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GOVERNMENT NOTICE

SOUTH AFRICAN QUALIFICATIONS AUTHORITY

No. 167

31 January 2003



Established in terms of Act 58 of 1995

SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)

In accordance with regulation 24(c) of the National Standards Bodies Regulations of 28 March 1998, the Standards Generating Body (SGB) for

Financial Services

Registered by NSB 03, Business, Commerce and Management Studies, publishes the following unit standards for public comment.

This notice contains the titles, fields, sub-fields, NQF levels, credits, and purpose of the unit standards upon which qualifications are based. The unit standards can be accessed via the SAQA web-site at www.saqqa.org.za. Copies may also be obtained from the Directorate of Standards Setting and Development at the SAQA offices, 659 Pienaar street, Brooklyn, Pretoria.

Comment on the unit standards should reach SAQA at the address ***below and no later than 28 February 2003***. All correspondence should be marked **Standards Setting – SGB for Financial Services** and addressed to

The Director: Standards Setting and Development
SAQA

Attention: Mr. D Mphuthing

Postnet Suite 248

Private Bag X06

Waterkloof

0145

or faxed to 012 – 482 0907

e-mail: mmphuthing@saqa.co.za

11 SAMUEL B.A. ISAACS
EXECUTIVE OFFICER

NSB03
BUSINESS, COMMERCE AND MANAGEMENT STUDIES
UNIT STANDARDS
FROM
SGB FOR FINANCIAL SERVICES

1. Unit Standards in **Mortgage Finance** that will serve as additional elective unit standards in registered, and still to be registered, Banking qualifications or for use in skills courses/programmes for banking personnel employed in the Mortgage Finance sector.
2. Unit Standards in **Merchant Banking** that will serve as additional elective unit standards in registered, and still to be registered, Banking qualifications or for use in skills courses/programmes for banking personnel employed in the Merchant banking sector.
3. Unit Standards in **Reserve Bank** that will serve as additional elective unit standards in registered, and still to be registered, Banking qualifications or for use in skills courses/programmes for personnel employed in the Reserve Bank.

1. **TITLE:** Demonstrate knowledge and understanding of property concepts associated with mortgage finance
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 6
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the field of mortgage finance as it provides an introduction to the application of concepts, terms, and legislation relevant to property in the context of mortgage finance.

Persons credited with this unit standard will be able to understand the terms associated with property, the concept of mortgageable property, the range of development schemes and the legal requirements for a valid sale of property. The learners will understand the implication and impact of these terms and legal requirements on what constitutes a legal, valid sale of property and the implications on mortgage finance

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard, but learners should be competent in Communication at NQF level 3.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Explain general terms associated with property

Assessment Criteria:

- 1.1 The meaning of the term movable property is explained, and illustrated with the use of examples, according to its legal definition.
- 1.2 The meaning of term immovable property is explained, and illustrated with the use of examples, according to its legal definition
- 1.3 The meaning of the term "unimproved land" is explained, and illustrated with the use of examples, according to its legal definition.
- 1.4 The meaning of the term "improved land" is explained, and illustrated with the use of examples, according to its legal definition.

- 1.5 The meaning of the term *permanent fixtures* is explained, and illustrated with the use of examples, according to its legal definition.
- 1.6 The implication of the meaning of these terms on what is included, and excluded, in a sale of property is explained with the use of examples from different categories of property.

Range: Residential, Commercial, Agricultural and Industrial property. Evidence of competence in 2 categories of property is required.

Specific Outcome 2: Understand requirements for mortgageable residential property

Range: Vacant land, dwellings, cluster houses, Sectional Title, Flats, Town houses.

Assessment Criteria:

- 2.1 The meaning of the term *mortgageable* is explained, and illustrated with the use of examples, according to its legal definition and general banking policy and practice.
- 2.2 The typical characteristics of mortgageable residential property are identified and explained in own words with the use of examples.
- 2.3 Residential property not suitable to be mortgaged is identified and the factors making it inappropriate explained in own words with the use of examples in line with general finance/banking policy and practice.
- 2.4 The factors relevant to vacant land and building your own home are identified and explained in terms of their suitability for mortgage finance according to banking policy and practice.

Specific Outcome 3: Understand key finance elements in property development schemes

Assessment Criteria:

- 3.1 The features and characteristics of a *sectional title* development scheme are identified and explained according to the Sectional Titles Act of 1986.
- 3.2 The features and characteristics of a *share block development scheme* are identified and explained according to the Share Block Control Act (Act 59 of 1980) and the relevant sections of the Companies Act (Act 61 of 1973).
- 3.3 The features and characteristics of *development schemes for retired persons* are identified and explained according to the Housing Development Schemes for Retired Persons Act (Act 65 of 1988).

- 3.4 The features and characteristics of a Cluster home/Group housing development scheme are identified and explained according to the general principles of practice of such schemes.
- 3.5 The development schemes are evaluated in terms of their suitability for mortgage according to the legal definition of the term and general finance practice.
- 3.6 The basic implications for providing finance for a property under the different schemes are identified and explained according to basic financial policy and practice.

Specific Outcome 4: Understand requirements for the legal requirements for sale of property

Assessment Criteria:

- 4.1 The basic process of how a sale of property is concluded, is described according to common practice and the basic elements of the Alienation of Land Act (Act 68 of 1981).

Range: parties, process, timing. Evidence of competence across the entire range is required

- 4.2 The legal requirements governing an agreement of sale are identified and explained according to the Alienation of Land Act (Act 68 of 1981).
- 4.3 The legal requirements governing accepting an agreement of sale (offer to purchase) are understood and explained according to the Alienation of Land Act (Act 68 of 1981).
- 4.4 The factors agreed and discussed in an agreement of sale are explained according to a typical agreement of sale.
- 4.5 The factors that would constitute breach of the agreement are explained in terms of a typical agreement of sale.
- 4.6 The nature and impact of suspensive and resolutive conditions on an agreement of sale are explained using examples from a typical agreement of sale.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when basic implications for providing finance for a property under different schemes are identified and explained according to basic financial policy and practice.
- Demonstrate an understanding of the world as a set of related systems by understanding the relationship between the nature and type of property and its suitability to be mortgaged in terms of the banks' policy.

2. Embedded knowledge

- In this standard the learner is required to demonstrate knowledge and understanding of the concepts of property relevant to banking policy and procedure in the area of mortgage finance. This covers the range of existing property and property development schemes. The application of this knowledge allows the learner to understand why the banking policy exists and what risks in mortgage finance have to be controlled.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice in the banking and Property sectors as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task.

1. **TITLE:** Demonstrate knowledge and understanding of ownership of property relevant to Mortgage Finance
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 4
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the field of mortgage finance as it provides an introduction to the application of concepts, terms, and legislation relevant to ownership of property in the context of mortgage finance.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of terms related to ownership of immovable property; the legal requirements for ownership and transfer of ownership; and evaluate different ownership options open to a purchaser.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Demonstrate knowledge and understanding of terms related to ownership of immovable property

Assessment Criteria:

- 1.1 The meaning of the term *ownership of immovable property* is explained, and illustrated with the use of examples, according to its legal definition
- 1.2 The rights and duties of an owner of immovable property are explained according to the basic common law and legislative requirements.
- 1.3 The meaning of the term *freehold ownership* is explained, and illustrated with the use of examples, according to its legal definition.
- 1.4 The meaning of the term *leasehold ownership* is explained, and illustrated with the use of examples, according to its legal definition.

Specific Outcome 2: Demonstrate knowledge and understanding of the legal requirements for ownership

Assessment Criteria:

- 2.1 The legal requirements for ownership are explained according to the legislative definition in the Deeds Registries Act (Act 47 of 1937).
- 2.2 The details contained in a title deed are specified and explained according to the basic requirements of the Deeds Registries Act (Act 47 of 1937).
- 2.3 The concept of servitudes over immoveable property is explained according to the basic legal definition.
- 2.4 The impact of a *personal servitude* on the ownership rights over immoveable property is explained with the use of examples according to the basic legal definition.
- 2.5 The impact of a *predial servitude* on the ownership rights over immoveable property is explained with the use of examples according to the basic legal definition.

Specific Outcome 3: Demonstrate knowledge and understanding of the legal requirements for transfer of ownership

Assessment Criteria:

- 3.1 The basic process through which a transfer of ownership of immoveable property occurs is explained according to the Deeds Registries Act (Act 47 of 1937).
- 3.2 The manner in which the legislation protects the *rights of the owner* of property is explained according to the Deeds Registries Act (Act 47 of 1937).
- 3.3 The manner in which the legislation protects the *rights of a purchaser* of property is explained according to the requirements specified in the Deeds Registries Act (Act 47 of 1937).
- 3.4 Examples of ownership without registration in the deeds office are explained according to the legal requirements definition.

Range: prescription, expropriation, marriage in community of property and insolvency of the registered owner, Evidence of competence across the entire range is required.

Specific Outcome 4: Evaluate different ownership options open to a purchaser

Assessment Criteria:

- 4.1 The ownership options available for registering a property in an individual's name are identified and explained according to the legal requirements for such a registration.

Range: one individual, joint names when married in community of property, joint names when married out of community of property, joint names when not married. Evidence of competence across the entire range is required

- 4.2 The ownership options available for registering a property in the name of a non-individual legal entity are identified and explained according to the legal requirements for registration.

*Range: Close corporation, company, trust or partnership.
Evidence across the entire range is required for competence.*

- 4.3 The options are evaluated and compared according to the *legal implications* of registering property.
- 4.4 The options are evaluated and compared according to the *tax implications* of the different forms of registering property
- 4.5 The options are evaluated and compared according to the practical administrative implications to the purchaser of the different forms of ownership.
- 4.6 The advantages and disadvantages are illustrated through matching the ownership option best suited to a purchaser's profile according to the administrative, legal and tax implications.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when different ownership options are evaluated and compared according to the *legal implications* of registering property.
- to understand the relationship between a *personal and preadial servitude* and the ownership rights over immoveable property is explained with the use of examples according to the basic legal

definition

- to identify and solve problems when the advantages and disadvantages of different ownership options are illustrated through matching the ownership option best suited to a purchaser's profile according to the administrative, legal and tax implications.

2. Embedded knowledge

In this standard the learner is required to demonstrate the application of knowledge to be able to identify the legal owner of property and how it is possible to determine ownership. This includes what documentation is expected and what different forms of ownership exist. The criteria against which this knowledge is evaluated are expressed in the standard.

3. Additional Information**Legal Requirements**

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** **Demonstrate knowledge and understanding of the basics of security for finance**
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** **4**
4. **CREDITS:** **6**
5. **FIELD:** **Business, Commerce and Management Studies**
Sub-field: **Finance, Economics and Accounting**
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the field of mortgage finance as it provides an introduction to the application of concepts, terms, and legislation relevant to securities in the context of mortgage finance.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of the principles related to security, requirements for legally binding security documentation and contractual capacity of individuals and non-individuals.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate knowledge and understanding of the principles related to security**

Assessment Criteria

- 1.1 The concept of what security is and why it is required in relation to advancing finance is explained in own words with the use of examples according to general financial principles and general banking policy and practice.
- 1.2 The characteristics of good security are explained according to general financial principles and general banking policy and practice.
- 1.3 The different types/forms of security are identified and defined/explained according to the basic legal definition and the general banking policy and procedure.

Range: Cessions, pledge, guarantee, surety-ship, mortgage bond, notarial bond. Evidence of competence across the full range is required.

- 1.4 The basic terminology associated with security is explained according to the common legal definition of the parties.

Range: The different parties to the documents cessions, pledge, guarantee, surety-ship, mortgage bond, notarial bond. Evidence of competence across the full range is required.

Specific Outcome 2: Demonstrate a knowledge and understanding of the requirements for legally binding security documentation

Assessment Criteria

- 2.1 The different types of security forms/documentation are (is) identified.

Range: Cessions, pledge, guarantee, surety-ship, mortgage bond, notarial bond. Evidence of competence across the full range is required.

- 2.2 The requirements for valid security documentation are understood and explained according to basic legal requirements and general banking policy and practice.

- 2.3 A set of security documents, are completed according to the requirements for valid security documentation.

- 2.4 A completed set of security documents are evaluated against the requirements for valid security documentation.

- 2.5 The legal and financial implications to the financier of errors in security documentation are understood and explained with the use of examples according to general banking policy and practice.

Specific Outcome 3: Demonstrate knowledge and understanding of the contractual capacity of individuals

Assessment Criteria

- 3.1 The different kinds of individual borrowers are identified and defined according to their legal contractual capacity.

Range: minors, majors, married people, insolvent and incapacitated individuals

- 3.2 The requirements for contracts with a minor are explained according to the legal requirements of contractual capacity.

- 3.3 The conditions under which mutual consent of married people is required, is identified and explained according to the legal requirements for contractual capacity.
- 3.4 The special considerations relating to the contractual capacity of *insolvent* individuals is understood and explained according to the legal requirements of contractual capacity.
- 3.5 The special considerations relating to the contractual capacity of *incapacitated* individuals is understood and explained according to the legal requirements of contractual capacity.
- 3.6 The impact of contractual capacity of the individual on the validity of security documentation is explained according to the legal implications and requirements.

Specific Outcome 4: Demonstrate knowledge and understanding of the contractual capacity of non-individuals

Assessment Criteria

- 4.1 The different kinds of *non-individual* borrowers are identified and defined according to their legal contractual capacity.

*Range: partnerships, close corporations, companies, trusts.
Evidence of competence across the entire range is required*

- 4.2 The parties legally able enter into a contract on behalf of a non-individual are identified and their role explained according to basic legal requirements.
- 4.3 The information and documentation required to establish contractual capacity of non-individuals is identified and explained according to the basic legal requirements.
- 4.4 The information and documentation required to contract/sign security documentation with non-individuals is identified and explained according to general banking policy and practice in contracting with non-individuals.
- 4.5 The impact of contractual capacity of non-individual's on the validity of security documentation is explained according to the legal implication and requirements.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.

- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to identify and solve problems when the legal and financial implications to the financier of errors in security documentation are understood and explained with the use of examples according to general banking policy and practice.
- to collect, organise and critically evaluate information when a completed set of security documents, are evaluated against the requirements for valid security documentation.
- to understand and explain the relationship between what security is and why it is required in relation to advancing finance with the use of examples according to general financial principles and general banking policy and practice.

2. Embedded knowledge

The knowledge of the principles and documents related to security documentation. This includes who can sign documentation and what is required to validly bind an asset to the bank as a form of security for a loan.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task.

1. **TITLE:** Demonstrate knowledge and understanding of a mortgage bond as a form of debt security
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 6
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the field of mortgage finance as it provides an introduction to the application of concepts, terms, and legislation relevant to a mortgage bond in the context of mortgage finance.

Persons credited with this unit standard will be able to define a mortgage bond, evaluate a mortgage bond over immovable property as security for a loan, evaluate different types of properties in terms of the requirements for good security and demonstrate knowledge and understanding of securities in the context of mortgage finance.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Define a mortgage bond

Assessment Criteria

- 1.1 The concept of what a mortgage bond is and why it is required in relation to advancing finance for immovable property is explained in own words according to general legal principles and banking policy and practice
- 1.2 The features of a mortgage bond are specified according to the legal definition and general banking policy and practice.
- 1.3 The parties to a mortgage bond are identified and their role explained according their legal rights and obligations.

- 1.4 The typical content and terms of a bond document are described according to general banking policy and practice.
- 1.5 The concept of standard conditions in relation to a mortgage bond is explained according to general banking policy and practice.
- 1.6 The difference between a mortgage bond and a mortgage loan is explained in own words.

