



Australian Government

FNSFMK522 Apply financial product knowledge in the context of the deal transaction cycle

Release: 1

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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 carry out work tasks in financial markets. It involves analysing financial products used by market participants and applying that knowledge in the workplace.

It applies to individuals who use well-developed skills and a broad knowledge of financial products to work in a range of roles in financial markets. They apply solutions to a range of unpredictable problems and analyse and evaluate information from a variety of sources.

Work functions in the occupational area where this unit is used are determined by the job role of the individual and in some circumstances may be subject to regulatory requirements. Refer to 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. Analyse financial markets products and their characteristics	1.1 Review the relationship between risk and return for financial products 1.2 Compare different types of financial products traded in exchange-traded and over-the-counter (OTC) markets and the variables impacting their pricing 1.3 Assess the capabilities, benefits and risks of different physical and derivative financial products 1.4 Identify risk management strategies to manage the risks inherent in the financial products

ELEMENT	PERFORMANCE CRITERIA
	1.5 Discuss how and why various financial market products are used by market participants
2. Analyse the deal transaction cycle	2.1 Identify categories of trading strategies 2.2 Differentiate the trading processes for exchange-traded and OTC markets 2.3 Outline the steps in the trading, clearing and settlement processes for exchange-traded financial products 2.4 Determine the steps for trading, confirming, settling, reconciling and managing collateral for OTC products 2.5 Identify risks and risk management strategies in transaction processes for financial markets products
3. Maintain financial market knowledge	3.1 Assess the impact of technological and regulatory factors on financial products and how they are traded and processed 3.2 Maintain professional competence in market knowledge in accordance with codes of conduct and regulatory and organisational requirements 3.3 Implement processes for maintaining up-to-date knowledge of relevant aspects of financial markets

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	Analyses complex textual information from a range of sources and relates specific aspects of information to requirements
Writing	Records information using clear language and organisational templates
Initiative and enterprise	Critically analyses changes in regulation and organisational procedures
Self-management	Keeps up-to-date on changes to regulations relevant to own role and considers their implications when planning and undertaking work
Technology	Uses industry standard digital technologies and systems to access information, and search and enter data

Unit Mapping Information

No equivalent unit. New unit.

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 FNSFMK522 Apply financial product knowledge in the context of the deal transaction cycle

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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:

- assess three different problems in the deal transaction cycle by applying knowledge of financial products and the deal cycle.

In the course of the above, the candidate must:

- analyse and evaluate key issues identified
- review analysis with appropriate individuals in the organisation.

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:

- methods for sourcing and maintaining currency of own knowledge of financial markets products
- characteristics, capabilities and liabilities of common types of financial market products traded in OTC and exchange-traded markets, including:
 - physical and derivative financial products
 - factors affecting product use by market participants
 - variables impacting product pricing
 - risks associated with each type of financial product
- steps in the transaction cycle for OTC and exchange-traded financial products
- operation of OTC and exchange-traded markets, including:
 - main participants and their key objectives
 - relevant industry standards and codes of conduct
 - relevant regulatory requirements
- organisational procedures for:

- accessing financial product information
- codes of conduct, and regulatory and organisational requirements relating to maintaining and enhancing financial market knowledge.

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:

- regulations, standards and codes required to produce the performance evidence
- office equipment, technology, software and consumables required to research financial product information
- organisational software systems 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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