

RECRUITING & INTERVIEW PREPARATION

Sales & Trading Recruiting & Interview Playbook

Choose the desk. Explain the market. Make the risk clear.

Desk selection & applications

Rates, FX, equities & credit

Client decisions & execution

Original risk exercises

Trade pitches & market views

Interview simulations & solutions

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Make the market view useful

A sales and trading interview is an opportunity to show that you can connect a market observation to an instrument, a client objective and a risk. A confident direction call is not enough. You should be able to explain how the position gains or loses, what it costs to hold or hedge, and why it fits the situation you were given.

This playbook is for students and early-career candidates pursuing bank markets sales and trading roles. It combines role selection, application evidence, outreach, market discussion, instrument mechanics and original interview simulations. It assumes comfort with percentages, basic algebra and introductory financial statements. It is not a quantitative trading probability course, a coding interview guide, a derivatives pricing qualification or a set of live trade recommendations.

The existing Quantitative Finance Interview Playbook serves a different preparation need: probability, research evaluation, trading decisions and Python. This guide emphasizes bank markets, client conversations and foundational product risk. Some concepts overlap, but a candidate should choose according to the actual role rather than collect both automatically.

Conventions

Every client, quote, rate, position and exercise in this guide is fictional. Prices and rates are scenario inputs, not current market data. Questions are original teaching exercises, not leaked or verified employer questions. Case answers use simplified conventions stated in each exercise. Transaction costs, financing, margin, taxes, settlement, documentation and nonlinear risk can materially change real outcomes.

This is self-study preparation. It includes no personal coaching, employer introductions, execution service, investment advice or employment guarantee. Never place a real trade to complete an exercise. Verify current hiring eligibility, dates, interview format and permitted materials with the employer.

The five-part answer

Use this sequence when discussing a trade or hedge: objective, instrument, mechanism, loss scenario and next check. For example: a company wants to limit the USD cost of a future EUR payment; a EUR purchase forward fixes the exchange rate; the company gives up gains from a cheaper euro; a canceled invoice can leave an unwanted currency position; the next check is the amount, date and certainty of the payment.

That answer is useful even before naming a market view. It distinguishes the client's problem from the salesperson's or trader's opinion. Much of the work in this book is learning to keep those separate.

Choose the desk before choosing the story

Bank markets roles differ by product, client, trading style and responsibility. Sales may focus on understanding client needs and communicating ideas. Trading may involve pricing, inventory, hedging and execution. Structuring may require more detailed product design and modeling. Research can inform views without being the same role as taking or executing risk. Read the actual team description rather than treating these labels as interchangeable.

JPMorgan's public Markets internship description emphasizes working with information for internal and external clients and learning across asset classes. That is one employer's description, not a universal interview syllabus or assurance of a current vacancy. [S1]

DESK QUESTION	WHY IT CHANGES PREPARATION
Which product and currency?	Rates, FX, credit and equity products respond to different drivers and conventions.
Which clients?	A corporate hedger, asset manager and hedge fund may use the same instrument for different objectives.
Flow or more customized activity?	Execution and liquidity may dominate one discussion; payoff and documentation another.
Sales, trading or structuring?	Communication, risk management and modeling requirements can differ.
Cash or derivatives?	Funding, leverage, optionality and settlement deserve different attention.
Internship, graduate or experienced role?	Evidence and expected depth should match the stated level.

Prepare a role card with the requisition URL, date checked, eligibility, location, responsibilities, relevant coursework/projects, and questions to resolve. A broad bank application may involve rotations, but do not assume that a rotation guarantees your preferred desk.

How to express a preference without pretending expertise

"I am interested in rates because I enjoy connecting policy expectations to yield-curve and duration risk. My current preparation includes a simple DV01 hedge exercise and a dated market journal. I would like to understand how your junior team members learn the client and execution side." This is a fictional example of an evidence-based answer. Replace the work with your actual preparation.

It is reasonable to be open to multiple desks. Name what attracts you to each and what you still need to learn. Saying "anything in markets" without examples gives an interviewer little to evaluate; declaring yourself an expert after a short course creates a different credibility problem.

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Prepare a different work sample for each desk

A role preference becomes credible when the supporting work resembles the question that desk must answer. The examples below are fictional candidate exercises, not claims about a particular bank's selection process. Use the current requisition to choose the relevant track; there is no benefit in memorizing every product chapter equally when the role calls for a specific foundation.