Specific Outcome 2: Evaluate a mortgage bond over immoveable property as security for a debt/loan

Assessment Criteria

- 2.1 A mortgage bond over immovable property is evaluated according to the principles of good security in line with the financier's lending policy.

Range: establishing/proving ownership, obtaining custody or control of the asset, ease of conversion to cash to realise the debt, establishing a fair value, stability of value over the term of finance, incurring liabilities linked to the asset. Evidence of competence across the full range is required.

- 2.2 The risks associated with a mortgage bond as a form of security are identified and explained according to the principles of good security and in line with the financier's lending policy.
- 2.3 The legal benefits/controls associated with a mortgage bond are outlined according to the legal rights and responsibilities of the parties to the bond and the requirements for registration of a bond.
- 2.4 The legal recourse in the event of default is explained according to the general practice and policy associated with foreclosure of a loan.

Specific Outcome 3: Evaluate different types of properties in terms of the requirements for good security

Assessment Criteria

- 3.1 A standard home loan is evaluated according to the principles of good security and in line with the financier's lending policy.
- 3.2 A plot of vacant land is evaluated according to the principles of good security and in line with the financier's lending policy.
- 3.3 A sectional title property is evaluated according to the principles of good security, in line with the Sectional Titles Act and the financier's lending policy.
- 3.4 A property with a registered servitude is evaluated, and the implications of the servitude in relation to providing finance for the property explained

according to the principles of good security and in line with the financier's lending policy.

Range: personal and preadial servitude. Evidence of competence across the full range is required.

- 3.5 Examples of property that would not be considered good security are identified and explained according to the principles of good security.
- 3.6 The specific risks and benefits of different types of property are explained according to the analysis of suitability of the properties as security for a loan

Specific Outcome 4: Demonstrate knowledge and understanding of securities in the context of mortgage finance

Assessment Criteria

- 4.1 The concept of what security is and how much security is required in a mortgage finance relationship are explained with the use of illustrative examples according to the financier's lending policy.
- 4.2 The concept of the *principal security* is defined and explained in own words according to general banking policy and procedure.
- 4.3 The concept of the *collateral security* is defined and explained in own words according to general banking policy and procedure.
- 4.4 The conditions where collateral security would be required are explained according to general banking lending policy.
- 4.5 The different types of collateral security commonly used in mortgage-finance transactions are specified and their usefulness explained according to the financier's lending policy.
- 4.6 The concepts and principles are illustrated through an analysis of a working example according to the financier's lending policy.

Range: what security required, how much security required, principal and collateral security required.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to demonstrate an understanding of the world as a set of related systems when the legal recourse in the event of default is explained according to the general practice and policy associated with foreclosure of a loan.
- to collect, organise and critically evaluate information when a property with a registered servitude is evaluated, and the implications of the servitude in relation to providing finance for the property is explained according to the principles of good security and in line with the financier's lending policy
- to identify and solve problems when the risks associated with a mortgage bond as a form of security are identified and explained according to the principles of good security and in line with the financier's lending policy

2. Embedded knowledge

The knowledge of the concepts of good security, the kind of protection a mortgage bond provides a lender and insight into the lender's policy and procedures with regard to this type of finance.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** **Demonstrate knowledge and understanding of the bond registration process**
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** **4**
4. **CREDITS:** **6**
5. **FIELD:** **Business, Commerce and Management Studies**
Sub-field: **Finance, Economics and Accounting**
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the field of mortgage finance as it provides an introduction to the application of concepts, terms, and legislation relevant to the registration process in the context of mortgage finance.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of the overall process of bond registration, explain the role of attorneys in the registration process, the Deeds Office, the role of the financier/bank and the outcomes of the registration process.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate knowledge and understanding of the overall process of bond registration**

Assessment Criteria

- 1.1 The reason why bond registration is necessary is explained according to the legal and financial requirements.
- 1.2 The overall process of achieving bond registration is detailed according to the generally accepted practice in the banking industry.
- 1.3 The parties involved in the process are detailed according to legal requirements for bond registration.

- 1.4 The timing of the process is explained according to ideal and generally accepted practice and legal requirements

Range: Sectional title and property developments

- 1.5 The costs incurred during the registration process are specified according to generally accepted legal and financial practice.
- 1.6 The financial impact of delays in registration is explained according to the effect on the parties.

Specific Outcome 2: Explain the role of attorneys in the registration process

Assessment Criteria

- 2.1 The different attorneys involved in the process are identified according to the legal requirements and general practice.
- 2.2 The role of the attorneys are distinguished from each other and their specific functions explained according to the legal requirements and process and general practice.

Range: transfer attorney, cancellation attorney, registration attorney, conveyancing attorney. Evidence of competence across the full range is required.

- 2.3 The process followed by the attorneys is explained according to the legal requirements and generally accepted practice.
- 2.4 The documentation involved in achieving the registration of a bond is specified according to the legal requirements and generally accepted practice.

Specific Outcome 3: Explain the role of The Deeds Office in the registration process

Assessment Criteria

- 3.1 The role of the Deeds Office is identified and explained according to the legislative regulations.
- 3.2 The need for the Deeds Office is explained according to the legislative requirements.
- 3.3 The specific functions performed by the Deeds Office are explained according to the legislative requirements.
- 3.4 The actual process of registration in Deeds Office is explained according to the legislative requirements and actual practice.

- 3.5 The documents produced by the process are specified according to the legislative requirements.

Specific Outcome 4: Explain the role of the financier/bank in the registration process

Assessment Criteria

- 4.1 The role played by the bank/financier in the registration process is explained according to actual practice in line with the bank's policy and procedure.
- 4.2 The motivation for the bank being involved in the registration process is explained according to actual practice and in line with the bank's policy and procedure.
- 4.3 The timing and nature of the bank's involvement is specified according to actual practice in line with the bank's policy and procedure.
- 4.4 The responsibility for documentation is explained according to actual practice in line with the bank's policy and procedure

Specific outcome 5: Explain the outcomes of the registration process

Assessment Criteria

- 5.1 The goals of the registration process are defined according to the outcomes of a successfully completed process.
- 5.2 The legal documentation that regulates the relationships between the parties is identified according to the legal requirements and generally accepted banking practice.
- 5.3 The nature of the new relationships formed between the parties is explained according to the legal agreements in place.
- 5.4 The basic rights and obligations of the parties are specified according to the terms and conditions of the agreements in place.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when the nature of the new relationships formed between the parties is explained according to the legal agreements in place.
- to collect, organise and critically evaluate information when the basic rights and obligations of the parties are specified according to the terms and conditions of the agreements in place
- to understand the relationship between delays in registration and the effect on the parties to the registration process in terms of the potential financial impact.

2. Embedded knowledge

The knowledge of the different roles of the parties to the registration process, the responsibilities of the bank as well as what factors in the process are under the bank's control and those that are not.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Evaluate the impact of changes to details after bond registration on the finance agreement
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 5
4. **CREDITS:** 14
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the mortgage finance field.

Persons credited with this unit standard will be able to evaluate the impact of changes to the individual and non-individual borrower on the mortgage finance agreement, evaluate the impact of changes to property on the agreement, explain the impact of changes to mortgage loan on the parties involved and the impact of default on the mortgage loan.

9. **LEARNING ASSUMED TO BE IN PLACE:**

Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Evaluate impact of changes to the individual Borrower

Assessment Criteria

- 1.1 The impact of a change to a *borrower's name* or *addition of a name* to the title deed is evaluated according to the legal and financial impact of such a change.
- 1.2 The impact of the death of a borrower on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 1.3 The impact of a change in marital status of a borrower on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 1.4 The impact of the substitution of a debtor on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.

- 1.5 The impact of insolvency of a borrower on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 1.6 The action to be taken on the part of the bank in relation to changes to the individual borrower are identified and explained according to the general banking policy and procedure.

Specific Outcome 2: Evaluate the impact of changes to the non-individual borrower

Assessment Criteria

- 2.1 The impact of a change to the *directorship of a company* on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 2.2 The impact of a change to *membership of a close corporation* on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 2.3 The impact of a change of *administrator of a trust* on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- 2.4 The actions to be taken by the bank to affect changes to the non-individual borrower are identified and explained according to the general banking policy and procedure.

Specific Outcome 3: Evaluate impact of changes to property
Range: sub division, release of portions, consolidation, registering a servitude, rezoning. Evidence of competence across the full range is required.

Assessment Criteria

- 3.1 The nature of the change to the property is explained according to the legal definition of the changes.
- 3.2 The extent of the change to the mortgage finance relationship is evaluated according to the *legal entitlement* to the property.
- 3.3 The extent of the change to the mortgage finance relationship is evaluated according to the *financial impact* of such a change.
- 3.4 The risk associated with changes to the property are highlighted and explained with the use of examples according to the impact on the mortgage finance relationship.
- 3.5 The action to be taken on the part of the bank in relation to changes to the property are identified and explained according to the general banking policy and procedure.

Specific Outcome 4: Explain the impact of changes to mortgage loan
Range: rate changes, term of loan changes, investments, paying up the loan, cancellation, further bond, 2nd bond in favour of a 3rd party. Evidence of competence across the full range is required.

Assessment Criteria

- 4.1 The reason/motivation for changes to the mortgage loan are identified and explained according to the bank's policy and procedure.
- 4.2 The financial impact of the changes to the loan on the borrower is explained using examples.
- 4.3 The action to be taken on the part of the bank in relation to changes to the mortgage loan are identified and explained according to the general banking policy and procedure.

Specific Outcome 5: Explain the impact of default on the mortgage loan

Assessment Criteria

- 5.1 The administrative and legal processes evoked by *default* of a borrower are explained according to the general banking policy and procedure.
- 5.2 The administrative and legal processes of *foreclosure of the loan* by the bank are detailed and explained according to general banking policy and practice
- 5.3 The *financial impact* of default on the borrower and the bank is evaluated and illustrated with the use of examples.
- 5.4 The *legal impact* of default on the borrower and the bank is evaluated and illustrated with the use of examples.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:**1. Critical Cross-Field Outcomes**

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when the impact of insolvency of a borrower on the mortgage finance relationship is evaluated and explained according to the legal and financial impact of such a change.
- to demonstrate an understanding of the world as a set of related systems when understanding the relationship between the financial impact of the changes to the loan on the borrower is explained using examples.
- to identify and solve problems when the action to be taken on the part of the bank in relation to changes to the property are identified and explained according to the general banking policy and procedure

2. Embedded knowledge

The knowledge of the parties and their legal entitlement following the registration of a mortgage bond. This includes the impact of changes in circumstances or details and how these changes effect the original agreement and legal entitlement.

3. Additional Information**Legal Requirements**

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** **Present the factual requirements of Mortgage Finance options**
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** **5**
4. **CREDITS:** **10**
5. **FIELD:** **Business, Commerce and Management Studies**
Sub-field: **Finance, Economics and Accounting**
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for learners who have or will have contact with borrowers in search of information regarding loan options.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of terms and concepts associated with mortgage finance, explain general requirements for a standard loan, explain requirements for a building loan and match a client's needs with a specific mortgage finance solution/product.

9. **LEARNING ASSUMED TO BE IN PLACE:**

Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate knowledge and understanding of terms and concepts associated with mortgage finance**

Assessment Criteria

- 1.1 The concept of what a mortgage loan is and how it operates is explained in own words according to general financial principles and general banking policy and practice.
- 1.2 The rights and responsibilities of the parties to the loan are identified and explained according to the mortgage finance loan agreement.
- 1.3 Typical terms and requirements unique to mortgage finance agreements are identified and explained according to the loan agreement.
- 1.4 The key consequences associated with mortgage finance are identified and explained according to general banking policy and practice

Specific Outcome 2: Explain general requirements for a standard loan

Assessment Criteria

- 2.1 A typical profile to qualify for a mortgage finance loan is compiled and explained in own words according to general financial principles and general banking policy and practice.
- 2.2 The relationship between the value of the property and the amount of a mortgage finance loan is explained using examples according to the financier's lending policy.
- 2.3 The details relating to repayment of the loan are explained using examples according to the financier's lending policy.
Range: instalments, repayment, term of loan, interest. Evidence of competence across the full range is required.
- 2.4 The supporting documentary requirements for the evaluation and processing of a standard mortgage loan are specified and their purpose explained according to the financier's lending policy.

Specific Outcome 3: Explain requirements for a building loan

Assessment Criteria

- 3.1 The characteristics of a building loan as a type of mortgage finance are explained according to the financier's policy.
- 3.2 The process and procedure and calculation related to progress payments during the course of building are explained according to the financier's procedure and policy.
- 3.3 The concept and calculation of interim interest is explained with illustrative examples.
- 3.4 The financial implications and consequences to the financier associated with a building loan are explained according to the financier's risk management approach.
- 3.5 The documentary requirements for the consideration and processing of a building loan are specified and their purpose explained according to the financier's lending policy.
Range: building contract, NHBRC registration, approved/acceptable builder/ contractor, approved building plans, schedule of finishes

Specific Outcome 4: Match a client's needs with a specific mortgage finance solution/product

Range: Mortgage finance products offered to both high income and low-income clients. Evidence of competence in both income categories is required.

- 4.1 The client's basic finance requirements are identified according to the client's needs.
- 4.2 The features and benefits of the financier's particular product are explained and compared to similar products according to the financier's marketing approach.
- 4.3 The match of client need to the appropriate mortgage finance solution is illustrated through a business case analysis according to the financier's policy, practice and product range.

11. ACCREDITATION AND MODERATION:

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- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when a typical profile to qualify for a mortgage finance loan is compiled and explained in own words according to general financial principles and general banking policy and practice.
- to demonstrate an understanding of the world as a set of related systems when understanding the relationship between the value of the property and the amount of a mortgage finance loan.
- to identify and solve problems when matching the client's need to the appropriate mortgage finance solution

2. Embedded knowledge

The knowledge of what a mortgage loan is and how it works in practice and in principle. This includes what the loan offers a client, what sort of financial implications and consequences are associated with a loan of this kind and what qualifying criteria are required for a loan and why.

3. Additional Information**Legal Requirements**

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Guide a borrower through an application for a mortgage loan
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 5
4. **CREDITS:** 6
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for learners who have or will have contact with borrowers in search of information regarding how to apply for and/or complete an application for a loan and provide key information to the client through the loan process.

Persons credited with this unit standard will be able to explain how to apply for a mortgage loan and explain the requirements for obtaining a loan.

9. **LEARNING ASSUMED TO BE IN PLACE:**

Learners should be competent in Communication at NQF level 4

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Explain how to apply for a mortgage loan

Assessment Criteria

- 1.1 The information about the client and the property required to apply for a mortgage loan are detailed according to the bank's policy and procedure.
- 1.2 Why the information is required is explained according to frequently asked questions and the bank's policy and procedure.
- 1.3 The correct completion of an application form is demonstrated with the use of a working example according to the requirements of the form and the bank's procedure.
- 1.4 The requirements for contractual capacity are explained according to the legal requirements and the bank's policy and procedure.
- 1.5 The supporting documentation required and the reason it is required is explained according to the bank's policy and procedure.

- 1.6 The necessity for and completion of security documentation is explained according to the bank's lending policy.

