



Australian Government

FNSFMK518 Monitor and process collateral

Release: 1

FNSFMK518 Monitor and process collateral

Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 4.0.

Application

This unit describes the skills and knowledge required to monitor collateral activity, process collateral and manage disputes.

The unit 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.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

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. Assess collateral support documentation	1.1 Assess credit support annexe (CSA) against operational capabilities, and regulatory requirements relating to processing collateral 1.2 Identify required changes to CSA established by organisation with specified counterparty 1.3 Communicate required changes to person/s as set out in organisational procedures and processes
2. Monitor collateral activity	2.1 Monitor collateral systems for outstanding trades with counterparties 2.2 Undertake daily market value of trades using source of pricing specified in CSA 2.3 Comply with internal control process to ensure marking to market

ELEMENT	PERFORMANCE CRITERIA
	of trades is consistent with previous day's value 2.4 Investigate and resolve or escalate discrepancies in line with organisational processes 2.5 Seek agreement from counterparty to proceed with collateral obligation 2.6 Conduct checks before initiating settlement of collateral in line with organisational controls
3. Manage collateral disputes	3.1 Identify differences in valuations to those provided by counterparty 3.2 Investigate differences by reconciling trade details against records of trades provided by counterparty 3.3 Compare internal calculation of mark to market of trades to those provided by counterparty and agree on use of pricing data 3.4 Investigate difference by checking calculation methodology used by both parties 3.5 Apply default calculation methodology if no resolution reached among counterparties 3.6 Document and escalate unresolved disputes to appropriate personnel as required
4. Identify collateral defaults	4.1 Investigate and escalate non-settlement or fails of agreed collateral to appropriate risk stream in line with service level agreements 4.2 Escalate collateral default to person/s as set out in organisational procedures and standards

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

Skill	Description
Reading	Interprets and checks accuracy of information from a range of sources to determine and confirm work requirements
Writing	- Records key information and prepares written material following organisational procedures and protocols - Prepares formal and informal documents using required terminology, clear language and concepts appropriate for the <i>audience</i> and purpose
Numeracy	Uses mathematical equations to perform calculations to determine trends and compare financial information

Skill	Description
Self-management	• Takes responsibility for provision of secure and applicable information according to legal and organisational requirements and within required timeframes • Selects and uses applicable conventions and protocols when communicating with clients
Planning and organising	• Accepts responsibility for planning and sequencing complex tasks and workload
Technology	• Uses main features and functions of digital tools and systems to complete work tasks, store data and access information

Unit Mapping Information

Supersedes and is equivalent to FNSFMK508 Monitor and process collateral.

Links

Companion Volume Implementation Guide is found on VETNet -

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

Assessment Requirements for FNSFMK518 Monitor and process collateral

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Performance Evidence

The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:

- manage at least one collateral dispute with a counterparty, including:
 - investigating differences in valuations by checking the calculation methodology
 - escalating and documenting unresolved disputes as specified by organisational procedures
 - assessing collateral documentation to ensure compliance with operational and regulatory requirements
 - accessing systems to monitor collateral activity, and determine adjustments in financial positions
 - complying with organisational requirements and industry codes of practice.

Knowledge Evidence

The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:

- relevant financial products
- purpose and key features of collateral agreements
- market and regulatory factors which impact collateral
- systems to monitor collateral activity
- legal and organisational requirements for collateral agreements
- industry codes of practice and organisational processes for managing collateral disputes and defaults.

Assessment Conditions

Skills in this unit must be demonstrated in a workplace or simulated environment where the conditions are typical of those in a working environment in this industry.

This includes access to:

- office equipment, technology, software systems and consumables required to produce the performance evidence
- an integrated financial software system and data required to produce the performance evidence.

Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

Links

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