

# Sales and Trading (S&T) Primer

Sales & Trading (S&T) is a division within banks that focuses on buying, selling, and managing various financial assets, such as stocks, bonds, commodities, currencies, and derivatives, on behalf of clients or the bank itself. The primary goal of sales and trading is to provide liquidity to markets, facilitate transactions, and help clients manage their investment portfolios and market exposure. S&T is a highly market-driven career. During market hours, it is an extremely fast-paced and high-pressure environment, requiring quick decision-making and deep market knowledge. The time spent before and after market hours is essential for success, as traders and salespeople need to stay well-informed about global market conditions, news, and trends.

As you progress in this field, performance becomes increasingly linked to compensation. Early in your career, compensation may be more structured, but as you move into senior roles where decision-making is critical, compensation is heavily tied to your ability to generate revenue and manage risk effectively. This performance-based structure offers high earning potential but also brings financial uncertainty if market conditions are unfavorable.

Most large financial institutions, such as RBC or JP Morgan, have extensive Sales & Trading divisions, with many of the desks listed above. Boutique firms, like Peters & Co., may also have sales and trading desks, but they generally focus on specific sectors and require substantial capital to support market operations. When exploring recruitment opportunities in S&T, networking is vital. It's essential to ask thoughtful questions and show genuine interest in the industry. Building relationships with professionals at these firms can give you valuable insights into the career path and help you identify the right opportunities.

## S&T Roles/Desks

Sales and trading desks can focus on different financial products or asset classes. Each desk has its own specialization, and some of the most common include:

1. **Equities:** Focused on buying and selling stocks, often broken down by industry sectors (e.g., technology, healthcare, energy).
2. **Derivatives:** Involves trading options, futures, swaps, and forwards, which are financial contracts derived from underlying assets.
3. **Fixed Income:** Focuses on bonds, government securities, and other debt-related products.
4. **Foreign Exchange (Forex):** Buying and selling currencies to profit from exchange rate fluctuations or to hedge currency risk.
5. **Commodities:** Trading raw materials like oil, gold, and agricultural products, which can be influenced by supply and demand factors.

If you have a particular interest in a specific asset class or industry, targeting that area during recruitment is beneficial. For example, if you're passionate about energy markets, focusing on a commodities or energy sector desk might be a good fit.

## Career Trajectory

### 1. Analyst (0-3 years)

- **Role:** The entry-level position for recent graduates, where the main focus is learning the fundamentals of the markets, assisting traders and salespeople, and executing minor trades. Analysts often rotate through different desks to gain exposure to various asset classes (e.g., equities, fixed income, derivatives).
- **Responsibilities:**
  - Supporting senior traders and salespeople with market research and data analysis.
  - Monitoring market trends and news to assist in making trading decisions.
  - Executing small trades under the supervision of senior traders.
- **Key Skills:** Analytical skills, understanding of financial markets, quick decision-making, and proficiency in programming or quantitative analysis.

### 2. Associate (3-6 years)

- **Role:** Associates handle more complex trading responsibilities and take on larger client interactions. This role serves as a bridge between the junior level and senior traders, with a focus on actively trading and building relationships with clients.
- **Responsibilities:**
  - Executing trades independently and making trading decisions based on market conditions.
  - Engaging directly with clients to understand their needs and match them with appropriate products or trades.
  - Managing risk on smaller trades and working on market-making (providing liquidity).
- **Key Skills:** Risk management, client relationship skills, deep market understanding, and the ability to work under pressure.

### 3. Vice President (VP) (6-9 years)

- **Role:** VPs begin taking on leadership roles within their desks, overseeing junior traders, managing more significant trades, and deepening client relationships. At this level, traders are responsible for larger trades and more complex strategies.
- **Responsibilities:**
  - Managing client portfolios and making large-scale trading decisions.
  - Overseeing risk management for the desk and ensuring profitability.
  - Developing new trading strategies and continuously monitoring market trends.
  - Mentoring junior analysts and associates.
- **Key Skills:** Advanced understanding of trading strategies, leadership, client management, and a deep focus on risk and market dynamics.

#### 4. Director (or Senior Vice President) (9-12 years)

- **Role:** Directors are responsible for leading desks or specific asset classes within the firm. They focus on managing large client portfolios, handling significant trades, and ensuring that the desk hits revenue targets.
- **Responsibilities:**
  - Leading trading desks and executing multi-million-dollar trades.
  - Managing and expanding relationships with the firm's largest clients.
  - Developing new business strategies and ensuring the desk's alignment with market conditions.
  - Overseeing risk for the entire desk and ensuring regulatory compliance.
- **Key Skills:** Business development, advanced trading strategy, client relationship management, and market leadership.

#### 5. Managing Director (MD) (12+ years)

- **Role:** MDs are the most senior traders or salespeople on the desk, responsible for setting the overall strategy for their team and generating substantial revenue. They are focused on client relationships, long-term business development, and the profitability of the trading desk.
- **Responsibilities:**
  - Driving business growth by securing large trades and high-profile clients.
  - Leading the desk's overall strategy and ensuring alignment with market opportunities.
  - Managing risk at the highest level and overseeing the desk's performance.
  - Maintaining key relationships with the firm's largest clients and handling complex, high-stakes trades.
- **Key Skills:** Exceptional client relationship management, strategic vision, leadership, and risk management.