Rates sales or trading

Bring a dated curve snapshot, a scenario table and a short explanation of the chosen risk. For a sales-oriented example, explain how the scenario changes a corporate borrower's cash-flow problem or an asset manager's duration exposure. For a trading-oriented example, show the signed two-year and ten-year DV01 before and after a proposed hedge. Both versions need a loss scenario, but they emphasize different decisions.

A weak answer is "I follow central banks because rates affect everything." A more useful answer, if the work is true, is "I tested a parallel hedge and found that it still lost money when the two curve points moved differently. I rebuilt the scenario table by maturity. I now want to understand how your desk measures that residual risk." The corrected mistake gives the interviewer something concrete to discuss.

If you come from economics, your starting strength may be explaining a policy mechanism; your gap may be translating it into instrument exposure. If you come from mathematics, your strength may be the calculation; your gap may be identifying whose decision it serves. Record one piece of work that closes the gap instead of claiming that a degree automatically prepares you for the desk.

FX sales

Build an invoice calendar with currency, amount, earliest/latest expected date, certainty and budget currency. Prepare the Harbor importer and the later Ridgeway exporter cases without looking at the answer tables. The direction reverses: one needs to buy euros and one will receive euros. A candidate who gives the same hedge direction to both has not yet connected the product to the client.

An accounting or treasury background can provide relevant cash-flow examples, but keep former employer information private. A fictional exercise can demonstrate the same reasoning without implying client authority. A student can show a carefully specified invoice case, then explain what a real treasury policy would still need to resolve.

Prepare a short response to a client who wants both complete certainty and all favorable currency upside without paying for optionality. Explain the tradeoff in dollars before adding product names. The useful evidence is the comparison and your questions, not a claim that you found the “best hedge.”

Equity derivatives

Bring a payoff sketch and a P&L attribution with units. Explain the difference between an expiry payoff and a pre-expiry mark, then work the options lab with a changed volatility shock. A chart of a call payoff cannot explain every pre-expiry change in its premium. Your model should make that boundary visible.

If you have coding experience, an appropriate work sample might check signs and contract multipliers or compare an approximation with a documented pricing model. Describe the implementation and its limits. Do not claim that a few lines of code constitute an institutional risk system. If you have not learned the pricing model, present the supplied-sensitivity exercise honestly rather than attaching a model name you cannot explain.

Credit sales or trading

Start with a bond's issuer, maturity, seniority, benchmark sensitivity and spread sensitivity. Prepare a case in which benchmark yields fall but spreads widen enough to produce a loss. Explain which client objective the position serves and what liquidity or refinancing event could change the discussion. A rates-only hedge should not be described as removing issuer risk.

An equity-research background may help with issuer analysis, but bond cash flows, seniority and asymmetric recovery deserve separate work. A strong company can still issue an unattractive security at the wrong price or terms. Keep the security-level reasoning in the work sample rather than presenting an equity thesis with “bond” substituted into the title.

Turn the sample into an application answer

Use three sentences: the work you did, the decision it changed and the remaining question. A fictional applicant might say: “I built a cash-flow comparison for an exporter using a forward and a put. Including the premium showed that the option's headline strike did not meet the company's minimum net proceeds. I want to learn how your team checks funding and date constraints before quoting alternatives.” Each sentence can be tested.

For an informational conversation, ask one question the person's public role makes them well placed to answer. For example: “When a new analyst presents a client hedge comparison, which omitted assumption most often makes the comparison unusable?” Do not assert that this omission is common across the industry without evidence; ask for the person's perspective. Afterward, record the specific change you made to your exercise. That record gives the next conversation a real starting point.

Make application evidence concrete

Your resume should describe actions you can explain under questioning. Coursework, a student fund, a paper trading exercise and a professional trading role are different settings. Name the actual setting and your responsibility. Do not imply that simulated returns represent client capital, risk-adjusted performance or an executable strategy.

Fictional before-and-after examples

Weak: "Followed global markets and developed strong trading instincts."

More useful, if true: "Maintained a weekly rates journal linking scheduled releases to yield-curve scenarios; compared initial expectations with observed moves and recorded forecast errors."

The second version provides a process and a reviewable output. It does not claim that the view was profitable or that every release caused the subsequent price move.

Weak: "Managed a successful FX portfolio."