Specific Outcome 2: Explain the requirements for granting a loan

Assessment Criteria

- 2.1 The basic process the bank will follow to assess the application and grant the loan is explained according to the bank's policy and procedure and actual practice.
- 2.2 The time it will take to make the decision is specified according to the bank's practice.
- 2.3 The manner in which the client will be notified of the outcome of the application for the loan is specified according to actual practice in line with the bank's policy and procedure.
- 2.4 The process to be followed in the event that the application is declined is understood and explained according to information to be given to the client in line with the code of banking practice.
- 2.5 The necessity for and completion of additional security documentation is explained according to the bank's lending policy.

Specific Outcome 3: Explain the registration of the mortgage bond

Assessment Criteria

- 3.1 The process of how things should happen in the registration process is briefly detailed according to actual practice and client's frequently asked questions.
- 3.2 The documentation involved in the process is identified and its purpose and role in the whole process explained according to actual practice and client's frequently asked questions.
Range: Security documentation, property guarantees, registration documentation, loan agreement, mortgage bond. Evidence of competence across the full range is required.
- 3.3 The basic role of the different parties in the registration process is outlined according to actual practice and client's frequently asked questions.
- 3.4 The practical timing of the process is estimated according to actual practice and the bank's policy and procedure.
- 3.5 The role the bank plays in the registration process is explained according to actual practice in line with the bank's policy and procedure.
- 3.6 The points in the process where the client will be required to play a role are outlined according to actual practice in line with the bank's policy and procedure.

- 3.7 Action on the part of the client that could cause delays is outlined according to actual practice in line with the bank's policy and procedure.

Specific Outcome 4: Explain the commencement of the loan

Assessment Criteria

- 4.1 The factors that need to be in place before funds change hands are explained according to actual practice in line with the bank's policy and procedure.
- 4.2 The timing of the commencement of the loan is explained according to actual practice in line with the bank's policy and procedure.
- 4.3 The calculation of the first loan instalment is explained according to actual practice in line with the bank's policy and procedure.
- 4.4 Details of the interest and future regular payments are briefly outlined according to actual practice in line with the bank's policy and procedure.
- 4.5 The client's rights and responsibilities after the commencement of the loan are briefly outlined according to the mortgage finance agreement.
- 4.6 The bank's rights and responsibilities after the commencement of the loan are briefly outlined according to the mortgage finance agreement.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
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Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when why the information is required is explained according to frequently asked questions and the bank's policy and procedure.

- to organise and manage oneself and one's activities responsibly and effectively when correct completion of an application form is demonstrated with the use of a working example according to the requirements of the form and the bank's procedure.
- to communicate effectively both verbally and in writing when the basic process the bank will follow to assess the application and grant the loan is explained according to the bank's policy and procedure and actual practice

2. Embedded knowledge

The knowledge of how to apply for a loan, the requirements for the granting of a loan, the registration process relating to a mortgage bond and reasons why a loan might be refused, as well as bank policy and procedure.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Present options to a borrower concerning affordability of mortgage finance
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 5
4. **CREDITS:** 10
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in mortgage finance, particularly those with direct contact with the borrower in the initial stages of the lending process

Persons credited with this unit standard will be able to determine finance costs and bond registration costs, demonstrate the financial implications of alternative repayment options and present the factual options to a borrower.

9. **LEARNING ASSUMED TO BE IN PLACE:**

Learners should be competent in Communication and Mathematical Literacy at NQF level 4.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Determine finance Costs

Assessment Criteria

- 1.1 Given a client's income a maximum, monthly instalment is calculated according to the repayment to income percentage guidelines in the banking lending policy.
- 1.2 Given a loan amount, the qualifying gross salary is calculated according to the repayment to income percentage guidelines in the banking lending policy.
- 1.3 Given a request loan and the term and interest rate, the monthly instalment figure is calculated according to the bank's calculation method.
- 1.4 Given the amount of the loan, the term and the interest rate, the interest amount is calculated according to the bank's calculation method.
- 1.5 The basic principles upon which the interest calculation is based are explained according to general banking policy and procedure.

- 1.6 The capital risk weighting is established according to the requirements of the Banks Act and the Usury Act.

Specific Outcome 2: Determine bond registration costs

Assessment Criteria

- 2.1 The banking fees arising from a mortgage finance transaction are identified, defined and explained according to general banking practice and pricing policy.
*Range: initiation fee, administration and assessment fees.
Evidence of competence across the full range is required.*
- 2.2 The transfer costs associated with a bond registration transaction are identified, defined and explained according to the general policy and practice of conveyancing attorneys and government duties.
Range: conveyancing fees, admin fees, deeds office fees and transfer duty. Evidence of competence across the full range is required
- 2.3 The bond registration costs are identified, defined and explained according to the legislative requirements.
Range: bond registration fees, VAT and stamp duty. Evidence across the full range is required
- 2.4 Potential extra costs are highlighted and estimated according to the kind of costs that can be incurred in the mortgage finance transaction and the circumstances that would require these costs.
Range: Insurance, assurance, and professional fees

Specific Outcome 3: Demonstrate the financial implications of alternative repayment options

Assessment Criteria

- 3.1 The impact on the term of the loan and the interest saved through *increased monthly repayments* are calculated with the use of a working example.
- 3.2 The impact on the term of the loan and the interest saved through *early monthly repayments* are calculated with the use of a working example.
- 3.3 The impact on the term of the loan and the interest saved through *deposits or lump sum payments* are calculated with the use of a working example.
- 3.4 The impact on the term of the loan and the interest saved through *multiple repayments during the month* is calculated with the use of a working example.
- 3.5 The financial implications of the capital risk weighting in relation to the amount of the bond are established with the use of a working example.

Specific Outcome 4: Discuss affordability**Assessment Criteria**

- 4.1 The cost of the finance requested is calculated according to the amount of the loan, the term and the interest rate in line with general banking policy and pricing.
- 4.2 The bond and bond registration costs of a typical mortgage finance transaction are estimated according to the projected costs of a realistic working example.
- 4.3 The once-off costs are estimated according to a realistic working example.
Range: moving cost connection of lights and water telephone connection and transfer new furniture and fittings alterations and repairs. Evidence of competence across the full range is required.
- 4.4 The concept and cost associated with occupational rent are explained according to the sales agreement.
- 4.5 The concept and cost associated with rates and levies are explained according to the requirements of local authorities.
- 4.6 The concept of a borrower's affordability is thoroughly explored based on an analysis of costs, the borrower's income and expenditure and the budget for purchase of the property using a working example/case study.

11. ACCREDITATION AND MODERATION

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 3 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

13. NOTES:**1. Critical Cross-Field Outcomes**

In this standard the learner demonstrates the ability

- to collect, organise and critically evaluate information when the concept of a borrower's affordability is thoroughly explored based on an analysis of costs, the borrower's income and expenditure and the budget for purchase of the property using a working example/case study

- to organise and manage oneself and one's activities responsibly when potential extra costs are highlighted and estimated according to the kind of costs that can be incurred in the mortgage finance transaction and the circumstances that would require these costs.
- to understand the world as a set of related systems when calculating the impact on the term of the loan and the interest saved through increased monthly repayments.

2. Embedded knowledge

The knowledge of the financial implications of mortgage finance from the borrowers perspective. This is a key component of the risk associated with the transaction.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. TITLE: Calculate the Basic Mathematics of Interest Rates.

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF:** 4**4. CREDITS:** 6**5. FIELD:** Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting**6. ISSUE DATE:****7. REVIEW DATE:****8. PURPOSE:**

This unit is for people who are involved in the calculation of interest on loans and investments.

The qualifying learner is capable of:

- Explaining the different types of interest calculations and interest rates
- Calculating interest rate conversions
- Applying the time value of money in the valuation of simple instruments
- Demonstrating an understanding of the terms structure of interest rates used for basic analysis.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in Mathematics at NQF level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Explain the different types of interest calculations and interest rates.

Assessment criteria

- 1.1 The basic features and properties of simple interest and compound interest are explained and applied to real situations
- 1.2 The different types of nominal interest rate quotations are used to identify effective rates.
- 1.3 The difference between discount rate and yield is explained with examples

Specific Outcome 2: Calculate interest rate conversions.

Assessment criteria

- 2.1 The equivalent annual effective rate is calculated using the nominal interest rate

- 2.2 Interest rates are converted to rates with other compounding periods at the equivalent annual effective rate.
- 2.3 A discount rate is used to calculate the equivalent yield of an instrument.
- 2.4 The day-count conventions are applied correctly in different markets.

Specific Outcome 3: Apply the time value of money in the valuation of simple instruments.

Assessment criteria

- 3.1 An explanation of the present and future value of money is given demonstrating the roles of interest and time periods and how they are related to each other.
- 3.2 The future values of single and multiple period investments and their sensitivities are calculated using actual cases.
- 3.3 Compound factors and discount factors are correctly differentiated with examples.
- 3.4 The building block approach and future value formulas are used to estimate future values.
- 3.5 The present values are calculated using the present value formula.
- 3.6 The net present value is calculated for an investment with known cash flows
- 3.7 The internal rate of return is calculated for an investment with known cash flows.

Specific Outcome 4: Demonstrate an understanding of the terms structure of interest rates used for basic analysis.

Assessment criteria

- 4.1 The yield curve is defined correctly.
- 4.2 Different shapes of the yield curve are identified and discussed in terms of theories of term structure.
- 4.3 Types of yield curve are defined and their differences discussed by way of examples.

Range: Coupon, zero coupon, swap and forward rate curves

- 4.4 Zero-coupon rates are derived from bond yields.
- 4.5 Forward rates are calculated from spot rates.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA

- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The context of this unit standard is a treasury or investment environment.

13. NOTES:

• EMBEDDED KNOWLEDGE

1. different types of interest rate calculations
2. the time value of money
3. interest rate calculations

• CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and / or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

• TERMINOLOGY

The learner should be able to define and contextualise the following terms:

Compound interest Rate, Coupon, Discount Rate and Yield, Forward Rates, Interest Calculations, Discount rate Nominal Interest Rate, Future value, Internal rate of return, Present value, Swap and forward rate curves, Yield Curve, Zero-Coupon Rate.

• VALUES

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

-
1. **TITLE:** **Demonstrate an Understanding of the Core Concepts Underlying Private Equity Transactions.**
-

2. **UNIT STANDARD NUMBER:**

3. **LEVEL ON THE NQF:** 5

4. **CREDITS :** 7

5. **FIELD:** Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is for people who work with Private Equity transactions.

The qualifying learner is capable of:

- Demonstrating an understanding of the need for Private Equity.
- Explaining the process of conducting a Private Equity transaction.
- Explaining fundamental principles of Private Equity
- Demonstrating an understanding of on-going partner relationships and existing investments.

9. **LEARNING ASSUMED TO BE IN PLACE**

Learners should be competent in Mathematics at NQF level 4 and Accounting at FETC level.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate an understanding of the need for Private Equity.**

Assessment criteria

- 1.1 The need for Private Equity funding is explained in real case terms
Range: Organic growth, acquisitive growth, changes in shareholding, wealth creation, divesting of conglomerate
- 1.2 The sources of funding, and the advantages and disadvantages of different funding instruments are explained with examples
Range: Debt, Equity, Listed and Unlisted markets
- 1.3 Private equity as an asset class is explained in layman's terms.

Specific Outcome 2: Explain the process of conducting a Private Equity transaction

Assessment criteria

- 2.1 Suitable businesses are identified for a Private Equity transaction.
Range: Company SWOT analysis, risk assessment, business profile, management structures, cash flow generation, macro economic environment, company specific environment, evaluation of barriers to entry
- 2.2 Suitable businesses are identified from an industry point of view.
Range: Regulatory environment, Competitors
- 2.3 A full due diligence is conducted for the identified businesses.
- 2.4 The transaction is negotiated and implemented for the client
Range: tax structures, price negotiation, terms of the deal, legal process, corporate law techniques and application

Specific Outcome 3: Explain fundamental principles of Private Equity

Assessment criteria

- 3.1 An understanding of the concept of leverage/gearing is demonstrated with examples.
- 3.2 An understanding of the concept of discounted cash flows is explained with examples.
Range: Net present value, Time value of money, Internal rate of return
- 3.3 An understanding of the difference between leverage buyouts and venture capital is explained with examples.

Specific Outcome 4: Demonstrate an understanding of ongoing and existing partner relationships.

Assessment criteria

- 4.1 The company's past investment is explained with a view to investment
Range: Board representation, developing the partnership, value creation
- 4.2 Potential exit opportunities are identified for the client in question.
Range: listing, selling to a trade player, re-gearing
- 4.3 Success factors are identified for the client in question
Range: Examining returns on investment, Internal rate of return

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA

- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The typical scope of Private Equity funding includes organic growth, acquisitive growth, changes in shareholding, wealth creation, divesting of conglomerates.

13. NOTES:

- **EMBEDDED KNOWLEDGE**

1. knowledge of principles of Private Equity
2. communication techniques
3. quality service to partner relationships

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Acquisitive growth, business profile, cash flow generation, divesting of conglomerates, discounted cash flows, due diligence, gearing, internal rate of return, leverage, organic growth, re-gearing, risk assessment, value creation, venture capital,

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Demonstrate an understanding of the Basic Principles of Project and Structured Finance

2. UNIT STANDARD NUMBER:

3. LEVEL ON THE NQF: 5

4. CREDITS : 7

5. FIELD: Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting

6. ISSUE DATE:

7. REVIEW DATE:

8. PURPOSE:

Learners will be those people working in the Project and Structured Finance environment.

The qualifying learner is capable of:

- Explaining the need for project finance.
- Illustrating the role of export/import credit finance in project finance
- Demonstrating a basic understanding of Structured Based Finance
- Demonstrating an understanding of Asset Based Finance
- Demonstrating an understanding of Property based Finance
- Demonstrating an understanding of Securitisation

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in:

- Accounting at FETC level
- Mathematical Literacy at NQF Level 4
- Communications at NQF Level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Explain the need for project finance.

Assessment criteria

- 1.1 The difference between project and structured finance is distinguished with examples
Range: Recourse vs Non-Recourse Finance, Project Specific vs General
- 1.2 Typical users of project finance are distinguished with examples.
- 1.3 Sources and inter-relationship between equity and debt are defined with examples
- 1.4 The phases and risks attached to project finance projects are illustrated by way of examples.

Specific Outcome 2: Illustrate the role of export/import credit finance in project finance.

Assessment criteria

- 2.1 An explanation of the reasons why this market exists is given together with the major players.
- 2.2 Roles, risks and benefits are explained for each party.
- 2.3 Commercial requirements to qualify for export finance are illustrated by way of examples
- 2.4 An understanding of the Credit Guarantee Insurance Corporation (CGIC) is illustrated by way of the use of examples.

Specific Outcome 3: Demonstrate a basic understanding of Structured Based Finance

Assessment criteria

- 3.1 An understanding of credit risk is demonstrated by way of the use of examples.
- 3.2 A distinction between conventional and structured finance is illustrated by way of the use of examples..
- 3.3 The areas where structured finance can add value are discussed with examples of each

Range: Income tax in different jurisdictions, Accounting rules, Bank Act

Specific Outcome 4: Demonstrate an understanding of Asset Based Finance.

Assessment criteria

- 4.1 Leasing vs purchase of an asset(s) is distinguished with examples.
- 4.2 Accounting for operating leases vs accounting for finance leases is illustrated with examples.
- 4.3 The concept of cross-border leasing is described with examples of each.

Specific Outcome 5: Demonstrate an understanding of Property Based Finance.

Assessment criteria

- 5.1 The need for property finance is explained with examples.
- 5.2 Characteristics of property finance vs other asset classes are demonstrated with examples.
- 5.3 The implication of residual risk is illustrated with examples.

