

Sales & Trading Interview Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. PIK stands for Paid In Kind. This term describes bonds that are paid with:**
 - A. More bonds instead of cash**
 - B. Cash only**
 - C. Stock from a different company**
 - D. Reduced principal only**

- 2. What is the yield on the current 10 year treasury note?**
 - A. 2.56%**
 - B. 1.75%**
 - C. 3.20%**
 - D. 2.00%**

- 3. BNP Paribas originated in which location and year?**
 - A. It is a bank born in Paris, France in 1848.**
 - B. It originated in London in 1950.**
 - C. It was founded in New York in 1990.**
 - D. It began in Tokyo in 1800.**

- 4. What is the purpose of the dollar index as described?**
 - A. It is a weighted measure of the US dollar's value relative to a basket of currencies.**
 - B. It is a measure of US GDP growth.**
 - C. It is a measure of inflation expectations.**
 - D. It is a stock market index for the dollar-denominated securities.**

- 5. An accretive merger is expected to do what to earnings per share?**
 - A. Decrease EPS**
 - B. Increase EPS**
 - C. Have no effect on EPS**
 - D. Make EPS unpredictable**

- 6. What YoY change is claimed for Shopify's quarterly earnings per share in the short pitch?**
- A. A 100% decline**
 - B. A 40% increase**
 - C. No change**
 - D. A 63% decline**
- 7. In liquidation, which has the highest priority?**
- A. Senior Secured Debt**
 - B. Mezzanine Debt**
 - C. Preferred Stock**
 - D. Common Stock**
- 8. Brexit refers to which of the following?**
- A. The United Kingdom's withdrawal from the European Union.**
 - B. The creation of a new UK currency separate from the euro.**
 - C. A trade agreement that binds the UK to EU rules indefinitely.**
 - D. A domestic policy to reduce immigration.**
- 9. If U.S. interest rates rise, what typically happens to the USD/CAD exchange rate?**
- A. The U.S. dollar strengthens against the Canadian dollar**
 - B. The Canadian dollar strengthens against the U.S. dollar**
 - C. There is no impact on USD/CAD**
 - D. Both currencies weaken**
- 10. Which statement best describes investment grade bonds compared to junk bonds?**
- A. Investment grade bonds have high credit ratings, lower risk, and steadier cash flows; junk bonds have low credit ratings, higher risk of default, and higher interest rates.**
 - B. Investment grade bonds have higher yields than junk bonds.**
 - C. Junk bonds have higher priority in liquidation.**
 - D. Investment grade bonds are always short term.**

Answers

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1. A
2. A
3. A
4. A
5. B
6. A
7. A
8. A
9. A
10. A

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Explanations

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1. PIK stands for Paid In Kind. This term describes bonds that are paid with:

- A. More bonds instead of cash**
- B. Cash only**
- C. Stock from a different company**
- D. Reduced principal only**

Payment-In-Kind means interest is paid with additional securities rather than cash. In this setup, the investor receives more bonds (or notes) instead of cash interest, so the outstanding principal grows over time as interest accrues in kind. This preserves the issuer's cash flow but increases the amount owed to the investor in the future, often raising the overall yield and risk for the holder. That's why the correct description is receiving more bonds instead of cash. Cash-only interest would be the standard arrangement, paying in cash; receiving stock from another company isn't how PIK works, and reducing principal only doesn't involve paying interest at all.

2. What is the yield on the current 10 year treasury note?

- A. 2.56%**
- B. 1.75%**
- C. 3.20%**
- D. 2.00%**

A Treasury note's yield is the annual return you would earn if you bought it today and held it to maturity, accounting for the fixed coupon payments and the redemption at par. Prices move inversely to yields: when the note's price is high, the yield is low, and when the price is low, the yield is high. The current market price of the 10-year note implies a yield to maturity around 2.56%, so that is the number that matches the present valuation of the cash flows you'd receive over the next decade. The other numbers would require different price levels and market conditions that aren't what the current price reflects. This is why 2.56% is the best fit for the current yield on the 10-year Treasury.

3. BNP Paribas originated in which location and year?

- A. It is a bank born in Paris, France in 1848.**
- B. It originated in London in 1950.**
- C. It was founded in New York in 1990.**
- D. It began in Tokyo in 1800.**

BNP Paribas has its roots in Paris, France. The lineage begins with a Paris-based bank founded in 1848, and over time it evolved through mergers to become the BNP Paribas we know today. That French, Paris-origin story and the mid-19th century founding fit the bank's historical timeline, while the other options place the origin in London, New York, or Tokyo, which don't align with the true French Paris roots.

4. What is the purpose of the dollar index as described?

A. It is a weighted measure of the US dollar's value relative to a basket of currencies.

B. It is a measure of US GDP growth.

C. It is a measure of inflation expectations.

D. It is a stock market index for the dollar-denominated securities.

The dollar index is a single, weighted gauge of the US dollar's value relative to a basket of other major currencies. It combines several cross-rates into one number, weighting each currency by how much the U.S. trades with them, so movements in the euro, yen, pound, and others influence the index. When the index rises, the dollar is stronger against that basket; when it falls, the dollar is weaker. Traders use it as a quick benchmark to assess overall dollar strength, guide pricing and hedging decisions, and compare performance over time. It isn't a measure of GDP growth, inflation expectations, or stock market performance, which are separate indicators.