More useful, if true: "Built a spreadsheet comparing full, partial and optional hedges for a fictional EUR payable; calculated USD cash costs under three settlement scenarios."

That example labels simulation honestly and opens a discussion about objectives, payoff and risk. A candidate who can explain why a canceled invoice changes the hedge decision may demonstrate more relevant judgment than one who reports an unsupported percentage return.

Prepare the evidence behind every bullet

For each claim, record what you personally did, the inputs, a decision, a mistake and the limitation. If you used a tool or code library, explain the part you understand and the part you relied on. Never share a former employer's client information, positions, pricing or confidential systems to make an application more impressive.

When networking, ask about the work rather than private trade ideas. A specific question could be: "What makes a junior analyst's morning market summary useful to your desk?" A useful follow-up describes how you improved your preparation. Respect nonresponses and communication preferences; apply through required employer channels.

Build a market journal that improves your answers

A journal should record an expectation before the event, the observed move afterward and the explanation you can support. A news summary copied after the market moves teaches hindsight. A useful entry can be short if it makes the original uncertainty visible.

FIELD	WHAT TO RECORD
Observation time	Date, time zone, instrument and data source.
Starting state	Price/yield, relevant curve point, known event and reference expectations if available.
Scenarios	What might change, through which economic mechanism?
Expression	Instrument that reflects the view and what else it exposes you to.
Counterargument	A plausible reason the market could move differently.
Review	Actual move, alternative explanations and the assumption to revise.

If you cannot access reliable consensus data, use explicitly labeled hypothetical expectations. Do not call your own estimate consensus. Distinguish a data surprise from a policy interpretation and from positioning. A market move may have several explanations, and a single chart cannot identify causation by itself.

A 60-second market answer

State the observation, the relevant expectation, the mechanism and the risk to your interpretation. For a fictional inflation surprise: "The release was above the reference expectation supplied in this exercise. That could reduce near-term easing expectations, but the rates response also depends on the composition of inflation and what was already priced. I would compare front-end and longer-maturity moves before describing it as a parallel selloff. My view would weaken if the surprise came from a temporary category with little persistence."

In a real interview, replace the fictional observation with current, verified information. Date it and be willing to say you have not checked the latest release. This book deliberately avoids a fixed 'current market view' that would become stale.

Quotes, spreads and execution

A bid is the price at which a quoting dealer is willing to buy under the stated conditions; an offer is the price at which the dealer is willing to sell. A client who buys at the offer and immediately sells at the bid generally incurs the spread before other costs, assuming the quote remains available and the instrument conventions are understood.

Suppose a fictional equity is quoted 50.00 / 50.04 for a stated size. The midpoint is 50.02 and the spread is 0.04. A client buys 10,000 shares at 50.04, spending 500,400. An immediate sale at 50.00 receives 500,000, a 400 round-trip difference before fees. Do not call the whole spread a guaranteed dealer profit: inventory, adverse selection, hedging, execution and funding can change the result.

Dealer inventory example

A dealer buys 10,000 shares from a client at 50.00. Before the dealer can reduce the position, the executable bid falls to 49.90. Selling at that bid realizes a 1,000 loss before fees. The original midpoint suggested a 200 mark-to-mid advantage, but the midpoint was neither a guaranteed exit price nor protection against a move.

Questions before discussing execution

Clarify instrument, side, size, quote convention, time, liquidity and settlement. A midpoint, an indicative price and an executable firm quote are different. A small displayed quote does not establish that a large order can execute at that price. A market order prioritizes execution but may incur slippage; a limit order constrains price but may not fill. Actual order behavior depends on venue and instrument rules.

If a client asks for a price you cannot verify, say that it needs confirmation. Do not promise execution, invent a live quote or imply that a historical price remains available. Accuracy under time pressure is part of communication, not an obstacle to it.

Execution lab: price the available size

A top-of-book quote answers a size-specific question. It does not establish the price for an order larger than the available quantity. CME's liquidity methodology explicitly considers multiple price levels and insufficient depth. [S5] The exercise below uses a synthetic equity book and our own midpoint benchmark; it is not a reproduction of CME's futures cost-to-trade measure.

Candidate brief

You receive this fictional snapshot. Prices are USD per share; quantities are shares. Assume all displayed quantities are firm and available at the instant of the exercise, with no hidden liquidity, new orders, cancellations or fees. Each task starts from a fresh identical snapshot. Those assumptions deliberately remove the changing-book problem from the arithmetic; they would be unsafe to assume for a real order.

