



Clearing & Settlement Analyst

INTERVIEW QUESTIONS WITH ANSWERS

This document contains 50+ curated interview questions along with sample answers. These questions cover technical concepts, SWIFT messaging, trade lifecycle, corporate actions, and real-world problem solving. It is intended for candidates preparing for roles such as Clearing and Settlement Analyst at global investment banks.

Corporate Actions & Events

Q: What are corporate actions? Can you name some types?

A: Corporate actions are events initiated by a company that affect its shareholders, such as dividends, stock splits, rights issues, and mergers.

Q: What is the difference between mandatory and voluntary corporate actions?

A: Mandatory actions require no input from shareholders (e.g., dividends), while voluntary actions need shareholders to respond (e.g., rights issues).

Q: How does a stock split impact the settlement process?

A: It changes the number of shares and price per share, requiring updates in internal systems and open positions to reflect the new structure.

Q: What is a rights issue and how is it processed?

A: A rights issue gives existing shareholders the right to buy additional shares at a discount. It involves notifying clients and collecting instructions.

Q: What is a pay date and what happens if it falls on a holiday?

A: The pay date is when benefits are credited. If it falls on a non-business day, payment is typically deferred to the next working day.

SWIFT Messaging & Systems

Q: What are SWIFT MT564, MT565, and MT566 messages used for?

A: MT564 is a notification message, MT565 is used for instructions (mainly voluntary events), and MT566 is a confirmation of the event processed.

Q: How does SWIFT messaging help in corporate actions?

A: It standardizes communication across global institutions, ensuring consistency in notifications, instructions, and confirmations.

Q: What is MT567 used for?

A: MT567 communicates the status of corporate action instructions and processing updates.

Q: Name some systems used for clearing and settlement globally.

A: DTCC (US), Euroclear and Clearstream (Europe), NSDL/CDSL (India), and CREST (UK) are key systems.

Q: What internal tools are commonly used to manage trades and corporate actions?

A: Tools like Calypso, Murex, TCS BaNCS, and internal reconciliation dashboards are common.

Trade Lifecycle & Settlements

Q: Explain the full trade lifecycle from execution to settlement.

A: It involves execution, capture, confirmation, clearing, and final settlement of cash and securities, typically on T+1 or T+2 basis.

Q: What is the difference between clearing and settlement?

A: Clearing is the confirmation and matching of trade details; settlement is the actual exchange of cash and securities.

Q: Describe a T+1 and T+2 settlement cycle.

A: T+1 means settlement occurs one day after trade date, while T+2 means it occurs two days later.

Q: How do you handle a failed trade?

A: Investigate the cause (e.g., unmatched instructions or insufficient holdings), rectify, and resubmit. Communicate with counterparties if needed.

Q: What is a settlement instruction (SSI)?

A: It specifies how and where a trade should settle, including details like account numbers and custodians.

Scenario-Based Problem Solving

Q: You receive a late instruction after a voluntary event has closed. What do you do?

A: Inform the client immediately, attempt to contact the custodian for an exception, log the incident, and escalate internally.

Q: A dividend is paid to the wrong client. How do you correct it?

A: Trace the error, notify client and teams, reverse the payment, and ensure correct reallocation or recovery.

Q: How would you prioritize multiple critical events in one day?

A: Sort by deadline and financial impact, allocate tasks, monitor completion, and escalate early for delays.

Q: How do you ensure accurate handover between shifts?

A: Use a structured handover template with pending items, deadlines, and open issues clearly marked.

Q: A client questions a delay in receiving dividends—how do you respond?

A: Review entitlement date and payment status, check for internal delays, and provide a clear update to the client.

Market Practices & Regulatory Knowledge

Q: What is T+1 settlement and its impact?

A: It reduces the time between trading and settlement, demanding faster trade matching and processing to avoid fails.

Q: How does a merger affect open trades and positions?

A: Open trades must be reviewed to adjust for new terms, and positions updated for newly issued shares or cash.

Q: What is the role of a depository like NSDL or Euroclear?

A: They hold securities electronically, update client holdings after corporate actions, and handle final settlements.

Q: How do you handle tax withholding on dividends for global clients?

A: Apply tax rates as per treaties using documents like W-8BEN. Ensure accurate reporting and remittance.

Q: What are the risks of incorrect corporate action processing?

A: It can result in financial loss, client dissatisfaction, and reputational damage for the institution.