

# 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. Which security provides ownership rights in a company?**
  - A. Senior Secured Debt**
  - B. High Yield Bonds**
  - C. Subordinated Debt**
  - D. Common stock**
  
- 2. Which services are offered by the institution?**
  - A. Retail banking, asset management, real estate services, global markets, securities and advisory services.**
  - B. Insurance and mortgage lending only.**
  - C. Manufacturing services and logistics.**
  - D. Education and public outreach.**
  
- 3. Which of the following is NOT listed as a factor when analyzing an equity?**
  - A. Relative Strength Ranking**
  - B. Annual earnings per share**
  - C. News**
  - D. Debt-to-equity ratio**
  
- 4. Which statement best describes secured debt?**
  - A. It is backed by collateral.**
  - B. It has no collateral.**
  - C. It is always cheaper than unsecured debt.**
  - D. It cannot be foreclosed.**
  
- 5. One article discussed the middle class shrinking and stagnation in growth. What was the reported trend?**
  - A. The middle class is shrinking and experiencing stagnation in growth**
  - B. The middle class is expanding rapidly**
  - C. There is no change in middle class wealth**
  - D. The middle class has more equity ownership than before**

- 6. What best describes a repo transaction?**
- A. A form of short-term borrowing where securities are sold and repurchased**
  - B. A long-term loan secured by mortgages**
  - C. A currency exchange agreement**
  - D. A stock buyback program**
- 7. What is the LIBOR rate cited in the market update?**
- A. 2.75%**
  - B. 2.00%**
  - C. 3.50%**
  - D. 1.80%**
- 8. What price target does the short pitch propose for Shopify after consolidation?**
- A. 116**
  - B. 214**
  - C. 220**
  - D. 300**
- 9. What did the Bank of Canada do to interest rates as described?**
- A. Raised rates to 1.75% and expected to stay stable**
  - B. Cut rates to 0.5%**
  - C. Raised to 3.0% and continued rise**
  - D. Kept rates unchanged at 1.0%**
- 10. Which markets are listed as areas of interest?**
- A. Equities, commodities, and forex.**
  - B. Real estate and fixed income only.**
  - C. Derivatives and private equity only.**
  - D. Currencies and bonds only.**

## Answers

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

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## **Explanations**

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### 1. Which security provides ownership rights in a company?

- A. Senior Secured Debt
- B. High Yield Bonds
- C. Subordinated Debt
- D. Common stock**

Ownership in a company comes from holding equity; common stock represents an ownership stake. It often carries voting rights and a residual claim on assets after debt obligations are satisfied. Debt instruments such as senior secured debt, high yield bonds, and subordinated debt are loans to the company; holders are creditors who receive fixed interest and principal repayment, not ownership. In liquidation, creditors are paid before equity holders, so common stockholders own the company and participate in upside through price appreciation and potential dividends if declared.

### 2. Which services are offered by the institution?

- A. Retail banking, asset management, real estate services, global markets, securities and advisory services.**
- B. Insurance and mortgage lending only.
- C. Manufacturing services and logistics.
- D. Education and public outreach.

Understanding the breadth of services offered by a diversified financial institution helps you see how such firms combine consumer banking, asset management, real estate-related services, and capital markets under one umbrella. The mix of retail banking, asset management, real estate services, global markets, and securities and advisory services shows a comprehensive financial-services firm that serves everyday banking needs, manages investments, handles property-related finance, participates in trading and financing in capital markets, and provides investment banking advice. This breadth reflects how these firms operate across multiple business lines to support clients and diversify risk, rather than focusing on a single function. The other options describe sectors that don't align with a typical financial institution's service mix: one is too narrow (insurance and mortgage lending only), another is about manufacturing and logistics, and the last is education and public outreach, which are not financial services.

### 3. Which of the following is NOT listed as a factor when analyzing an equity?

- A. Relative Strength Ranking
- B. Annual earnings per share
- C. News
- D. Debt-to-equity ratio**

The situation here is about the kinds of inputs traders often use to gauge an equity's potential action. Relative Strength Ranking captures price momentum, showing how the stock is performing against the market. Annual earnings per share highlights profitability and the potential for earnings-driven moves. News provides catalysts that can quickly shift sentiment and price. Debt-to-equity ratio, while a key balance-sheet measure of leverage and financial risk, isn't part of this particular set of factors focused on price behavior and catalysts, so it fits less with the intended analysis in this context.

#### 4. Which statement best describes secured debt?

- A. It is backed by collateral.**
- B. It has no collateral.**
- C. It is always cheaper than unsecured debt.**
- D. It cannot be foreclosed.**

Secured debt is debt backed by collateral. That means the borrower pledges an asset—like a house for a mortgage or a car for a auto loan—as security for the loan. If the borrower fails to repay, the lender has the right to seize and sell that asset to recover what's owed. This collateral reduces the lender's risk, which is why secured loans often carry lower interest rates and may offer better terms than unsecured debt, which has no pledged asset. The idea of foreclosing on collateral is central here. Because the loan is tied to a specific asset, the lender can take ownership of that asset if the borrower defaults. That's why the statement about not being able to foreclose is incorrect for secured debt. And while collateral generally makes lending cheaper, the rate isn't guaranteed to be cheaper in every situation, since overall risk, credit history, loan-to-value, and market conditions also play roles.

