# Foreign Exchange Dealer interview questions

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## What to expect

Interviews for foreign exchange dealer roles in Australia typically assess your technical market knowledge, ability to manage risk under pressure, and understanding of regulatory obligations. Employers look for evidence you can execute trades accurately, communicate clearly with clients and risk teams, and stay within position limits.

- **Technical / market knowledge:** Questions that test your understanding of spot and forward pricing, interest rate differentials, and how economic data or RBA decisions move currency pairs.
- **Behavioural:** Questions asking for examples of how you have handled losing positions, worked under pressure, or resolved a trade discrepancy.
- **Scenario / risk judgement:** Hypothetical situations where you must decide how to react to a sudden market move, a limit breach, or a client request that conflicts with policy.
- **Compliance and regulatory:** Questions about ASIC market integrity rules, AFSL obligations, best execution, and your firm's internal controls.
- **Client-facing / communication:** Questions that explore how you brief clients on market conditions, explain position reasoning, or handle difficult requests.

The process often starts with a phone or video screen with a recruiter or hiring manager, followed by a technical interview or trading simulation with senior dealers, and a final panel that may include risk and compliance representatives. Some firms include a psychometric or numerical reasoning test.

## 1. Walk me through how you would price a forward FX contract for a corporate client needing to hedge a USD receivable in three months.

**Why they ask**

This tests your technical pricing knowledge, from spot rate through interest rate differentials to forward points and client margin.

**How to structure your answer**

Walk-through: start with the spot rate, apply the interest rate differential for the two currencies over the period, calculate forward points, add any client margin or credit adjustment, and confirm the final rate with the client.

**Example answer**

*“First, I would check the current AUD/USD spot rate on the Bloomberg Terminal. Then I would look at the three-month interest rate differential between Australia and the US, typically using the cash rates and forward points quoted by the market. I would calculate the forward points by applying that differential to the spot rate, then add a small margin for the client's credit risk and our desk's spread. Finally, I would present the all-in forward rate to the client, explain the components, and confirm the trade details before execution.”*

## 2. Tell me about a time you had to manage a losing position. How did you handle it?

**Why they ask**

This reveals your discipline, emotional control, and ability to follow risk limits when a trade moves against you.

**How to structure your answer**

STAR: describe the Situation (market move that hurt your position), the Task (decide whether to hold, hedge, or cut), the Action (what you actually did and why), and the Result (outcome for the desk and what you learned).

**Example answer**

*"In a previous role, I had an open long AUD/USD position when the RBA unexpectedly signalled a dovish outlook and the currency dropped sharply. My task was to decide whether to hold and hope for a rebound or cut the loss. I quickly assessed the position size against our daily limit, checked liquidity in the market, and decided to close half the position to reduce exposure while keeping some upside. I communicated the decision to my risk manager immediately. The result was that we contained the loss to a fraction of what it could have been, and I learned to always have a predefined exit plan before entering a trade."*

## 3. The RBA unexpectedly cuts rates and the AUD drops sharply. You have an open long AUD position. What do you do?

**Why they ask**

This scenario tests your judgement under pressure, your understanding of market mechanics, and whether you prioritise risk limits over hope.

**How to structure your answer**

Judgement under pressure: quickly assess the position size and remaining risk, check market liquidity and volatility, decide whether to hedge, reduce, or close, and communicate with risk and management before acting if time permits.

**Example answer**

*"My first step would be to check the size of the position and how close it is to our daily stop-loss limit. I would also look at the depth of the market and the spread, because in a sharp move liquidity can disappear. If the position is still within limits, I might hedge part of it using a forward or option to cap further downside while keeping some exposure. If it has breached or is about to breach limits, I would close it immediately. Throughout, I would keep my risk manager informed and document the decision and rationale. The priority is always protecting capital and staying within the firm's risk framework."*

## 4. How do you ensure you comply with ASIC's market integrity rules and your firm's AFSL obligations when executing trades?

**Why they ask**

This checks that you understand the regulatory environment and can apply it in daily dealing, not just recite rules.

**How to structure your answer**

Explain your process: pre-trade checks (client eligibility, credit limits, best execution), accurate record keeping, timely reporting, and escalation of any potential breach. Give a concrete example of how you apply this.

**Example answer**

*"Before every trade, I confirm the client is authorised to trade FX and that the trade fits within their credit limit and our own position limits. I use the firm's order management system to capture the trade details immediately, including time stamp, rate, and counterparty. For best execution, I check that the rate is consistent with market levels and document any deviation. After the trade, I ensure it is reported to the back office for settlement and that any required regulatory reporting is completed. If I ever spot something that looks like a potential breach, I escalate it to compliance straight away rather than trying to resolve it myself."*

## 5. A client calls wanting to execute a large trade that would breach their usual credit limit. How do you handle it?

**Why they ask**

This assesses your client-facing skills, your ability to say no politely, and your understanding of why limits exist.

**How to structure your answer**

Client-facing judgement: acknowledge the request and the client's urgency, explain the limit and why it cannot be exceeded without approval, offer alternatives (smaller size, splitting the trade, getting credit approval), and escalate if needed.

> **Example answer**
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> *"I would thank the client for the call and acknowledge that they want to move quickly. Then I would explain that the requested size exceeds their current credit limit, which I am not able to override. I would offer to check if a temporary increase can be approved by our credit team, and if not, suggest splitting the trade into smaller tranches that fit within the limit. I would also offer to execute the portion that is within limit immediately so they are not exposed to market moves while waiting. Throughout, I would keep my tone helpful and professional, because the relationship matters as much as the single trade."*

## 6. What is your approach to reconciling trades with back-office systems at end of day?

**Why they ask**

This tests your attention to detail, understanding of settlement risk, and ability to work with other teams to resolve discrepancies.

**How to structure your answer**

Process walk-through: compare your trade blotter with the back-office records, investigate any mismatches (rate, amount, counterparty, date), contact the counterparty if needed, correct errors, and document the resolution.

> **Example answer**
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> *"At end of day, I run a report from the trading platform and compare it line by line with the back-office settlement system. If I find a discrepancy, I first check whether it is a simple timing issue or a data entry error. If it is not obvious, I call the counterparty to confirm the trade details. Once we agree on the correct terms, I ask the back office to amend the record and I note the reason for the discrepancy in our trade log. I also flag any recurring issues to my manager so we can improve the process. Getting reconciliation right is essential because it prevents settlement fails and keeps our records clean for compliance."*