Specific Outcome 6: Demonstrate an understanding of Securitisation.**Assessment criteria**

- 6.1 A history and comparison of South Africa to the rest of the world is explained with regard to Securitisation means.
- 6.2 The regulatory benefits of Securitisation are illustrated with examples.
- 6.3 Reasons for choosing Securitisation as opposed to other methods of finance are discussed giving the advantages and disadvantages of each.
- 6.4 The role of credit rating agencies in securitisation is explained with examples.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The context of this unit standard is a Structured Finance environment

13. NOTES:

- **EMBEDDED KNOWLEDGE**

- 1. Information of Structured and Asset Based Finance
- 2. Differences between conventional and Structured Finance

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

APU, Net present value, Internal Rate of Return, Credit Margin, Cost of Capital, Cost of Finance, Spreads, Jibar, Fixed vs variable rate, Term, Duration, Residuals, Profile Escalation.

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

-
1. **TITLE:** Demonstrate an Understanding of Macroeconomic principles as they Apply to the South African Business Environment.
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2. **UNIT STANDARD NUMBER:**

3. **LEVEL:** 4

4. **CREDITS:** 5

5. **FIELD:** Business, Commerce and Management studies
Sub-field: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is for people who have responsibility for understanding the basics of macroeconomics and who need understand how these principles relate to the business environment in South Africa.

The qualifying learner is capable of:

- Explaining basic economic concepts.
- Measuring the macroeconomy.
- Demonstrating an understanding of trends in the world economy
- Describing the role of money in economy and monetary policy.
- Describing the workings of fiscal policy.

9. **LEARNING ASSUMED TO BE IN PLACE:**

The learner should be competent in:

- Communication at NQF Level 4
- Mathematics Literacy at NQF level 4.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Explain basic economic concepts

Assessment criteria

- 1.1 The concepts of scarcity, choice, efficiency, use of marginal analysis and opportunity cost are explained correctly.
- 1.2 The concept of macroeconomics is distinguished from that of microeconomics.
- 1.3 The common errors are identified in economic thinking and sources of disagreement amongst economists

Range: bias, fallacy of composition, cause and effect between economic variables, levels and rates of change, value judgements, interpretation of facts and data, opinion, the impact of time perspectives and ceteris paribus

- 1.4 The concepts of supply and demand and elasticity of demand and supply are explained with the use of graphical illustration.
- 1.5 The impact of different economic systems on the main economic issues is described with historical examples of each
Range: market economy, command economy, mixed economy, outputs e.g. goods and services, inputs, e.g. factors of production and distribution
- 1.6 The role of the economy in producing goods and services is explained with examples
Range: capital, entrepreneurship, labour and natural resources

Specific Outcome 2: Measure the macroeconomy

Assessment criteria

- 2.1 The circular flow of the market economy is described.
- 2.2 The concepts of Gross Domestic Product, Unemployment, Consumer Price Index, Producer Price Index, and Inflation are explained and measured for a specific time period.
- 2.3 The main constituents of GDP are explained and measured for a specific time period.
Range: Consumer spending, Government investment spending, exports, imports and savings
- 2.4 The concepts of Gross Domestic Product, Gross National Product, Gross Domestic Expenditure, Gross Domestic Income, the Balance of Payments and Exchange Rates are explained with examples.
- 2.5 The performance of the South African economy in the last twenty years is explained in terms of the above factors.
- 2.6 The per capita GDP and GNP are calculated for a specific time period.

Specific Outcome 3: Demonstrate an understanding of trends in the world economy

Range: economic growth, full employment, price stability (inflation), balance of payments stability and equitable distribution of income

Assessment criteria

- 3.1 The importance of the major macroeconomic objectives is explained in terms of Emerging Markets and the major Industrialised Countries
- 3.2 The nature and consequences of globalisation on the world economy is described with examples.
- 3.3 The recent performance of the South African economy is described within the context of the performance of the world economy.

Specific Outcome 4: Describe the role of money in economy and monetary policy.

Assessment criteria

- 4.1 The functions of money are described with examples
Range: medium of exchange, store of value, unit of account
- 4.2 Measures of money are described with examples.
- 4.3 The objectives, instruments and mechanics of monetary policy are described and explained in the South African context.

Specific Outcome 5: Describe the workings of fiscal policy.

Assessment criteria

- 5.1 Fiscal policy is defined and understood in the South African context.
- 5.2 Monetary policy is differentiated from Fiscal policy together with an indication of their inter-dependence.
- 5.3 Fiscal policy is explained in terms of its role in meeting macroeconomic objectives.
- 5.3 The role of the budget in fiscal policy is explained in the South African context
Range: Revenue, Expenditure, Budget Deficit

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The range of this unit standard includes different economies such as the market economy, command economy and the mixed economy.

13. NOTES:

- **EMBEDDED KNOWLEDGE**

broad economic principles as they apply to businesses in South Africa.

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to

- collect, analyse, organise and critically evaluate information when assessing the dynamics at play in the South African economy
- demonstrate an understanding of the world as a set of interrelated systems when analysing the South African business environment within the context of economic factors

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms: Balance of Payments, Cause and Effect, *Ceteris Paribus*, Choice, Command economy, Consumer Price Index, Demand, Factors of Production, Goods, Gross Domestic Product, Gross National Product, Fallacy of Composition, Gross Domestic Expenditure, Income, Inflation, Levels and Rates of Change, Macroeconomics, Microeconomics, Mixed Economy, Opportunity Cost, Scarcity, Services, Spending, Supply

-
1. **TITLE:** **Identify and Explain Different Types of Derivatives**
Range: Future, Option, Warrant, Swap, Forward Rate Agreements
-

2. **UNIT STANDARD NUMBER:**

3. **LEVEL ON THE NQF:** 4

4. **CREDITS :** 8

5. **FIELD:** Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is for people who work with different types of Derivatives.

The qualifying learner is capable of:

- Demonstrating an understanding of fundamental principles of derivative markets.
- Demonstrating an understanding of what a future and option is.
- Defining and understanding a Forward Rate Agreement.
- Defining and explaining the meaning of a SWAP.
- Defining and explaining the meaning of a Warrant and its role in the market.
- Understanding the Settlement period in the Derivatives market.

9. **LEARNING ASSUMED TO BE IN PLACE**

Learners should be competent in Mathematics at NQF level 4.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate an understanding of fundamental principles of derivative markets.**

Assessment criteria

- 1.1 The term derivative is explained with examples
- 1.2 A time value calculation is understood and performed on a number of derivatives
- 1.3 The concept "term structure of interest rates" is defined with examples
- 1.4 The meaning of different yield curves is recognised and interpreted for a number of derivatives.
- 1.5 The participants in the derivatives market are identified and defined in terms of their roles

Specific Outcome 2: Demonstrate an understanding of what a future and an option are.

Assessment criteria

- 2.1 The difference between a future, an option, a forward and "an over the counter" (OTC) is distinguished and defined with examples of each.
- 2.2 The difference between calls and puts is distinguished with examples.
- 2.3 The intrinsic values/strike prices/premium and expiry are defined with examples of each.
- 2.4 The concepts of "in the money", "out of money" and "at the money" are defined with examples of each
- 2.5 The use of options are identified as hedging instruments

Specific Outcome 3: Define and understand a Forward Rate Agreement

Assessment criteria

- 3.1 The distinctive features of Forward Rate Agreements are explained with examples
- 3.2 The role and applications of Forward Rate Agreements within the derivatives market are explained with examples
- 3.3 The fair rate of Forward Rate Agreements is derived from the term structure of zero-coupon rates.
- 3.4 The applications of Forward Rate Agreements are explained with examples.

Specific Outcome 4: Define and explain the meaning of a SWAP

Assessment criteria

- 4.1 The definition and terminology of the different interest rate SWAPS is explained with examples
- 4.2 A vanilla SWAP is defined and explained by way of an example
- 4.3 The role of interest rate SWAPS in the derivatives market is identified and explained by way of examples.
- 4.4 The various other SWAPS within the derivatives market are identified and explained by way of examples.

Specific Outcome 5: Define and explain the meaning of a Warrant and its role in the market.

Assessment criteria

- 5.1 Different types of warrants in the derivatives market are distinguished by way of examples of each
Range: call warrant, put warrant
- 5.2 The conditions under which warrants will or won't be exercised are identified by way of examples
- 5.3 The various pricing methods of warrants are recognised and identified by way of examples

Specific Outcome 6: Understand the Settlement period in the Derivatives market.

Assessment criteria

- 6.1 The timing and appropriate period of settlement are explained with examples
- 6.2 The clearing system used in settlement is explained with examples
- 6.3 The basic understanding of relevant rules and regulations applied to settlement is explained with examples.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

The relevant NSB and SGB should be notified of any feedback related to this qualification.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

Types of derivatives include Futures, Options, Warrants, Swaps, and Forward Rate Agreements

13. NOTES:

- **EMBEDDED KNOWLEDGE**

2. relevant calculations**• CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and / or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

• TERMINOLOGY

Calls, Future option, hedging instruments, "in the money", "out of money", "at the money", forward rate agreement, "over the counter", puts, term structure of interest rates, time value calculation, vanilla swap, warrant, zero coupon rates,

• VALUES

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes.

1. TITLE: Perform basic Money Market calculations

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF: 4****4. CREDITS: 6****5. FIELD: Business, Commerce and Management studies**
Subfield: Finance, Economics and Accounting**6. ISSUE DATE:****7. REVIEW DATE:****8. PURPOSE:**

This unit standard is intended for those individuals who are new entrants into the Money Market, who wish to learn the basic computational techniques employed.

The qualifying learner is capable of:

- Defining and dividing key money instruments into discount and yield instruments.
- Applying calculations to discount securities.
- Applying calculations for yield instruments.
- Locating and applying company policies and procedures as they relate to the money market.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in Mathematics Literacy at NQF level four.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Define and divide key money market instruments into discount and yield instruments.

Assessment criteria

1.1 Key features of the Money Market are explained in own words.

1.2 The main money market instruments are contrasted in terms of key features.
Range: Treasury bills, Bankers Acceptances, Promissory Notes, Repurchase Agreements and Negotiable Certificates of Deposit

1.3 The differences between discount and yield instruments are fully explained with examples.

Specific Outcome 2: Apply calculations to discount securities.

Assessment criteria

2.1 The discount amount and consideration of a discount instrument is calculated for a range of securities

- 2.2 The fair price of a traded bill is calculated as per company policy and procedure
- 2.3 The equivalent yield of a traded security is calculated as per company policy and procedure
- 2.4 The difference between a discount rate and an equivalent yield is explained as per company policy and procedure

Specific Outcome 3: Apply the calculations for yield instruments

Assessment criteria

- 3.1 The maturity value of a Certificate of Deposit (CD) at issue is correctly calculated as per company policy and procedure
- 3.2 The fair price of a secondary market CD based on maturity value is calculated as per company policy and procedure
- 3.3 The investment return of a Certificate of Deposit is calculated as per company policy and procedure
- 3.4 An understanding of yield curves and how and why a yield curve takes its shape is demonstrated with examples.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The typical scope of money market instruments includes: Treasury bills, Bankers Acceptances, Promissory Notes, Repurchase Agreements and Negotiable Certificates of Deposit.

13. NOTES:

- **EMBEDDED KNOWLEDGE**

- 1. Basic money market calculations
- 2. Discount securities and yield instruments

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.

- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Bankers' acceptances, discount and yield instruments, discount securities, money instruments, negotiable certificates of deposit, discount instruments, promissory notes, repurchase agreements, treasury bills, yield instruments, yield curve.

- **VALUES**

The use of tasks and materials in the learning event plan and assessment procedures should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Demonstrate an Understanding of the Core Concepts of the Money Market

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF: 4****4. CREDITS : 8****5. FIELD: Business, Commerce and Management Studies**
Subfield: Finance, Economics and Accounting**6. ISSUE DATE:****7. REVIEW DATE:****8. PURPOSE:**

This unit standard is for people who are employed in the Money Market environment.

The qualifying learner is capable of:

- Demonstrating an understanding of the role of the Money Market in the South African Financial system
- Identifying similarities and differences between major products and key interest rates in the Money Markets
- Identifying the banking sector's liquidity management in the Money Market,
- Operating within the ethical, professional and legal limits of the South African legislation and codes of practice regulating the Financial Markets
- Demonstrating an understanding of derivative instruments and markets.

9. LEARNING ASSUMED TO BE IN PLACE:

The learner should be competent in:

- Communication at NQF Level 4
- Mathematics at NQF Level 4

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Demonstrate an understanding of the role of the Money Market in the South African financial system.

Assessment criteria

- 1.1 The different components in the financial system are identified together with their relevant roles.
- 1.2 Financial intermediaries are classified and contrasted with each other.
- 1.3 The assets and liabilities of financial intermediaries are explained together with the place of different types of marketable financial instruments.
- 1.4 The primary and secondary market, market participants and importance of the money market are identified correctly.

- 1.5 The use of repurchase agreements and securities lending in the capital markets is described with examples.
- 1.6 Disintermediation and securitisation is identified in relation to capital adequacy.

Specific Outcome 2: Identify similarities and differences between major products and key interest rates in the Money Markets.

Assessment criteria

- 2.1 The main features of a broad range of Money Market products are explained with examples
- 2.2 Negotiable certificates of deposit, Bankers' Acceptances and Treasury Bills are described and explained with examples.
- 2.3 The rationale for differing returns from differing products are explained with examples.
- 2.4 The inter-relationship between the different products is identified correctly.
- 2.5 The different types of repos are listed.
- 2.6 The terminology of the repo market, why they are used and the main characteristics of repos are delineated correctly.

Specific Outcome 3: Identify the banking sector's liquidity management in the money market.

Assessment criteria

- 3.1 The monetary functions and duties of the South African Reserve Bank are delineated correctly.
- 3.2 The accommodation facilities of the South African Reserve Bank are identified correctly.
- 3.3 The role of the marginal lending facility is identified correctly.
- 3.4 Levers that can be used to change monetary policy are explained with examples.
- 3.5 The role of under and over supply at the repo rate is identified with examples.

Specific Outcome 4: Operate within the ethical, professional and legal limits of the South African legislation and codes of practice regulating the financial markets.

Assessment criteria

- 4.1 The regulations and legalities of the South African financial system is demonstrated with examples to which each applies
Range: Regulatory objectives, structures, principles, philosophy and historical perspectives

- 4.2 Information within the legislation regulating the financial markets is correctly located.
- 4.3 Legislation regulating the Financial Markets is complied with in dealing with clients.
- 4.4 Ethical and professional behaviour is demonstrated according to current Codes of Conduct of the South African Institute for Financial Markets.

Specific Outcome 5: Demonstrate an understanding of the derivative instruments and markets.

Range: future, option, warrant, swaps, forward rate agreements

Assessment criteria

- 5.1 Derivative products are described and compared with each other
- 5.2 The driving forces of the derivatives market are identified with examples.
- 5.3 The pricing of derivative instruments is explained.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

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- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The typical scope of this unit standard is a treasury or investment environment.

13. NOTES:

- **EMBEDDED KNOWLEDGE**

- 1. knowledge of the Money market
- 2. the differences between major products in the Money Markets
- 3. derivative products

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.

- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application.
- work effectively with others as a member of a team, group, organisation or community.
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Bankers Acceptances, Derivative Instruments, Disintermediation, Negotiable Certificates of deposit, Primary market, Secondary Market, Securitisation, Treasury Bills, Repo Rate

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. **TITLE:** Demonstrate an Understanding of the Core concepts of the Bond Market

2. **UNIT STANDARD NUMBER:**

3. **LEVEL ON THE NQF:** 4

4. **CREDITS :** 10

5. **FIELD:** Business, Commerce and Management Studies
Subfield: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is for people who work in the Bond Market section of financial institutions. Persons credited with this Unit Standard are able to demonstrate an understanding of the core concepts of the Bond Market.

