporate social responsibility
 - 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 (e.g. 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
- explain the regulated emissions 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 (e.g. Corporations Act, ASIC Act, Privacy Amendment (Private Sector) Act, Australian National Registry of Emissions Units Act, National Greenhouse and Energy Reporting Act, Carbon Credits (Carbon Farming Initiative) Act, Clean Energy Act)
 - the relationship between ethical and regulatory requirements (e.g. 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 the application of these requirements in professional practice
 - relevant industry standards and codes of conduct
 - regulators' guidelines, including ASIC Regulatory Guide (RG)146 requirements
 - dispute resolution procedures (external and internal)
- outline the taxation obligations in the emissions market including:
 - taxation treatment of emissions units and taxation issues relating to emissions units
 - deductibility of costs associated with emissions units.

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
- emissions markets information.

Assessors must satisfy NVR/AQF assessor requirements.

Links

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