Equities Trader interview questions

careertips.com.au: common questions and what they're really testing

What to expect

Interviews for equities trader roles are designed to test your market knowledge, your risk discipline and how you make decisions when prices are moving quickly. Expect a mix of technical discussion, scenario-based questions and behavioural probes about past trades and mistakes.

- **Technical market knowledge:** Questions about financial statements, economic indicators, valuation and how you use platforms such as Bloomberg or Reuters Eikon to form a view.
- **Risk and scenario judgement:** Scenarios that ask how you would manage exposure, react to a sharp market move or handle a position that has gone against you.
- **Behavioural and decision-making:** Past examples of trades you have executed, mistakes you have made and how you have learned from them.
- **Process and execution:** Walk-throughs of how you monitor markets, execute orders, reconcile trades and work with back-office or settlement teams.
- **Regulatory and compliance awareness:** Questions on best execution, market integrity rules, ASIC requirements and your responsibilities under an AFSL.

A typical process starts with a phone screen with a recruiter, then a technical interview with a senior trader or desk head. That may be followed by a trading simulation or case study where you talk through live decisions. Final rounds often involve meeting the head of the desk or management, and may include a discussion of your understanding of Australian market structure and settlement.

1. Walk me through how you analyse a stock before adding it to the trading book.

Why they ask

This tests your technical process and whether you can articulate a repeatable, evidence-based approach rather than relying on tips or gut feel.

How to structure your answer

A step-by-step answer works best. Start with the investment thesis, then cover financial statements, industry drivers, economic indicators and how you use tools such as Bloomberg or Reuters Eikon. Finish with how you would size the position and set risk limits.

Example answer

“I start by reviewing the company's financial statements, looking at revenue growth, margins, cash flow and debt levels. Then I assess the industry and broader economic indicators, such as interest rates or commodity prices, that might affect the sector. I use Bloomberg to check analyst estimates and recent announcements, and I look at price and volume patterns to gauge market sentiment. If the thesis holds, I consider how the stock fits with existing exposure and set a position size that respects our risk limits. I also define an exit plan before I enter the trade.”

2. Tell me about a time you had to make a quick decision when a position moved against you.

Why they ask

This probes your judgement under pressure and your ability to stick to a risk framework when emotions run high.

How to structure your answer

Use STAR. Describe the situation, the task of managing the position, the action you took and the result, including what you learned.

Example answer

"In a previous role, I held a position in a mid-cap ASX stock that gapped down after an unexpected earnings update. The situation was volatile, and I had to decide whether to cut the position or wait for a bounce. My task was to protect the book from further downside. I checked the liquidity and the revised fundamentals, and I decided to reduce the position in stages rather than exit all at once. That limited the loss while giving me room to reassess. The result was that the book stayed within its daily risk limit, and I learned to pre-set triggers for unexpected news so I could act faster next time."

3. How do you manage risk when you have multiple positions open in volatile markets?

Why they ask

This is a scenario question that tests your ability to prioritise, use hedging or stop-losses and communicate with the desk.

How to structure your answer

A judgement-under-pressure structure: state your overall risk principles, then walk through a specific scenario step by step, finishing with how you would escalate or adjust if conditions change.

Example answer

"I start with the firm's risk limits and my own exposure across sectors and correlations. In volatile markets, I reduce position sizes and widen stop-losses only if liquidity supports it. If several positions are moving against me at once, I prioritise the ones with the largest potential loss or weakest liquidity. I might use index futures or options to hedge broad market risk while I work through individual names. I keep the desk informed and document any changes to my risk plan. If volatility spikes further, I am prepared to cut exposure and move to cash until the market settles."

4. What would you do if you noticed a trade was executed outside best execution requirements?

Why they ask

This tests your compliance awareness and your willingness to escalate issues rather than hide them.

How to structure your answer

A compliance scenario structure: identify the issue, state immediate action, describe escalation and documentation, then explain how you would prevent recurrence.

Example answer

"If I noticed a trade that appeared to breach best execution, I would first stop and review the order details against the market conditions at the time. I would then escalate immediately to my supervisor and the compliance team, because best execution is a regulatory obligation under ASIC's market integrity rules. I would document the timeline, the prices available and the price achieved, and cooperate fully with any review. After that, I would look at whether the issue was caused by a system problem, a communication gap or a process failure, and suggest a control improvement to prevent it happening again."

5. Describe a time you had to reconcile a trade discrepancy.

Why they ask

This checks your attention to detail and your ability to work with back-office teams and settlement systems such as CHESS.

How to structure your answer

Use STAR. Focus on the discrepancy, how you investigated it, who you worked with and the outcome.

Example answer

"In a previous role, I noticed a mismatch between my trading blotter and the back-office settlement report for an ASX trade. The task was to find the cause and ensure the trade settled on time. I pulled

the order and execution records, checked the CHESS settlement instructions and liaised with the middle office. The discrepancy was a transposition error in the account number. I corrected the instruction, confirmed settlement, and then worked with the team to add a second-check step for account details. The trade settled on T+2 without further issues."

6. How do you stay updated on market developments and ASX announcements?

Why they ask

This tests your process for continuous learning and whether you rely on real-time, reliable sources rather than rumours.

How to structure your answer

A process answer: list your sources, how you prioritise them during the trading day, and how you separate signal from noise.

Example answer

"I start each day with a pre-market review using Bloomberg and Reuters Eikon, checking overnight moves, economic data releases and any ASX announcements from companies on my watchlist. During the session, I monitor live news feeds and price alerts, but I filter out anything that is not from a primary source or a reputable wire. I also review ASIC releases and RBA statements when they are due, because they can move the whole market. After the close, I keep a brief journal of what I traded and what I learned, so I can refine my process for the next day."