The qualifying learner is capable of:

- Describing the role and function of the Bond Market.
- Describing and comparing the main bond instruments
- Demonstrating an understanding of how a bond is priced.
- Explaining return and risk on bonds.
- Describing and illustrating the concept and shape of the yield curve
- Demonstrating an understanding of the settlement process for bonds.

9. **LEARNING ASSUMED TO BE IN PLACE**

Learners should be competent in Communication and Mathematical Literacy at NQF level 3.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Describe the role and function of the bond market.

Assessment criteria

- 1.1 An understanding of the role of bond market participants is demonstrated with examples of each.
- 1.2 The primary and secondary markets are differentiated with examples.
- 1.3 The main primary market participants are identified with their codes.
- 1.4 The secondary market participants and their functions are discussed with examples .
- 1.5 Government bond auctions are explained and interpreted with examples.

Specific Outcome 2: Describe and compare the main bond instruments**Assessment criteria**

- 2.1 The definition of and terminology used for coupon bonds are defined and explained with examples
- 2.2 The distinction between fixed and floating coupons is explained orally
- 2.3 The definition of and terminology used for floating rate notes (FRNs) is explained orally
- 2.4 Index-linked bonds are described correctly.

Specific Outcome 3: Demonstrate an understanding of how a bond is priced.**Assessment criteria**

- 3.1 The meaning of the bond price is explained with examples.
- 3.2 Specific bonds are priced correctly.
- 3.3 The difference between cum and ex interest is explained with examples
- 3.4 The difference between the interest rate and discounting rate is distinguished
- 3.5 The difference between bonds trading at par premium and at a discount is distinguished with examples.
- 3.6 The clean and dirty prices of bonds are defined and differentiated with examples.

Specific Outcome 4: Explain return and risk on bonds**Assessment criteria**

- 4.1 The concepts of risk and return are defined with examples.
- 4.2 The concept of "yield to maturity" is discussed and illustrated with examples.
- 4.3 The concept of "term to maturity" is discussed and illustrated with examples.
- 4.4 The components of bond returns are listed and explained with examples.

Specific Outcome 5: Describe and illustrate the concept and shape of the yield curve**Assessment criteria**

- 5.1 A yield curve is defined and explained with examples
- 5.2 Various shapes of yield curves are recognised and interpreted with examples
Range: Positive, Negative, Flat
- 5.3 Current and future, short and long term interest rates are distinguished and their impact on yield curves is described with examples

Specific Outcome 6: Demonstrate an understanding of the settlement process for bonds

Assessment criteria

- 6.1 The time settlement period is understood and explained with examples
- 6.2 A familiarity with the electronic settlement programme is demonstrated through the use of examples
- 6.3 A familiarity with the relevant settlement documentation is demonstrated through correct usage.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

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- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

9. RANGE STATEMENT:

The typical scope of this unit standard is a treasury or investment environment.

12. NOTES:

- **EMBEDDED KNOWLEDGE**

- 1. the different bond instruments
- 2. the concept and shape of the yield curve
- 3. the settlement process for bonds

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- collect, analyse, organise and critically evaluate information.
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Bond instrument, coupon bonds, cum and ex interest, fixed and floating coupons, floating rate notes, index-linked bonds, interest rates, par premium, settlement process, term to maturity, time value of money, yield curve, yield to maturity.

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Demonstrate an Understanding of the Core Concepts of the Equities market

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF:** 4**4. CREDITS :** 10

5. FIELD: Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting

6. ISSUE DATE:**7. REVIEW DATE:****8. PURPOSE:**

This unit standard is for people who work in or who are interested in the Equities Markets environment .

The qualifying learner is capable of:

- Demonstrating an understanding of ethical, professional and legal limits of South African legislation and codes of practice relating to Financial Markets.
- Demonstrating an understanding of local and international Equity markets.
- Performing basic Equity valuation calculations
- Operating within the rules and directives of the Financial Market Exchanges,
- Defining the various types of Risk
- Demonstrating an understanding of the settlement process for Equities.

9. LEARNING ASSUMED TO BE IN PLACE

The learner should be competent in Mathematics at NQF level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Demonstrate an understanding of the ethical, professional and legal limits of South African Legislation and codes of practice relating to financial transactions

Assessment criteria

- 1.1 The legislation and codes of practice are identified for Financial Markets.
- 1.2 Information within the Financial Markets is located for possible use.
- 1.3 Legislation regulating Financial Markets is complied with when doing work in regard to Financial Markets.
Range: Applicable sections of the Financial Markets Control Act, Stock Exchanges Control Act, Code of Conduct of the South African Institute for Financial Markets
- 1.4 Ethical and professional behaviour is demonstrated in dealings with customers.
Range: Financial Markets Control Act, Stock Exchanges Control Act, Code of Conduct of the South African Institute for Financial Markets

Specific Outcome 2: Demonstrate an understanding of local and international Equity Markets**Assessment criteria**

- 2.1 The structure and functioning of the Financial Markets sector is explained with examples.
- 2.2 An understanding of the international and local Equity Markets is demonstrated highlighting differences and similarities.
- 2.3 The nature of Equity derivatives is defined and explained with examples of each.
Range: Index, Futures, Options, Index linked share products, Individual Equity
- 2.4 An understanding of Equity Market instruments is demonstrated with examples of each.
Range: Ordinary shares, Convertible shares, References, Shares, Warrants, Negotiable Certificates of Deposit
- 2.5 The various participants that utilise the Equity Market are identified together with the instruments that usually are of interest to them.
- 2.6 The workings of equity trading and settlement platforms are understood with examples
Range: SETS, STRATE

Specific Outcome 3: Perform basic Equity valuation calculations.**Assessment criteria**

- 3.1 Dividend yield is defined and calculated for a number of different instruments
- 3.2 The Price Earnings Ratio is defined and calculated for a number of different instruments
- 3.3 Market capitalisation is defined and explained with examples.

Specific Outcome 4: Operate within the rules and directives of the Financial Market Exchanges**Assessment criteria**

- 4.1 The Exchange is explained together with how it operates.
- 4.2 The relevant information within the Exchange Rule Book is identified with examples.
- 4.3 The concept of "term to maturity" is discussed and illustrated with examples.
- 4.4 The rules and directives of the Exchange are complied with in transactions.

Specific Outcome 5: **Define the various types of risk**
Range: Market Risk, Interest Rate Risk, Liquidity Risk

Assessment criteria

- 5.1 Risk within the equity market is identified with a view to its elimination and/or reduction.
- 5.2 The areas of risk associated with equity transactions are identified with a view to their elimination and/or reduction.
- 5.2 The basic risk control structures within the equity market are discussed with examples of their application.

Specific Outcome 6: **Demonstrate an understanding of the settlement process for Equities**

Assessment criteria

- 6.1 The time settlement period is understood and explained with examples
- 6.2 A familiarity with the electronic settlement programme is demonstrated with examples
- 6.3 A familiarity with the relevant settlement documentation is demonstrated with examples.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

Within the context of local and international financial markets.

12. NOTES:

- **EMBEDDED KNOWLEDGE**
 - 1. Knowledge of local and international Equity markets
 - 2. The rules and directives of Financial Market Exchanges
 - 3. Various types of Risk

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and / or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- organise and manage oneself and one's activities responsibly and effectively.
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Convertible shares, Derivative, Future option, Index linked share products, Individual equity futures and options, Negotiable Certificate of Deposits, Ordinary shares, Preference shares, References, SETS, STRATE, Share Warrants

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Perform Basic Forex Market Calculations

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF:** 4**4. CREDITS :** 8**5. FIELD:** Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting**6. ISSUE DATE:****7. REVIEW DATE:****8. PURPOSE:**

This unit standard is for people who work in a Foreign Exchange markets environment.

The qualifying learner is capable of:

- Demonstrating an understanding of the conventions and calculations of Spot Exchange transactions,
- Demonstrating an understanding of the conventions and calculations of Forward Outright transactions,
- Explaining and applying the conventions and calculations of Foreign Exchange Swap transactions.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in Mathematics Literacy at NQF Level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Demonstrate an understanding of the conventions and calculations of spot exchange transactions.

Assessment criteria

- 1.1 The base currency and direct/indirect quotation conventions are explained orally
- 1.2 Bid-offer quotes and spreads are interpreted correctly
- 1.3 Bid-offer cross rates are calculated correctly
- 1.4 Profit or loss on positions is calculated correctly.

Specific Outcome 2: Demonstrate an understanding of the conventions and calculations of forward outright transactions.

Assessment criteria

- 2.1 The concept of "cost of carry" and the various funding sources are explained together with the role this calculation plays in the derivatives market.

2.2 Forward points and forward discounts/premiums are defined with examples.

2.3 Market quotations are interpreted with relevant examples.

2.4 Bid-offer cross rates are derived.

2.5 The interest rate parity theory is applied to pricing.

2.6 The arbitrage-free forward price is calculated correctly.

Specific Outcome 3: Explain and apply the conventions and calculations of Foreign Exchange swap transactions.

Assessment criteria

3.1 The swap structure and market quotation conventions are explained with examples

3.2 The relationship between swap prices and money market rates is explained with examples.

3.3 Bid-offer cross rates are derived correctly.

3.4 The applications of Foreign Exchange swaps are demonstrated with examples.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

11. RANGE STATEMENT:

Within the context of a treasury, foreign exchange or investment environment.

13. NOTES:

• EMBEDDED KNOWLEDGE

1. the conventions and calculations of spot exchange transactions and forward outright transactions.
2. mathematical calculations relating to foreign exchange markets

• CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.

- communicate effectively using basic mathematical and / or language skills in the modes of oral and / or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The Learner should be able to define and contextualise the following terms:

Arbitrage, Bid offer cross rates, Forward, Forward points, Outright rates, Parity Theory, Spot Exchange Transactions, Swap prices

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Demonstrate an Understanding of the Concepts and Conventions of the Foreign Exchange Market

2. UNIT STANDARD NUMBER:

3. LEVEL ON THE NQF: 4

4. CREDITS : 10

5. FIELD: Business, Commerce and Management Studies
Subfield: Finance, Economics and Accounting

6. ISSUE DATE:

7. REVIEW DATE:

8. PURPOSE:

This unit standard is for people working in the Foreign Exchange department and/or who work with Foreign Exchange Markets. Persons credited with this Unit Standard are able to understand and apply the fundamental concepts of Foreign Exchange markets.

The qualifying learner is capable of:

- Describing the trading practices in the spot market in the major currencies.
- Demonstrating an understanding of the derivative instruments and markets.
- Demonstrating an understanding of the mechanics of trading using outright and swaps
- Identifying the roles and responsibilities of the back office and explaining the importance of timely and accurate settlement.
- Identifying the different types of risk in the markets and describing the use of limits to mitigate risk.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in Communication and Mathematical Literacy: NQF Level 3.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Describe the trading practices in the spot market in the major currencies.

Assessment criteria

- 1.1 The main markets are identified with their size and location.
- 1.2 The differences between base currencies and quoted currencies are explained with examples.
- 1.3 The spot rates are calculated and used as market makers and market takers.
- 1.4 Buying and selling rates, and direct and indirect quotations, are interpreted and demonstrated with examples.
- 1.5 The cost of carry, when rolling positions, how it is calculated and its role in the trading arena are determined from real examples.

- 1.6 The importance of liquidity is explained orally.

Specific Outcome 2: Demonstrate an understanding of the derivative instruments and markets

Assessment criteria

- 2.1 The definitions and uses of interest rate derivatives, forward rate agreements, Rand overnight deposit swaps and straight swaps are demonstrated with examples.
- 2.2 The derivation of forward/forward interest rates, Forward-Rate Agreements (FRAs) and short-term interest rate futures are explained with examples.
- 2.3 The main characteristics of options and their use as a hedging instrument are explained with examples.
- 2.4 The extension and calculation of forward contracts with appropriate calculations are made for simulated cases.

Specific Outcome 3: Demonstrate an understanding of the mechanics of trading using outright and swaps.

Assessment criteria

- 3.1 The role of spot and interest rate differentials and the concept of arbitrage are explained with examples
- 3.2 The features of a foreign exchange outright and a foreign exchange swap are contrasted with examples.
- 3.3 The role of foreign exchange and foreign exchange swaps in the money markets are explained correctly.
- 3.4 The derivation of forward rates is correctly described using the basic equation for calculating points.
- 3.5 The basics of foreign exchange options are listed correctly.

Specific Outcome 4: Identify the roles and responsibilities of the back office and explain the importance of timely and accurate settlement.

Assessment criteria

- 4.1 The need for separation of dealing function from settlement is explained correctly.
- 4.2 The workflow of a typical transaction and the responsibilities of back office are described with examples.
- 4.3 A distinction is made between paper based and electronic based ownership
- 4.4 The matching and netting process is described, and basic netting calculations are performed correctly.

- 4.5 The different types of clearing and payment systems are described, along with their specific risk elements

Specific Outcome 5: Identify the different types of risk in the markets and describe the use of limits to mitigate risk.

Assessment criteria

- 5.1 The difference between price risk in currency and interest rates is highlighted with examples
- 5.2 The difference between transaction, translation and economic risk are explained with examples
- 5.3 The principles of counter-party, delivery and related risks are explained correctly.
- 5.4 A limit structure and its operations are described correctly.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

The relevant NSB and SGB should be notified of any feedback related to this qualification.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

Within the context of a treasury, foreign exchange or investment environment

13. NOTES:

- **EMBEDDED KNOWLEDGE**
 - Derivative instruments and markets
 - Trading practices in the spot market
 - Calculations of forward contracts
- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.

- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- Organise and manage oneself and one's activities responsibly and effectively
- The learner is able to use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Arbitrage, Derivative Instruments, Forward Contracts, Forward Rate Agreements, Hedging instruments, Interest Rate differentials, Outrights, Overnight deposit swaps, Options, Spot rates.

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes.

1. TITLE: Perform Bond Market Calculations

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF:** 4**4. CREDITS :** 8

5. FIELD: Business, Commerce and Management Studies
Subfield: Finance, Economics and Accounting

6. ISSUE DATE:**7. REVIEW DATE:****8. PURPOSE:**

This unit standard is for people who are new entrants into the Bond Market environment, who are required to perform the basic computational techniques employed in the Bond Market.

The qualifying learner is capable of:

- Determining the price of a bond.
- Analysing the factors impacting on the price of a bond.
- Explaining and calculating the total return concept
- Assessing various measures of price sensitivity of a bond.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in Mathematics Literacy at NQF level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Determine the price of a bond.

Assessment criteria

- 1.1 The typical cash flows of a bond are described correctly.
- 1.2 The present value of a bond is calculated correctly .
- 1.3 "Yield to maturity" is correctly calculated and explained with examples.
- 1.4 The fair price in the case of a settlement between coupon dates is calculated correctly.
- 1.5 The "all in price" of a bond can be correctly calculated and explained with examples.
- 1.6 A bond is priced as an equivalent package of zero-coupon instruments

Specific Outcome 2: Analyse the factors impacting on the price of a bond**Assessment criteria**

- 2.1 Factors impacting on the price of a bond are identified correctly
- 2.2 The relationship between the yield to maturity and price is correctly set out.
- 2.3 The impact if the yield differs from the coupon rate is identified correctly.
- 2.4 The effect on price and its composition as time to maturity diminishes are explained correctly.