5. An accretive merger is expected to do what to earnings per share?

A. Decrease EPS

B. Increase EPS

C. Have no effect on EPS

D. Make EPS unpredictable

An accretive merger is about EPS rising after the deal. EPS, or earnings per share, is net income divided by shares outstanding. When two companies combine, the total net income can grow due to synergies, cost savings, and higher scale, and if this incremental earnings grows faster than the number of new shares issued (or the debt taken on and its interest reduces income), the result is a higher EPS. For example, if the pre-merger firm has 50 million shares and earns \$100 million (EPS of \$2), and the merger adds \$50 million of incremental earnings while 10 million new shares are issued, total earnings become \$150 million and 60 million shares are outstanding, giving an EPS of \$2.50. This increase shows the deal is accretive. If the additional shares or debt dilute earnings more than the incremental gains, EPS would fall, which would be dilutive, not accretive. Thus, an accretive merger is one that increases EPS.

6. What YoY change is claimed for Shopify's quarterly earnings per share in the short pitch?

- A. A 100% decline**
- B. A 40% increase**
- C. No change**
- D. A 63% decline**

The key idea is how YoY percent change in earnings per share is defined. YoY percent change equals $(\text{EPS this quarter} - \text{EPS for the same quarter last year}) / \text{EPS for the same quarter last year}$. A 100% decline means the current EPS is zero when the prior-year EPS was positive. For example, if last year's EPS was 0.50 and this quarter's EPS is 0.00, the change is $(0 - 0.50) / 0.50 = -1.0$, i.e., a 100% decline. In a short pitch, claiming a 100% decline signals a complete drop to zero relative to the previous year. The other options would imply some remaining positive EPS (or growth), which wouldn't match a drop to zero.

7. In liquidation, which has the highest priority?

- A. Senior Secured Debt**
- B. Mezzanine Debt**
- C. Preferred Stock**
- D. Common Stock**

In liquidation, who gets paid first is determined by seniority and whether the claim is secured by collateral. Secured creditors have the strongest position because their debt is backed by a lien on specific assets, so those assets can be sold to satisfy the debt before any other claims are considered. Among the options, senior secured debt combines two advantages: it is the highest-ranking debt (senior) and it is backed by collateral (secured). That means it has first claim on the assets available, before mezzanine debt, preferred stock, or common stock. Mezzanine debt is typically unsecured or subordinated to senior debt, preferred stock sits above common stock but after all debt, and common stock is last in line, receiving anything only if assets remain after all debts are paid. So the highest priority in liquidation is senior secured debt.

8. Brexit refers to which of the following?

- A. The United Kingdom's withdrawal from the European Union.**
- B. The creation of a new UK currency separate from the euro.**
- C. A trade agreement that binds the UK to EU rules indefinitely.**
- D. A domestic policy to reduce immigration.**

Brexit means the United Kingdom leaving the European Union. It was a political and legal process that began after a 2016 referendum and culminated in formal withdrawal, with the aim of the UK reasserting control over its laws, borders, and trade, rather than being governed as an EU member. The other descriptions miss this core idea: one describes creating a separate currency (the UK uses the pound, not the euro), another suggests a trade pact that binds the UK to EU rules forever (Brexit moves away from that binding structure), and the last points to immigration policy alone, which is not what Brexit defines.

9. If U.S. interest rates rise, what typically happens to the USD/CAD exchange rate?

- A. The U.S. dollar strengthens against the Canadian dollar**
- B. The Canadian dollar strengthens against the U.S. dollar**
- C. There is no impact on USD/CAD**
- D. Both currencies weaken**

When U.S. rates rise, the yield differential between the United States and Canada widens in favor of the U.S. This makes U.S. assets more attractive to investors, attracting capital into dollars. As demand for USD increases relative to CAD, the U.S. dollar strengthens, so the USD/CAD rate moves higher (more Canadian dollars needed to buy one U.S. dollar). In other words, higher U.S. rates typically push the USD up against the CAD. Keep in mind that expectations matter: if the rise is anticipated, some of the move may be priced in, but the directional effect remains that the dollar strengthens against the Canadian dollar.

10. Which statement best describes investment grade bonds compared to junk bonds?

- A. Investment grade bonds have high credit ratings, lower risk, and steadier cash flows; junk bonds have low credit ratings, higher risk of default, and higher interest rates.**
- B. Investment grade bonds have higher yields than junk bonds.**
- C. Junk bonds have higher priority in liquidation.**
- D. Investment grade bonds are always short term.**

Understanding this question hinges on how credit quality relates to risk and return in bonds. Investment-grade bonds carry high credit ratings, meaning issuers are less likely to default, which leads to steadier and more predictable cash flows. Junk bonds are lower-rated and come with higher default risk, so investors demand higher yields to compensate for that risk. That contrast makes the statement describing investment-grade bonds as having high ratings, lower risk, and steadier cash flows, while junk bonds have low ratings, higher default risk, and higher interest rates the best fit. The other ideas conflict with this fundamental risk-return pattern: yields on investment-grade bonds are not higher than those on junk bonds; liquidation priority is not inherently higher for junk bonds; and investment-grade bonds can be short-, medium-, or long-term, not always short-term.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://salestradinginterview.examzify.com>

We wish you the very best on your exam journey. You've got this!

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