#### 5. One article discussed the middle class shrinking and stagnation in growth. What was the reported trend?

- A. The middle class is shrinking and experiencing stagnation in growth**
- B. The middle class is expanding rapidly**
- C. There is no change in middle class wealth**
- D. The middle class has more equity ownership than before**

The trend being tested is the fate of the middle class in terms of its size and its growth rate. The article described that the middle class is shrinking and its growth is stagnating, so the best match is that it's getting smaller while its income or wealth growth remains flat. The other options describe opposite or unrelated paths—rapid expansion, no change, or increased equity ownership—none of which align with the stated description.

#### 6. What best describes a repo transaction?

- A. A form of short-term borrowing where securities are sold and repurchased**
- B. A long-term loan secured by mortgages**
- C. A currency exchange agreement**
- D. A stock buyback program**

Repo transactions are short-term collateralized borrowing where securities are sold with an agreement to repurchase them later at a higher price. The cash lender earns a return through the repo rate, while the borrower raises cash and posts high-quality securities as collateral, typically for a overnight or few-day horizon. This structure makes repos a liquidity tool for banks and dealers, enabling quick funding while keeping the ownership of the securities intact until repurchase. The other options describe different concepts: a long-term loan secured by mortgages is not about selling and repurchasing securities; a currency exchange agreement involves exchanging currencies rather than posting securities as collateral; a stock buyback program is a corporate action where a company buys its own shares, not a collateralized loan arrangement.

**7. What is the LIBOR rate cited in the market update?**

- A. 2.75%**
- B. 2.00%**
- C. 3.50%**
- D. 1.80%**

LIBOR is the rate banks use to lend to each other in the interbank market for a given short-term period. When a market update cites LIBOR, it's reporting that benchmark level for that tenor, which then influences pricing for loans, derivatives, and other financial products. If the update shows a LIBOR of 2.75%, that is the rate the update is referencing, so the value 2.75% is the correct interpretation for that moment. The other numbers would indicate different funding costs and would not match what the update stated. Note that LIBOR is usually quoted for a specific tenor (like 3 months) and currency, so the exact tenor matters for how the rate is applied.

**8. What price target does the short pitch propose for Shopify after consolidation?**

- A. 116**
- B. 214**
- C. 220**
- D. 300**

When a stock finishes a consolidation, a short pitch typically lays out a downside scenario: the idea is that the price will fail to break out to the upside and instead move lower, often toward a nearby support level or the previous swing low. The price target in that context is the level the stock would reach if the downside scenario plays out, and it's usually a measured, conservative estimate tied to where the stock might land after a breakdown from the range. That's why the best answer is the target that embodies a cautious downward move. It reflects the thesis that the stock won't resume a meaningful rally after the consolidation and, instead, will drift lower to a known support area. Higher targets would require a breakout and a sustained rally, which doesn't fit the short-pitch premise after a period of range-bound trading. Extremely high targets imply a bullish reversal, which again contradicts the bearish setup being presented.

**9. What did the Bank of Canada do to interest rates as described?**

- A. Raised rates to 1.75% and expected to stay stable**
- B. Cut rates to 0.5%**
- C. Raised to 3.0% and continued rise**
- D. Kept rates unchanged at 1.0%**

The key idea is how a central bank uses its policy rate to influence inflation and demand in the economy. When inflation is running above target, the bank raises the policy rate to cool spending and borrowing, signaling how long it expects to keep rates elevated to bring inflation down. In this scenario, the Bank of Canada raised the policy rate to 1.75% and indicated rates would stay at that level for a while. That shows a tightening stance aimed at controlling inflation while providing forward guidance about staying higher rather than cutting or continuing to push the rate up. It's not a cut and it's not a move to a much higher level, and it's not leaving rates unchanged. The described action reflects a measured tightening with a promise to hold, which helps anchor expectations about future policy.

**10. Which markets are listed as areas of interest?**

- A. Equities, commodities, and forex.**
- B. Real estate and fixed income only.**
- C. Derivatives and private equity only.**
- D. Currencies and bonds only.**

The main idea here is recognizing the broad market areas that traders typically focus on. Equities, commodities, and foreign exchange represent three core, highly active markets: equities cover stocks, commodities cover physical goods like oil and gold, and forex covers currency pairs. Together, they span different asset classes with varied behavior, trading hours, and drivers, which is why they're commonly listed as areas of interest on a trading desk. The other options narrow the focus or omit one of these key markets (for example, real estate and fixed income, or currencies and bonds), so they don't capture the breadth of major tradable markets as clearly. That's why equities, commodities, and forex is the best answer.

## 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](mailto: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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