Specific Outcome 3: Explain and calculate the total return concept**Assessment criteria**

- 3.1 Potential sources of return for a bond are identified correctly.
- 3.2 Common measures of yield and their shortcomings are detailed correctly.
- 3.3 Yield to maturity is explained as an internal rate of return.
- 3.4 The interest-on-interest component of return is identified correctly.
- 3.5 The total return of a bond held to maturity is detailed correctly.

Specific Outcome 4: Assess various measures of price sensitivity of a bond**Assessment criteria**

- 3.1 The sensitivity of price to changes in yield is discussed correctly
- 3.2 The impact of bond characteristics and yield-to maturity on price sensitivity is explained with examples
- 3.3 "Price value of a basis point" is applied as a measure of sensitivity
- 3.4 Duration is discussed and applied as a measure of sensitivity.

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

11. RANGE STATEMENT:

The context of this unit standard is within a treasury or investment environment

13. NOTES:

- **EMBEDDED KNOWLEDGE**

- Factors impacting on the price of a bond
- Measures of price sensitivity of a bond.

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and/or language skills in the modes of oral and/or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

All-in bond price, Books – closed period, Convexity, Discount bond, Duration, Maturity value, Package of Zeros, Premium bond, Price-value of a basis point, Pull-to-par effect
Total return, Yield-to-maturity

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. TITLE: Demonstrate an Understanding of the Core Concepts of Corporate Finance.

2. UNIT STANDARD NUMBER:**3. LEVEL ON THE NQF:** 5**4. CREDITS :** 7

5. FIELD: Business, Commerce and Management studies
Subfield: Finance, Economics and Accounting

6. ISSUE DATE:**7. REVIEW DATE:****8. PURPOSE:**

This unit standard is for persons working in a Corporate Finance environment of a Financial Institution. Persons credited with this Unit Standard are able to demonstrate an understanding of the core concepts of Corporate Finance.

The qualifying learner is capable of:

- Demonstrating an understanding of Corporate Finance.
- Demonstrate an understanding of the role of valuations in Corporate Finance.
- Demonstrating an understanding of the role that the regulatory environment plays in Corporate Finance.

9. LEARNING ASSUMED TO BE IN PLACE

Learners should be competent in:

- Accounting at FETC level
- Mathematics at NQF level 4
- Communications at NQF level 4.

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Demonstrate an understanding of Corporate Finance

Assessment criteria

- 1.1 The different components of Corporate Finance are illustrated with examples.
Range: mergers, acquisitions, disposals, restructurings, new listings, capital raisings, preferential shares, equity investments
- 1.2 The difference between Corporate Finance and finance for corporates is illustrated by means of a comparative table.
- 1.3 Typical users of Corporate Finance are illustrated with examples
Range: Listed companies, financial directors and CEOs

Specific Outcome 2: Demonstrate an understanding of the role of valuations in Corporate Finance.

Assessment criteria

- 2.1 Different methods of valuations are explained with examples
Range: Discounted cash flow, earning multiples, yield base valuation
- 2.2 An understanding of the major reasons that a valuation will be required is demonstrated within the context of Corporate Finance.
- 2.3 The financial concepts of valuations are defined and explained with examples
Range: PE ratios, cost of capital, return on equity, net asset value

Specific Outcome 3: Demonstrate an understanding of the role that the regulatory environment plays in corporate finance.

Assessment criteria

- 3.1 The key regulators in the environment are described with their functions
Range: JSE Securities Exchange, Securities Regulation Panel, Competition Commission, South African Reserve Bank, Registrar of Companies, Financial Services Board
- 3.2 The importance of regulation within the corporate finance environment is illustrated with examples
- 3.3 The relationship between the London Stock Exchange and the Johannesburg Stock Exchange is discussed showing how developments in one impact on the other

11. ACCREDITATION AND MODERATION:

Accreditation for this Unit Standards shall be from the relevant Education and Training Quality Assurer through formative and summative assessment by a registered Assessor. Assessment should be contextual and be conducted in the workplace as far as possible.

- Assessors must be registered as an Assessor with the relevant ETQA
- Moderators must be registered as assessors with the relevant ETQA
- Training providers must be accredited by the relevant ETQA
- Moderation should include both internal and external moderation where applicable
- The relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.

12. RANGE STATEMENT:

The typical scope of this unit standard is a Corporate Finance environment.

13. NOTES:

- **EMBEDDED KNOWLEDGE**
 1. the role of the regulatory environment in Corporate Finance.
 2. the different components of Corporate Finance.

- **CRITICAL CROSS-FIELD AND DEVELOPMENTAL OUTCOMES**

The learner is able to:

- identify and solve problems relating to the completeness, correctness and accuracy of the information received.
- communicate effectively using basic mathematical and / or language skills in the modes of oral and / or written persuasion when communicating with relevant parties regarding the application
- use science and technology effectively and critically in applying the use of the company system to process applications

- **TERMINOLOGY**

The learner should be able to define and contextualise the following terms:

Acquisitions, capital raisings, cost of capital, discounted cash flow, disposals, earning multiples, equity investments, mergers, new listings, net asset value, PE ratio, preferential shares, restructurings, return on equity

- **VALUES**

The use of tasks and materials in the learning event plan and assessment techniques should not discriminate against learners on any grounds prescribed in the Bill of Rights and should promote the orientations outlined in the critical cross-field outcomes

1. **Title:** **Demonstrate knowledge and understanding of the technical functionality of the sorting machinery and process**

2. **UNIT STANDARD NUMBER:**

3. **LEVEL:** 3

4. **CREDITS:** 8

5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is intended for all learners in a note-processing environment.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of note sorting machinery, the note sorting process, safe operating of a note-processing machine and interpret machine operating codes.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 2

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: **Demonstrate knowledge and understanding of note sorting machinery**

Assessment Criteria:

- 1.1 The units making up the machine are identified, described and correctly named according to the operating manual of the sorting machine.
- 1.2 The parts of the machine are identified and correctly named according to the operating manual of the sorting machine.
- 1.3 The functions of the machine are understood and explained in own words according to the operating manual of the sorting machine.
- 1.4 Consumables required for the operating of the machine are identified and their function explained according to the operating manual of the sorting machine.
- 1.5 The loading of consumables into the machine is demonstrated according to the operating manual of the sorting machine.

Specific Outcome 2:**Demonstrate knowledge and understanding of the note sorting process****Assessment Criteria:**

- 2.1 The complete note processing process is explained in own words according to the operating manual and the department's internal procedures.
- 2.2 The sorting processes on the machine are named and described according to the operating manual of the sorting machine.
- 2.3 The concept of note quality is explained according to the legislative requirements and the operating manual of the sorting machine.
- 2.4 The concept of note sort level is explained according to the output required by the sorting machine.
- 2.5 The relationship between different parts of the process is explained and the impact of delays at any processing point on the whole process is identified according to the expected machine and process performance.
- 2.6 The roles and responsibilities of each team member are explained and their inter-dependency described according to expected machine and process performance.
- 2.7 The goals and targets of the production process are explained in terms of the performance requirements of each machine and each team member in the process according to expected machine and process performance.

Specific Outcome 3: Interpret machine operating codes**Assessment Criteria:**

- 3.1 The codes relating to *routine operations* are identified and their meaning explained in own words according to the operating manual of the sorting machine.
- 3.2 The codes relating to *jams* are identified and their meaning explained in own words according to the operating manual of the sorting machine.
- 3.3 The codes relating to *errors* are identified and their meaning explained in own words according to the operating manual of the sorting machine.
- 3.4 The codes relating to *emergency action* are identified and their meaning explained in own words according to the operating manual of the sorting machine.
- 3.5 The impact on machine performance and production of the different codes is explained according to the operating manual of the sorting machine.

Specific Outcome 4: Demonstrate knowledge and understanding of safe operating of a note processing machine

Assessment Criteria:

- 4.1 The key legislative standards and requirements are explained according to the relevant legislation
Range: NOSA Safety Act & Occupational Safety Act
- 4.2 The dangers involved with operating the sorting machine/s are explained in own words according to the operating manual of the sorting machine.
- 4.3 The safety procedures are explained according to the operating manual of the sorting machine.
- 4.4 The location and operation of emergency stop buttons are explained according to the operating manual of the sorting machine.
- 4.5 The correct use of the emergency stop buttons is demonstrated according to the operating manual of the sorting machine.
- 4.6 The impact on performance and production of incorrect use of emergency stop buttons is explained according to the operating manual of the sorting machine.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability:

- to communicate effectively verbally when codes relating to *routine operations* are identified and their meaning explained in own words according to the operating manual of the sorting machine.
- to organise and manage oneself and one's activities responsibly and effectively when loading of consumables into the machine is demonstrated according to the operating manual of the sorting

machine.

- to collect, organise and critically evaluate information when impact on machine performance and production of the different codes is explained according to the operating manual of the sorting machine.
- to understand the relationship between different parts of the process and the impact of delays at any processing point on the whole process according to the expected machine and process performance

2. Embedded knowledge

In this standard the learner is required to demonstrate an understanding of the parts of note processing process and the sum of the parts of the process. This includes technical detail of the machine, its make up and functions and the interdependence of each element in achieving the final production goals of the note processing departments.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

Terminology

Consumables – this is a term used to refer to what the machine uses up or what is consumed during production, e.g. paper, ink, money, rubber bands, etc.

1. **TITLE:** **Operate a note sorting machine**
Range: The reserve bank uses De La Rue and G&D machines, competence is required on one of the machines, although the standard may apply to other makes of note-sorting machines

2. **UNIT STANDARD NUMBER:**

3. **LEVEL:** 3

4. **CREDITS:** 12

5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is intended for any learner who operates a note-sorting machine.

Persons credited with this unit standard will be able to start up the machine, process a test bundle of notes, process a batch of notes, balance a batch of processed notes, and shut down the note-processing machine.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 2

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Start up the machine

Assessment Criteria

- 1.1 The importance of following the correct start up procedure is described in terms of the potential effect on equipment, personnel, the system and productivity.
- 1.2 The necessary machine checks are performed prior to start-up procedure according to the operating manual of the sorting machine.
- 1.3 Operation codes reflected during the start-up are correctly interpreted and explained according to the operating manual of the sorting machine.
- 1.4 Typical problems/errors arising and how to rectify them at machine start-up are explained according to the operating manual of the sorting machine.

- 1.5 The start-up procedure is demonstrated according to the department operating procedures, safety requirements and the operating manual of the sorting machine.

Specific Outcome 2: Process a test bundle of notes

Assessment Criteria

- 2.1 The machine is set up for the correct denomination according to the size and characteristics of the denomination being processed.
- 2.2 The machine is correctly prepared to process a bundle of test notes according to the operating manual of the sorting machine.
- 2.3 The importance of set-up for the correct denomination is explained in terms of the impact on note processing.
- 2.4 The test bundle is processed according to the correct sorting process and in line with standard operational procedures.
- 2.5 The calibration of the sorting machine is evaluated according to the processing report on the test bundle sort and the compilation of the test bundle of notes.

Specific Outcome 3: Process a batch of notes

Assessment Criteria

- 3.1 The notes are prepared for the machine according to the operating manual of the sorting machine and in line with laid down reserve bank operating procedures.
- 3.2 Notes are fed into the machine in the correct manner and speed according to the operation of the machine, in line with safety standards.
- 3.3 Notes for manual inspection are correctly handled according to the operation of the machine.
- 3.4 The operating codes are correctly interpreted and responded to according to the operation of the machine.
- 3.5 The notes are sorted and shredded according to the fit level and the normal operation of the machine.
- 3.6 The operation of the machine is evaluated according to the sort level, throughput and the output bundles of notes, in line with laid down reserve bank operating procedures.

Specific Outcome 4: Balance a batch of processed notes**Assessment Criteria**

- 4.1 Culled or manual inspected notes are correctly processed to balance the processed batch of notes.
- 4.2 The batch is balanced according to records of money received and the totals processed in line with reserve bank risk management procedures.
- 4.3 The importance of accounting for every form processed is, explained in terms of the potential effect on the team, the reserve bank, productivity and relationships with the banks
- 4.4 Discrepancies are handled in terms of reserve bank risk management procedures.

Specific Outcome 5: Shut down the note-processing machine**Assessment Criteria**

- 5.1 The machine is checked for notes and cleared for shutdown according to the operating manual, safety standards and the departmental procedure.
- 5.2 The correct shut-down codes are entered according to the operating manual of the note-processing machine.
- 5.3 The importance of correct shut-down procedure is described in terms of the potential effect on the machine.
- 5.4 The necessary final production reports are processed according to the note processing machine operating manual and the departmental procedure.
- 5.5 The machine is shut down according to the note processing machine operating manual and the departmental procedure.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to identify and solve problems when typical problems/errors arising and how to rectify them at machine start-up are explained according to the operating manual of the sorting machine.
- to organise and manage oneself and one's activities responsibly and effectively when notes are prepared for the machine and fed into the machine in the correct manner and speed.
- to collect, organise and critically evaluate information when the calibration of the sorting machine is evaluated according to the machine report on the test bundle sort and the compilation of the test bundle of notes.
- to collect, organise, and critically evaluate information when the operation of the machine is evaluated according to the sort level, throughput and the output bundles of notes in line with laid down reserve bank operating procedures.

2. Embedded knowledge

This unit standard brings together the application of the knowledge and understanding of the machine, the note processing process, note handling and safe operation of the machine. These are high speed machines that require high levels of eye hand co-ordination to feed and process the notes to keep the machine running at an optimal speed

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

Terminology

Batch of notes – this is a term used generally to refer to a box of 50 bundles of 100 notes of any particular denomination.

1. **TITLE:** Operate note processing computer system linked to note processing machine

2. **UNIT STANDARD NUMBER:**

3. **LEVEL:** 3

4. **CREDITS:** 10

5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting

6. **ISSUE DATE:**

7. **REVIEW DATE:**

8. **PURPOSE:**

This unit standard is intended for all learners who operate a computerised note-sorting machine.

Persons credited with this unit standard will be able to start up the computer, explain information processing requirements and run daily production reports,

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 2

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Start up computer

Assessment Criteria

- 1.1 The start-up procedure is explained according to the operating instructions and the operating manual of the sorting machine.
- 1.2 The importance and purpose of each step in the computer start-up procedure is explained according to the operating manual of the machine and in line with departmental policy and procedure.
- 1.3 The impact on production of incorrect start-up is explained according to the operating manual of the sorting machine.
- 1.4 The critical input information required at start-up is identified according to the operating manual of the sorting machine and the departmental policy and procedure.
- 1.5 The start-up process is demonstrated according to the operating manual of the sort machine and in line with the departmental policy and procedure.

Specific Outcome 2: Explain information processing requirements**Assessment Criteria**

- 2.1 The key measurement/production management statistics recorded by the computer are identified and explained according to the operating manual of the machine and in line with departmental policy and procedure.
- 2.2 The role the computer plays as back-up support for the note-processing machine is explained according to the operating manual of the machine and in line with departmental policy and procedure.
- 2.3 The role of the data recorded by the computer in the departmental backup system is explained according to risk control management policy
- 2.4 The procedure to follow in the event that processing data on the computer is lost is demonstrated according to the risk control management policy and in line with departmental policy and procedure.