BID PRICE	BID QUANTITY	ASK PRICE	ASK QUANTITY
99.98	800	100.02	500
99.96	1,200	100.05	1,000
99.93	2,000	100.10	1,500

The arrival benchmark is the initial best-bid/best-ask midpoint. Calculate the following before reading the solutions:

1. A purchase of 1,800 shares: quantity by price, total cost, average fill, dollars above the benchmark and basis points above it.
2. A purchase limit of 100.05 for 1,800 shares: immediate fill, average price and remaining quantity. Leave the unfilled quantity visible.
3. A request to buy 3,500 shares: amount covered by this snapshot and information missing for a complete execution estimate.
4. A sale of 1,800 shares from a fresh snapshot: proceeds and average fill.
5. A client asks why the 1,800-share purchase did not occur at 100.02. Give a twenty-second explanation without blaming the client.

Worked execution

The midpoint is $(99.98 + 100.02) / 2 = \mathbf{100.00}$. For the 1,800-share purchase, consume 500 at 100.02, 1,000 at 100.05 and 300 at 100.10. The costs are $50,010 + 100,050 + 30,030 = \mathbf{180,090}$. Average fill is **100.05**. Against $1,800 \times 100.00$, the execution costs an additional **90**, or **5 basis points** of the benchmark value. The basis-point calculation is $90 / 180,000 \times 10,000$.

The limit order can immediately fill only 1,500 shares: the 500 at 100.02 and 1,000 at 100.05. Cost is **150,060**, average price **100.04**, and **300 shares remain unfilled**. Whether the residual rests, cancels or follows another instruction depends on the actual order terms. The exercise does not specify those terms. Do not report the full order as completed because its partial average price looks attractive.

The 3,500-share request exceeds the total displayed asks of 3,000. Those 3,000 would cost $50,010 + 100,050 + 150,150 = \mathbf{300,210}$, averaging **100.07**. The remaining **500** have no supplied execution price. Giving the whole order an average of 100.07 falsely assigns the observed average to unavailable size.

Report the known partial result and the missing quantity; do not fabricate another level.

For the independent 1,800-share sale, take bids for 800 at 99.98 and 1,000 at 99.96. Proceeds are **179,944**, or approximately **99.968889** per share. Relative to the 100.00 benchmark, the sale is 56 worse, approximately 3.1111 basis points. The buy and sale costs differ because the two sides have different depth. A single quoted spread cannot fully describe both executions.

Explain the result to a client

“Only 500 shares were available at the initial offer of 100.02 in this snapshot. The remaining size used the next two levels, producing an average of 100.05. A limit at 100.05 would have constrained price but left 300 shares unfilled under these assumptions. We should distinguish that tradeoff from a promise about what a live changing book will provide.”

The benchmark is a measurement choice, not an executable guarantee. An arrival midpoint, decision price, closing price and volume-weighted market benchmark answer different questions. State which one you are using and why. Here we measure the immediate difference from the arrival midpoint; we have not measured delay cost, market impact over time or an entire trading day's execution quality.

A blotter that exposes an error

Record each fill with a stable trade ID, side from the dealer's perspective, quantity, price, instrument, currency, time and status. The status should distinguish an accepted instruction from a confirmed execution. For the purchase task, a teaching blotter has three confirmed buys: E01 500 at 100.02, E02 1,000 at 100.05, E03 300 at 100.10. The sum of quantities must equal 1,800 and the sum of cash spent must equal 180,090.

Suppose E02 is accidentally booked as a sell. The signed position becomes $500 - 1,000 + 300 = \text{-200 shares}$, instead of +1,800. The error changes the reported position by **2,000 shares**, twice the mis-signed 1,000. That is why correcting a sign is not the same as adding a missing quantity. Investigate whether risk reports, confirmations or hedges used the incorrect booking. Escalate through the firm's process and retain the correction history; an interview does not authorize you to invent a compensating trade.

Variation without the answer table

Reduce the second ask quantity from 1,000 to 600, holding all other asks fixed. Recalculate the 1,800-share purchase and the 100.05 limit order. The purchase now uses 500, 600 and 700 shares, costs **180,110**, and averages approximately **100.061111**. The limit immediately fills only **1,100** and leaves **700**. If your workbook still shows 1,500 limit-filled shares, inspect whether you linked the quantity input or pasted the original answer.