



Australian Government

FNSFPL607 Prepare advice in margin lending

Release: 1

FNSFPL607 Prepare advice in margin lending

Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 5.0.

Application

This unit describes the skills and knowledge required to analyse client needs in regard to margin lending; and prepare advice ethically, professionally and in compliance with industry regulations and codes of practice.

The unit applies to those who use well-developed interpersonal, communication and self-management skills when performing a specialist advisory role in margin lending. The requirement to prepare advice may come from authorised representatives, including financial advisers, shareholders, financial organisations, stockbrokers, trustees, agents and intermediaries.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Users are advised to check with the relevant state and territory regulatory authorities to confirm those requirements.

Unit Sector

Financial planning

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 client needs and risk profile	1.1 Analyse client needs using all information gathered and considering client's product expectations 1.2 Consult with authorised representative throughout analysis for further clarification where necessary according to organisational procedures 1.3 Identify need for specialist advice and ensure client is referred to appropriate adviser if required 1.4 Assess and confirm client's product risk profile according to

ELEMENT	PERFORMANCE CRITERIA
	expectations of cashflow and relevant taxation obligations
2. Develop margin lending strategies and solutions that meet client needs and risk profile	2.1 Identify legislative, regulatory and code of practice requirements relevant to products being offered 2.2 Determine required margin lending strategy based on analysis of margin lending products, client risk profile, and analysis of client needs 2.3 Conduct required research, analysis and product modelling and apply stress tests for changes in market conditions
3. Provide strategies and solutions to authorised representative	3.1 Draft required solution, plan, policy or transaction and provide to authorised representative 3.2 Explain proposed solution, plan, policy or transaction to authorised representative 3.3 Confirm required details, terms and conditions of product or service 3.4 Disclose impacts and possible risks of proposed solution, plan, policy or transaction and offer alternative solutions to authorised representative 3.5 Provide supporting written documentation and guide authorised representative through key aspects of documentation 3.6 Discuss and clarify concerns and issues regarding proposed solution, plan, policy or transaction with authorised representative 3.7 Confirm with authorised representative client's understanding of proposed solution, plan, policy or transaction
4. Establish agreement and complete documentation process	4.1 Obtain formal agreement from authorised representative and obtain their sign-off on proposed solution, plan, policy or transaction 4.2 Document fees, cost structures and timeframes for execution and processing of agreed solution, plan, policy or transaction 4.3 Ensure proposal and required statutory and transactional documents are completed and signed off by client 4.4 Provide draft agreement and other required documentation to authorised representative
5. Agree to arrangements for providing ongoing services	5.1 Prepare documentation of fees and costs for ongoing and specifically defined services according to organisational policies and procedures 5.2 Agree to type and form of ongoing service to be provided 5.3 Provide documented service arrangements to authorised representative for confirmation 5.4 Implement procedures for agreed ongoing service according to organisational policies and procedures

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
Learning	• Extends knowledge of product features and applications relevant to current role using research and analysis
Numeracy	• Interprets financial product information and calculates client costs, risks and returns
Oral communication	• Articulates requirements using industry-specific language appropriate to audience and environment, and participates in negotiated outcomes • Uses active listening and questioning techniques to confirm understanding and elicit information
Reading	• Interprets textual information from relevant sources
Writing	• Uses clear, specific and industry-related terminology to complete and consolidate workplace documentation
Planning and organising	• 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
Self-management	• Takes personal responsibility for following policies, procedures and protocols to provide advisory services and documentation that complies with legal, ethical and organisational requirements
Teamwork	• Selects and uses appropriate conventions and protocols when communicating with authorised representatives • Seeks and shares information, establishes agreements and maintains ethical service relationships • Adapts personal communication style to show respect for the values, beliefs and cultural expectations of others
Technology	• Uses the main features and functions of digital tools to complete work tasks

Unit Mapping Information

No equivalent unit. Newly created 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 FNSFPL607 Prepare advice in margin lending

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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:

- prepare accurate and ethical advice on margin lending for financial plans for at least two different clients.

In the course of the above, the candidate must:

- analyse client needs, financial situation and risk profile, and prepare appropriate strategies and solutions relating to margin lending
- document recommendations on margin lending products and services
- prepare policy or transaction once agreed by the client and complete documentation.

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:

Generic knowledge

- economic environment, including:
 - characteristics and impact of economic and business cycles
 - interest rates and exchange rates
 - inflation
 - government monetary and fiscal policy
- operation of financial markets, including:
 - roles played by intermediaries and issuers
 - structure and interrelationships within financial markets
 - interrelationship between industry sectors
- 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
- aspects of ongoing service provision, including:
 - reporting on performance
 - communicating comprehensively and clearly
 - reviewing of solution, plan, policy or transaction.

Specialist knowledge

- legal environment, including disclosure and compliance covering:
 - role of the authorised representative or adviser
 - relevant legal principles relating to the Corporations Act, Australian Securities and Investments Commission (ASIC) Act, Privacy Amendment (Private Sector) Act, and Competition and Consumer Act
 - relationship between ethics and regulatory requirements, including good faith, faith, utmost good faith, full disclosure of remuneration and fees, and other conflicts of interest that may influence authorised representative's recommendation
 - relevant industry standards and codes of practice
 - regulatory guidelines
 - internal and external complaints resolution procedures
- characteristics of margin lending products, including:
 - various types of margin lending facility products and their operation, including standard margin lending facilities and non-standard margin lending facilities
 - associated risks and alternative products, including derivatives where relevant
 - provider and client rights and responsibilities
 - effect of provider taking security over client assets
 - effect of provider receiving a transfer of client assets
 - calculating loan-to-value ratios of both individual products and the overall portfolio
 - consequences of issuers altering the loan-to-value ratio of individual products
 - margin calls: ways of making a margin call, consequences of margin calls and how they may be resolved, and strategies by which the borrower may avoid margin calls
 - approved product list: consequences of removing a product from the approved products list
- taxation issues in relation to margin lending facilities, including:
 - deductibility of costs associated with margin lending, including interest payments
 - liability for capital gains tax (CGT)
- theories of investment, portfolio management and management of investment and risk, including:
 - investment concepts

- investment strategies for margin lending, including role of cash flow and alternative investment strategies
- investment options using a margin lending facility
- identification of types of risk, including sensitivity of margin lending strategies to changes in interest rates and investment returns
- client risk profile, including source and stability of clients' income source, the source of funding for the investment and risk profiles unsuited to margin lending facility products
- stress testing of proposed client portfolio
- risks associated with gearing, including relationship between levels of gearing and risks, and risks associated with double gearing.

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:

- organisational equipment, technology, software and peripherals
- margin lending product information.

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