Specific Outcome 3: Run daily production reports**Assessment Criteria**

- 3.1 The process to access information stored on the computer system is *demonstrated* according to the information system requirements
- 3.2 The importance and need for *machine performance reports* and production reports are explained according to the risk management, information system and the production requirements.
- 3.3 The *machine performance reports* are requested/compiled and printed according to the information system and the production requirements.
- 3.4 The *production reports* are printed according to the information system and the production requirements.
Range: production reports run before during and after a shift, and at the end of the day. Evidence of competence across the full range is required.

Specific Outcome 4: Handle machine stoppages

- 4.1 The impact of stoppages of the machine production on the recording of information is understood and explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 4.2 The reports to be run as a result of stoppages are identified according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 4.3 The correct reports as a result of a stoppage are compiled and printed according to the operating manual of the sorting machine and in line with the departmental policy and procedure

- 4.4 The procedure following the stoppage is correctly demonstrated in order to maintain accuracy and integrity of the data stored during production.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to identify and solve problems in the event that processing data on the computer is lost according to the risk control management policy and in line with departmental policy and procedure
- to organise and manage oneself and one's activities responsibly and effectively in the event that processing data on the computer is lost and appropriate actions are taken according to the risk control management policy and in line with departmental policy and procedure
- to use technology effectively when *machine performance and production reports* are requested/compiled and printed according to the information system and the production requirements

2. Embedded knowledge

The knowledge application in this unit standard focuses on maintaining data integrity of notes and forms received and processed by maintaining the integrity of data on the computer system. The knowledge required includes basic operation of the computer system and the record of stats and data maintained about production on the computer.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task.

1. **TITLE:** Demonstrate skill in note handling
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 3
4. **CREDITS:** 16
5. **FIELD:** Business, Commerce and Management Studies
Sub-field Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners who handle large quantities of notes either by hand sorting or by preparing notes for processing by machines.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of the criteria for identifying legal tender, identify and describe different categories of notes, hand sort a batch of notes, handle discrepancies, and prepare notes for processing in a note-sorting machine.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 2

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Assessment Criteria

Specific Outcome 1: Demonstrate knowledge and understanding of the criteria for identifying legal tender

- 1.1 The criteria relating to legal tender/notes reflected in the *Reserve Bank Act* are identified and explained according to the regulations.
- 1.2 The criteria relating to legal tender reflected in the *Prevention of Counterfeit Currency Act* are identified and explained according to the regulations.
- 1.3 The criteria relating to cash handling and legal tender reflected in the *Reserve bank standing instructions* are identified and explained according to the regulations.

Specific Outcome 2: Identify and describe different categories of notes

Assessment Criteria

- 2.1 Identify and describe the key identifying criteria of *legal tender* according to the legislation.

- 2.2 Identify and describe the key identifying criteria of *counterfeit* notes according to the legislation.
- 2.3 Identify and describe the key identifying criteria of *mutilated* notes according to the legislation.
- 2.4 Identify and describe the key identifying criteria of *dye stained* notes according to the legislation.

Specific Outcome 3: Hand sort a batch of notes

Assessment Criteria

- 3.1 Sorted notes are handled separately on a "throw out basis" according to standing instructions.
- 3.2 Sorted notes are collated facing the same way according to the pattern on the note.
- 3.3 Each note is checked and correctly classified as re-issuable or non-reissuable according to category of note and processing quality criteria.
- 3.4 Sorted and discarded notes are counted during sorting according to the number of notes required in a bundle.
- 3.5 Sorted notes are bundled according to the correct number of forms required and the standard manner of tying and labelling a bundle.
- 3.6 Sorted notes are packed into a box according to standard bulk checking requirements.

Specific Outcome 4: Handle discrepancies

Assessment Criteria

- 4.1 The concept of processing notes deposited on a "said to contain" basis is explained according to laid down reserve bank operating procedures.
- 4.2 Under or over deposit of notes by a depositing bank are identified and are correctly processed and accounted for according to laid down reserve bank operating procedures.
- 4.3 Forged/counterfeit notes identified are correctly processed and accounted for according to laid down reserve bank operating procedures.
- 4.4 A note identified as having less than full value is correctly processed and accounted for according to laid down reserve bank operating procedures.
- 4.5 Foreign notes identified are correctly processed according to laid down reserve bank operating procedures.
- 4.6 Mutilated notes identified with no serial numbers are correctly processed and accounted for according to laid down reserve bank operating procedures.

Specific Outcome 5: Prepare notes for processing in a note-sorting machine

Assessment Criteria

- 5.1 The importance of preparation of notes prior to processing by the machine are understood and explained in terms of the potential impact on the machine, processing and productivity.
- 5.2 Notes to be removed prior to processing by the machine are identified and removed according to the requirements of the machine and the note processing procedure.
- 5.3 The notes are prepared for machine sorting as required by the machine and the departmental procedure.
- 5.4 The importance of maintaining a steady flow of notes ready for machine sorting is explained in terms of departmental practice, risk and productivity.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to identify and solve problems when notes to be removed prior to processing by the machine are identified and removed according to the requirements of the machine and the note processing procedure.
- to communicate effectively verbally when identifying and describing the key identifying criteria of *counterfeit* notes, *mutilated* notes and *dye stained* notes according to the legislation.
- to organise and manage oneself and one's activities responsibly and effectively when each note is checked and correctly classified as re-issuable or non-reissuable according to category of note and processing quality criteria.
- to understand the relationship between the importance of

preparation of notes prior to processing by the machine and the potential impact on machine processing and productivity.

2. Embedded knowledge

The knowledge assessed in this standard is focused on the recognition of notes to be removed from processing and the visual confirmation of the quality criteria of fit notes. The standard recognises the importance of speed and quick recognition and handling of notes given the volume of notes handled and processed.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Solve note-processing operating problems to maintain efficiency of production process
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 8
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for note processing machine operators and all supervisors in the note processing operation.

Persons credited with this unit standard will be able to demonstrate a knowledge and understanding of expected machine performance, manage machine performance, resolve common machine problems, diagnose problems to be referred to technicians, and conduct preventative maintenance on the sorting machine.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Demonstrate a knowledge and understanding of expected machine performance

Assessment Criteria

- 1.1 Expected machine performance is described according to the production requirements and the sorting machine manual.
- 1.2 *Normal* variations in machine performance are described according to standard operating performance of the sorting machine.
- 1.3 *Abnormal* variations in machine performance are described according to standard operating performance of the sorting machine.
- 1.4 The cause and solution to typical operational problems are described according to the operating manual of the sorting machine.
- 1.5 The importance of understanding machine performance is described in terms of the potential impact on the machines, production process and productivity.

Specific Outcome 2: Manage machine performance**Assessment Criteria**

- 2.1 A steady flow of notes is processed according to the speed of the machine and the production requirements.
- 2.2 The output of the machine is evaluated according to the production quality requirements.
- 2.3 The output of the machine is evaluated according to the overall percentage split between fit and unfit notes processed.
- 2.4 The action required when a machine is performing below the required level of throughput, quality and quantity is understood and explained according to laid down note processing operating procedures.
- 2.5 Machine downtime is measured and the cause of the downtime identified and recorded according to the production requirements.

Specific Outcome 3: Resolve common machine problems

Range: Common problems include jams, errors, bander problems. Evidence of competence in any two of the elements in the range is required

Assessment Criteria

- 3.1 The machine code is correctly identified and the required action explained according to the operating manual of the sorting machine.
- 3.2 The process for access to the part of the machine where the jam or error has taken place is demonstrated according to the operating manual of the sorting machine.
- 3.3 The appropriate safety procedure is identified and its importance is explained in terms of the potential effect on the machine and the personnel.
- 3.4 The processing/machine problem is recorded according to laid down reserve bank operating procedures.
- 3.5 The importance of speedy identification and resolution of operational problems is described in terms of the potential impact on the machines, production process and productivity.
- 3.6 The resolution of machine problems is demonstrated and the machine is restored to normal functioning according to the operating manual of the sorting machine.

Specific Outcome 4: Diagnose problems to be referred to technicians**Assessment Criteria**

- 4.1 Checking of all variable or adjustable settings is demonstrated according

to the operating manual of the sorting machine.

- 4.2 The source of the variation in performance is identified according to the operating manual of the sorting machine.
- 4.3 Variations in machine performance that cannot be explained according to the operating manual of the sorting machine are referred to the technicians in line with laid down reserve bank operating procedures and service agreement with technicians.

Specific Outcome 5: Conduct preventative maintenance on the sorting machine

Assessment Criteria

- 5.1 Checking and cleaning of dirt sensors is demonstrated according to the operating manual of the sorting machine.
- 5.2 Inspection of the machine to ensure no foreign objects are lodged in the machine is demonstrated according to the operating manual of the sorting machine.
- 5.3 The correct use of tools for the recovery of jammed notes is demonstrated according to the operating manual of the sorting machine.
- 5.4 The importance of preventative maintenance tasks is described in terms of the potential effect on the machine performance and quality of output.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
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Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

11. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to identify and solve problems when resolution of machine problems is demonstrated and the machine is restored to normal functioning according to the operating manual of the sorting machine.
- to organise and manage oneself and one's activities responsibly

and effectively when checking all variable or adjustable settings and by the correct use of tools for the recovery of jammed notes according to the operating manual of the sorting machine.

- to use technology effectively when the source of the variation in performance is identified according to the operating manual of the sorting machine.
- to collect, organise and critically evaluate information when the output of the machine is evaluated according to the production quality requirements
- to understand the relationship between preventative maintenance and machine performance when the importance of preventative maintenance tasks is described in terms of the potential effect on the machine performance and quality of output.

2. Embedded knowledge

This unit standard requires the application of technical functionality and machine operation to resolve common errors and problems during operation of the machine. Knowledge of the safety and the operational procedures for opening and accessing parts of the machine are required.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Demonstrate knowledge and understanding of production efficiency in note processing
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 10
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all learners in the note-processing department.

Persons credited with this unit standard will be able to explain note-processing as a function of the reserve bank, explain production efficiency measures, measure daily production efficiency, and compare production efficiency over time.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication and Mathematical Literacy at NQF level 3.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Explain note-processing as a function of the reserve Bank

Assessment Criteria

- 1.1 The Reserve Bank's role and functions in the supply and management of local currency is explained according to the bank's policy and practice and the relevant legislation.
- 1.2 The purpose and role of the note processing department in the supply and management of local currency is understood and explained according to the Reserve Bank's role and functions
- 1.3 The manner in which daily production targets are determined is explained according to the Reserve Bank's policy and practice.
- 1.4 The impact of not meeting the production requirements on the supply and management of local currency to banks is explained according to the Reserve Bank's policy and practice.

Specific Outcome 2: Explain production efficiency measures**Assessment Criteria**

- 2.1 The daily processing targets for the note-processing department are identified and explained according to the production requirements for the day.
- 2.2 The efficiency measures associated with machine performance are explained according to their impact on daily production.
Range: input, output, throughput, downtime. Evidence of competence across the full range is required.
- 2.3 The efficiency measures associated with shift performance are explained according to their impact on daily production.
Range: Machines in operation, speed of machines, staff on shift, length of shift. Evidence of competence across the full range is required.
- 2.4 The concept of the *quality of output* is explained according to the denomination processed and the impact on daily production.
- 2.5 The concept of *quantity of output* is explained according to the denomination processed and the impact on daily production.
- 2.6 The concept of the percentage of fit and unfit notes processed is explained according to the impact on production performance.

Specific Outcome 3: Measure daily production efficiency**Assessment Criteria**

- 3.1 Machine performance is established according to efficiency measures and daily production targets.
- 3.2 Shift performance is established according to efficiency measures and daily production targets.
- 3.3 Downtime is calculated and the impact of downtime on the daily production established according to progress made towards daily production targets.
- 3.4 Daily production statistics are recorded according to the administrative requirements of the note-processing department.
- 3.5 Daily production reports are run according to the administrative requirements of the note-processing department.

Specific Outcome 4: Compare production efficiency over time**Assessment Criteria**

- 4.1 Machine performance over time is compared according to efficiency measures and daily production statistics.

Range: weekly, monthly, quarterly. Evidence of competence across the full range is required.

- 4.2 Operator performance over time is compared according to efficiency measures and daily production statistics.

Range: weekly, monthly, quarterly. Evidence of competence across the full range is required.

- 4.3 Shift performance over time is compared according to efficiency measures and daily production statistics.

Range: weekly, monthly, quarterly. Evidence of competence across the full range is required.

- 4.4 The impact of machine availability and downtime is compared over time according to efficiency measures and daily production targets.

- 4.5 The department's production efficiency over time is compared according to the achievement of production targets.

- 4.6 Factors affecting performance over time are identified and explained according to departmental performance and statistics.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
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Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to demonstrate an understanding of the world as a set of related systems when explaining note-processing as a function of the Reserve Bank.
- to collect, organise and critically evaluate information when daily production is measured and production efficiency is compared over time.
- to understand the relationship between the note-processing role and the responsibility to the commercial banks is understood when the impact of not meeting the production requirements on the supply and

management of local currency to banks is explained according to the Reserve Bank's policy and practice.

2. Embedded knowledge

This unit standard requires knowledge sufficient to understand use and interpret the production measures and performance statistics in the note-processing environment.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Drive daily note processing production
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 10
5. **FIELD:** Business, Commerce and Management Studies
Sub-field Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for people who walk the floor, distribute and collect batches of notes, check manual inspect notes or supervise a team of operators.

Persons credited with this unit standard will be able to monitor the daily production process, solve daily production problems, manage physical risks during production, account for stock of cash processed during production and maintain daily production performance

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3.

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Monitor the daily production process

Assessment Criteria

- 1.1 The contribution of each element of the production process is understood and explained in terms of the departmental performance measures.
Range: Operators, preparation, processing, machine output, machines.
- 1.2 The key production levers are identified and their role as performance levers explained in terms of the overall production process.
- 1.3 The speed of the daily note processing is monitored according to daily targets and the departmental performance measures.
- 1.4 The quality of output of daily note processing is monitored according to an evaluation of samples of bundles of notes processed.
- 1.5 The quantity of output is evaluated according to the percentage split between fit and unfit notes processed and the required fit level.

Specific Outcome 2: Solve daily production problems**Assessment Criteria**

- 2.1 Problems experienced on the machines during the shift are identified and the cause ascertained according to the operator's report.
- 2.2 Problems referred from the operators are resolved and the process of resolution explained to the operator according to the operating manual, safety standards and departmental practice.
- 2.3 Resolution of typical daily problems is demonstrated according to the operating manual, safety standards and departmental practice.
- 2.4 The importance of speedy resolution of the daily production problems is explained in terms of the potential impact of the machines and the departmental productivity.
- 2.5 Typical problems experienced in the overall flow of the production process are explained according to actual departmental practice.
- 2.6 Causes and options for appropriate resolution of problems in the overall flow of the production process are explained according to actual departmental practice.

Specific Outcome 3: Manage physical risks during production**Assessment Criteria**

- 3.1 Cash handling during the production process is evaluated according to the principle of dual control.
- 3.2 The transportation and distribution of cash is evaluated according to the reserve bank cash handling principles.
- 3.3 The departmental adherence to standard procedure is evaluated according to procedures specified in laid down reserve bank operating procedures.
- 3.4 Variations from laid down procedure are reported and explained according to laid down reserve bank operating procedures.
- 3.5 Procedures governing access to sensitive areas are explained and adherence to the procedures is evaluated daily according to laid down reserve bank operating procedures.

Specific Outcome 4: Account for stock of cash processed during production**Assessment Criteria**

- 4.1 The accuracy of individual operator balancing is evaluated according to a sample of balanced processed batches.

- 4.2 Several samples of manual inspect note are evaluated during daily processing according to the quality management and accounting standards applied to the production process.
- 4.3 Cash received and cash processed is checked to establish that all cash is accounted for as it is processed according to risk management standards applied to the production process.

Specific Outcome 5: Maintain daily production performance

Assessment Criteria

- 5.1 Work is allocated to the machine operators according to the staff, machine availability for the shift and the processing targets for the day.
- 5.2 Cash is distributed to the teams according to the daily processing targets machine and staff availability.
- 5.3 Processed notes are checked and prepared for payment back into the vault according to the quality and risk requirements for processed notes.
- 5.4 Daily allocation of work and planning is revised according to the actual production performance of the department.

11. ACCREDITATION AND MODERATION:

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Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to demonstrate an understanding of the world as a set of related systems when daily allocation of work and planning is revised according to the actual production performance of the department
- to identify and solve problems when problems referred from the operators are resolved and the process of resolution explained to the operator according to the operating manual, safety standards and departmental practice.

- to communicate effectively when the process of resolution is explained to the operator according to the operating manual, safety standards and departmental practice
- to organise and manage oneself and one's activities responsibly and effectively when cash received and cash processed is checked to establish that all cash is accounted for as it is processed according to risk management standards applied to the production process
- to collect, organise and critically evaluate information when the speed of the daily note processing, quality of output and quantity of output are monitored according to daily targets and the departmental performance measures

2. **Embedded knowledge**

This unit standard brings together the knowledge of the technical functionality of the machinery, operation of the machines and resolution of operating problems in driving the note-processing production process.

3. **Additional Information**

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

Terminology

Manual Inspect Notes – this is a term used to refer to notes that are identified as requiring inspection by the operator and they are not processed through the machine. The machine records the number of manual inspect notes per batch and this figure is a key factor in the balancing of a batch of processed notes.

1. **TITLE:** Demonstrate understanding of risk management policy and procedure in note processing
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 6
5. **FIELD:** Business, Commerce and Management Studies
Sub-field Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for all people working in a note-processing environment.

Persons credited with this unit standard will be able to explain the principles of operational risk management, identify the risks in the note processing department, explain the consequences of non-adherence to risk management practice, and demonstrate accountability for control of cash received.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Explain the principles of operational risk management

Assessment Criteria

- 1.1 The principle of *Dual Control* and its role in managing risk is understood and explained in own words according to Reserve Bank standing instructions.
- 1.2 The practical requirements for the *application of dual control* as a note-processing operator to manage risk is explained in own words according to Reserve Bank standing instructions and in line with departmental procedure.
- 1.3 Any exceptions to application of the principle of dual control are identified and explained according to Reserve Bank standing instructions and in line with departmental procedure.
- 1.4 The principle of *standardised policy and procedure* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.

- 1.5 The practical requirements for the *application of standardised policy and procedure* as a note-processing operator to manage risk is explained in own words according to Reserve Bank standing instructions and in line with departmental procedure.

Specific Outcome 2: Identify the risks in note processing department

Assessment Criteria

- 2.1 The risks associated with the *physical security of cash* are identified and explained in own words according to the Reserve Bank's standing instructions.
- 2.2 The practical procedures governing the physical security of cash in the note department are detailed and explained in own words according to Reserve Bank standing instructions.
Range: personal locks, keys, stamps, combinations, computer codes and passwords. Evidence of competence across the full range is required.
- 2.3 The risks associated with inaccurate accounting for cash are identified and explained in own words according to the Reserve Bank standing instructions.
- 2.4 The practical procedures governing the accounting for cash in the note department are detailed and explained in own words according to Reserve Bank standing instructions.
- 2.5 The risks associated with errors in processing of notes are identified and explained according to the impact of errors on the department and the bank.
- 2.6 The practical procedures governing errors in processing of cash in the note department are detailed and explained in own words according to Reserve Bank standing instructions

Specific Outcome 3: Explain the consequences of non-adherence to risk management practice

Assessment Criteria

- 3.1 The consequences of *non-adherence* to risk management practices by an individual are explained according to the reserve bank standing instructions and departmental requirements.
- 3.2 The consequences of *fraud to the individual* in the note department are explained according to Reserve Bank standing instructions and departmental requirements.
- 3.3 The consequences of *fraud to the department* are explained according to Reserve Bank standing instructions and departmental requirements.
- 3.4 The consequences of *errors in processing to the individual* in the note department are explained according to reserve bank standing instructions and departmental requirements.

- 3.5 The consequences of *errors to the department* are explained according to Reserve Bank standing instructions and departmental requirements.

Specific Outcome 4: Demonstrate accountability for control of cash received

Assessment Criteria

- 4.1 Cash received is accepted according to standard risk management procedure in line with Reserve Bank standing instructions.
- 4.2 Every form received and processed in a shift is accounted for according to standard risk management procedure in line with Reserve Bank standing instructions.
- 4.3 Cash handed over to the supervisor is accounted for according to standard risk management procedure in line with Reserve Bank standing instructions.
- 4.4 Errors in processing, losses or surpluses are accounted for according to standards risk management procedure in line with Reserve Bank standing instructions.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to demonstrate an understanding of the world as a set of related systems when consequences of *fraud to the department* are explained according to Reserve Bank standing instructions and departmental requirements.
- to communicate effectively verbally when the practical requirements for the *application of dual control* as a note-processing operator to manage risk is explained in own words according to Reserve Bank standing instructions and in line with departmental procedure.

- to organise and manage oneself and one's activities responsibly and effectively when errors in processing, losses or surpluses are accounted for according to standards risk management procedure in line with Reserve Bank standing instructions
- to collect, organise and critically evaluate information when risks associated with the *physical security of cash*, inaccurate accounting for cash are identified and explained in own words according to the Reserve Bank standing instructions.

2. Embedded knowledge

The knowledge acquired in this unit standard refers to understanding and applying the risk management policy and procedure in note processing. The principles are applied to identifying the risks, understanding the consequences of non-adherence and the accountability and responsibility required by each member of the team.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

Terminology

Form – a term used to refer to the number of notes processed in order to distinguish the physical number of notes from the value of the notes processed.

1. **TITLE:** Evaluate the application of risk management policy and procedure in note processing
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 12
5. **FIELD:** Business, Commerce and Management Studies
Sub-field: Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for people in supervisory and management roles in the note-processing department of the Reserve Bank.

Persons credited with this unit standard will be able to demonstrate knowledge and understanding of the principles of care of cash, evaluate physical security risk procedures, evaluate financial security risk procedures and evaluate standardised procedures as a form of risk control.

9. **LEARNING ASSUMED TO BE IN PLACE:**

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. **SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:**

Specific Outcome 1: Demonstrate knowledge and understanding of the principles of care of cash

Assessment Criteria

- 1.1 The principle of *Dual Control* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.
- 1.2 The principle of *vigilance* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.
- 1.3 The principle associated with *physical control* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.
- 1.4 The principle of *people management controls* as a means of managing risk is explained in own words with the use of examples.

- 1.5 The principle of *joint and several liability* of managers, and its role in managing risk is explained in own words according to Reserve Bank standing instructions.
- 1.6 The principle of *standardised policy and procedure* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.

Specific Outcome 2: Evaluate physical security risk procedures

Assessment Criteria

- 2.1 The critical elements governing management of cash from a physical perspective are identified according to the Reserve Bank standing instructions.
- 2.2 The principle associated with *physical control* and its role in managing risk is explained in own words according to Reserve Bank standing instructions.
- 2.3 The note-processing department is evaluated in terms of the need for physical security measures according to the branch requirements.
- 2.4 Procedures associated with managing physical risk are critically evaluated in terms of their capacity to manage physical security according to the principle and practice within a branch.
- 2.5 An approach to the management of physical security in a branch is proposed according to the principle and practice within a branch.

Specific Outcome 4: Evaluate financial security risk procedures

Assessment Criteria

- 3.1 The key elements involved in managing financial risk are identified according to Reserve Bank standing instructions and departmental requirements.
- 3.2 The financial risk management processes and procedures are explained in terms of their role in managing risk from a financial perspective according to Reserve Bank standing instructions and departmental requirements.
- 3.3 Cash is balanced at the end of the day according to procedural requirements and independently verified figures.
- 3.4 Bulk checking of cash handed over in boxes is demonstrated according to the "said to contain" concept.
- 3.5 The appropriate procedure for handling discrepancies is demonstrated according to Reserve Bank standing instructions and departmental requirements.

- 3.6 The conditions attached to re-checking re-issuable notes are explained according to Reserve Bank standing instructions and departmental requirements.

Specific Outcome 4: Evaluate standardised procedures as a form of risk control

Assessment Criteria

- 4.1 The principles associated with *applying standardised procedures* and their role in managing risk are explained in own words according to Reserve Bank standing instructions
- 4.2 The key procedures to be monitored daily are identified and their importance is explained according to the potential effect on the risks identified.
- 4.3 Controls to check that procedures have been followed are evaluated in terms of their effectiveness in reducing potential risk.
- 4.4 The application of standard procedures in note processing is evaluated according to the exposure to risk.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider institution that is accredited by the relevant ETQA.

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to demonstrate an understanding of the world as a set of related systems when the principle of *joint and several liability* of managers, and its role in managing risk are explained in own words according to Reserve Bank standing instructions.
- to organise and manage oneself and one's activities responsibly and effectively when cash is balanced at the end of the day according to procedural requirements and independently verified figures.

- to collect, organise and critically evaluate information when procedures associated with managing physical risk are critically evaluated in terms of their capacity to manage physical security according to the principle and practice within a branch.

2. Embedded knowledge

The knowledge acquired in this unit standard is focused on an understanding the principle of risk management as expressed in the Reserve Bank Standing instructions and on understanding the practical implications of the application of the principles.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task

1. **TITLE:** Train operators of note sorting machinery on the job
2. **UNIT STANDARD NUMBER:**
3. **LEVEL:** 4
4. **CREDITS:** 16
5. **FIELD:** Business, Commerce and Management Studies
Sub-field Finance, Economics and Accounting
6. **ISSUE DATE:**
7. **REVIEW DATE:**
8. **PURPOSE:**

This unit standard is intended for supervisors in note processing

Persons credited with this unit standard will be able to train operators to operate machines, train operators to solve basic operating problems during production, train operators in risk management procedures, train operators to manage machine performance, and provide feedback on training progress

9. LEARNING ASSUMED TO BE IN PLACE:

There is open access to this unit standard. Learners should be competent in Communication at NQF level 3

10. SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA:

Specific Outcome 1: Train operator to operate machine

Assessment Criteria

- 1.1 The operation of the note-sorting machine in the overall note processing process is explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
Range: units of the machine, the machine parts and functionality loading of consumables, the process, machine codes, and safety. Evidence of competence across the full range is required.
- 1.2 The operation of the note-sorting machine is demonstrated according to the operating manual of the sorting machine.
Range: start-up and shutdown of machinery, processing a test bundle, processing a batch of notes, balancing a batch of notes. Evidence of competence across the full range is required.
- 1.3 The trainee's understanding of the functionality of the machinery is tested during the operation of the machinery according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 1.4 The trainee's understanding of their role in the note-processing process is tested during operation of the machinery according to the requirements of the process and in line with departmental policy and procedure.

- 1.5 The trainee's independent operation of the note-processing machinery is observed and evaluated according to the correct operating procedure of the sorting machine.
- 1.6 Deviations from accepted procedure are identified and corrected according to the operating procedure of the sorting machine and in line with the departmental policy and procedure.

Specific Outcome 2: Train operator to solve basic operating problems during production

Assessment Criteria

- 2.1 The basic problems that can occur during operation of the note-processing machine are explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 2.2 The approach to resolution of these common problems is explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 2.3 The procedure and practice for diagnosing when technical support is required is explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 2.4 The resolution of common operating problems is demonstrated according to the operating manual of the sorting machine and in line with the departmental policy and procedure
Range: jams, errors, and bander problems. Evidence of competence across the full range is required for competence.
- 2.5 The trainee's resolution of common problems is observed and evaluated according to operating manual of the sorting machine and in line with the departmental policy and procedure.
- 2.6 The resolution of common operating problems is evaluated according to the operational safety requirements.
- 2.7 The trainee is given feedback on his/her resolution of the operating problem according to compliance with procedure.
- 2.8 The trainee's deviations from accepted procedure are identified and corrected according to the operating procedure of the sorting machine and in line with the departmental policy and procedure.

Specific Outcome 3: Train operator in risk management procedures

Assessment Criteria

- 3.1 The risk management principles are explained according to the Reserve Bank's risk management policy and the departmental procedure.
- 3.2 The trainee's understanding of the risk management practice, policy and procedure is tested with the use of questions.

- 3.3 The trainee's operation of the note processing machinery and the processing of notes is evaluated according to compliance with the Reserve Bank's *risk management* policy and the departmental procedure.
- 3.4 The trainee's operation of the note processing machinery and the processing of notes is evaluated according to adherence to *operational safety standards*.
- 3.5 The trainee's deviations from accepted procedure are identified and corrected according to the operating procedure of the sorting machine and in line with the departmental policy and procedure.

Specific Outcome 4: Train operator to manage machine performance

Assessment Criteria

- 4.1 The key elements of machine performance are explained according to the operating manual of the sorting machine and in line with the departmental policy and procedure.
- 4.2 Normal and abnormal variations in the machine performance are explained according to the standard performance of the sorting machine.
- 4.3 Managing machine performance is demonstrated according to the departmental production requirements.
Range: flow of processed and unprocessed notes, machine input, throughput and output, quality and quantity of notes processed. Evidence of competence across the full range is required.
- 4.4 The trainee's management of machine performance is evaluated according to achievement of minimum production requirements.
- 4.5 The trainee's deviations from minimum production requirements are identified and corrected according to the operating procedure of the sorting machine and in line with the departmental policy and procedure.

Specific Outcome 5: Provide feedback on training progress

Assessment Criteria

- 5.1 The trainee's operation of the note processing machine is evaluated according to the basic operational requirements
- 5.2 The trainee's progress in learning on the job is evaluated according to the departmental training plan.
- 5.3 A report on the trainee's progress of learning on the job is drafted according to the training plan and in line with the departmental policy and procedure.
- 5.4 Basic verbal feedback on the trainee's progress is presented to the trainee according to the trainee's achievements and operational skills acquired

- 5.5 Basic verbal feedback on the trainee's progress is presented to management according to the trainee's achievements and operational skills acquired.

11. ACCREDITATION AND MODERATION:

- 1 Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
- 2 Moderators must be registered as assessors with the relevant ETQA.
- 3 Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
- 4 Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Therefore, anyone wishing to be assessed against this unit standard may apply to be assessed by any assessment agency, assessor or provider

12. NOTES:

1. Critical Cross-Field Outcomes

In this standard the learner demonstrates the ability

- to communicate effectively both verbally and in writing when providing feedback on training progress according to a training plan and drafting a report on the progress.
- to organise and manage oneself and one's activities responsibly and effectively when trainee's deviations from accepted procedure are identified and corrected according to the operating procedure of the sorting machine and in line with the departmental policy and procedure.
- to collect, organise and critically evaluate information when trainee's resolution of common problems is observed and evaluated according to operating manual of the sorting machine and in line with the departmental policy and procedure.

2. Embedded knowledge

The knowledge acquired is expressed in the standard and the criteria against which this knowledge is evaluated are expressed in the standard.

3. Additional Information

Legal Requirements

All procedures must meet recognised codes of practice as well as obligations required by current legislation within South Africa and within the normal parameters of the defined job/task.

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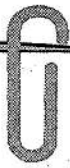
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