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THE WALL STREET JOURNAL.

EXCHANGE --- Goldman Sachs Chief Gets A Raise After Rocky Year

By Liz Hoffman
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Goldman Sachs Group Inc. Chief Executive David Solomon got a 19% raise in 2019, a message likely to resonate poorly among traders and bankers who saw their own bonuses cut and who are facing a long period of economic uncertainty.

Mr. Solomon earned $24.7 million in 2019, the bank said Friday, including a $7.7 million cash bonus and almost $15 million in stock. That is up from $20.7 million the year before, most of which he spent as CEO-in-waiting, and makes him Goldman's best-paid chief since Lloyd Blankfein took home $41 million in 2008.

His top lieutenants also received pay bumps.

John Waldron, the banks' president and chief operating officer, was paid $22 million and finance chief Stephen Scherr received $20 million.

At Goldman, as at other big banks, most of their compensation is in the form of shares whose value is tied to how the bank performs over the next few years.

The pay packages are likely to rile employees who saw their bonus checks shrink in 2019 as Goldman spent heavily to build new businesses like consumer banking and upgrade its **technology**.

Revenue was flat and profits fell to a four-year low, in part because the bank socked away an extra $1.1 billion in legal reserves as it nears a settlement with U.S. regulators over its involvement in a Malaysian corruption scandal.

JPMorgan Chase & Co. gave CEO James Dimon, the highest-paid bank chief, a 1.6% raise to $31.5 million. Goldman's close rival, Morgan Stanley, cut the pay of CEO James Gorman 7% despite record annual revenue.

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Banks Plan Backup Office Sites as Pandemic Prep

By Rachel Louise Ensign, Liz Hoffman and Justin Baer
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U.S. banks are preparing for a worsening coronavirus outbreak by laying plans to move staffers to back-office sites, limiting contact with clients who have been abroad and curbing employee travel.

Morgan Stanley, whose New York City stock-trading floor is the country's busiest, is preparing a backup site in suburban Westchester County. JPMorgan Chase & Co. has nixed all nonessential international trips. Goldman Sachs Group Inc. is canceling some conferences and evaluating powering up a parallel trading floor in Greenwich, Conn.

Not since the Sept. 11, 2001, terrorist attacks have Wall Street banks faced a logistical challenge like the one potentially posed by a coronavirus outbreak in the U.S. Sustained quarantines and widespread business closures would hit credit-card and corporate-lending businesses. Further interest-rate cuts, which the Federal Reserve may use to shore up the economy, would crimp profits.

"If planes are not flying in and out of China, if hotels are not being filled -- which they're not at the moment -- and if the supply chains are being impacted which I suspect they are, there's going to be some impact," Visa Inc. Chief Executive Officer Alfred Kelly said last month.

While **technology** has made it possible for many to work from home, the multiple screens and compliance systems installed on Wall Street trading floors can't be easily replicated on a laptop. And investment banking is still a face-to-face business, drummed up by weeks on the road.

Financial firms have drawn up elaborate contingency plans in recent years that they hope will allow them to keep operating smoothly. Just a few weeks ago, Bank of New York Mellon Corp. ran a drill temporarily shutting down its downtown Manhattan headquarters, an executive said.

Despite the market meltdown, trading floors at many banks remain calm. One salesperson said increased activity meant it was a bit noisier than usual, but nothing compared with the 2010 flash crash or the weeks leading up to the 2008 collapse of Lehman Brothers.

Banks and brokers have opened backup facilities throughout the world in recent years. Many are required by their regulators to plan and test for various scenarios, said Glenn Schorr, an analyst with Evercore ISI. Significant improvements in computing power and telecommunications networks also have made working remotely a possibility for many more employees.

One key obstacle for firms will be how they contend with rules on recording phone calls and other communications related to specific transactions when traders aren't working from their usual desk, one bank executive said. Industry officials are urging regulators to consider relaxing these surveillance rules in the event that employees are forced to work from home, this executive said.

Officials at the Securities Industry and Financial Markets Association, an industry trade group, have raised the surveillance issue in discussions with the Securities and Exchange Commission, along with other potential challenges Wall Street would face during a wide-scale evacuation of U.S. trading floors.

"We are providing information to them for them to consider," said Kenneth Bentsen, Sifma's president and CEO. "We haven't made a formal request."

In some ways, the job of girding against pandemic has gotten simpler. The advent of electronic exchanges, trading algorithms and other technological advances on the markets have steadily shrunk the number of employees on trading floors on Wall Street and elsewhere. And many who remain are in roles that can be performed adequately in remote locations.

With the addition of software engineers, compliance staff and other in-demand positions, the securities industry's total New York City workforce rose to 180,300 last year from 165,900 in 2003, according to the

New York State Department of Labor. But the number of employees classified by the department as brokers -- or those who serve as intermediaries between buyers and sellers -- has dropped to 53,300 from 73,000 in the same period.

The 12 biggest global investment banks employed 26% fewer equity traders, salespeople and analysts at the end of 2019 than they did in 2010, according to industry-data firm Coalition Ltd. Front-office staff on bond-trading desks have tumbled 42% over the same period, according to Coalition.

That said, the task of limiting health risks is far-reaching. Like other large companies, lenders are limiting employee exposure to countries where the virus has taken hold. Morgan Stanley's upcoming annual Hong Kong summit will be virtual, while Citigroup Inc. and Bank of America Corp. have restricted employee travel to Asia and Italy.

Goldman's private bankers are canceling meetings with clients who have been to virus hot spots, according to clients. Registered attendees of several upcoming Goldman conferences received emails asking them to stay home if they recently visited virus-affected regions.

A sign at the front desk of the bank's downtown Manhattan headquarters asks visitors who have recently returned from mainland China -- or been in contact with someone who has -- to reschedule.

Julia-Ambra Verlaine and David Benoit contributed to this article.

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Goldman's Trader-Coder Star Is Set to Leave Firm

By Liz Hoffman
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Goldman Sachs Group Inc.'s "straders," the hybrid trader-coders whose star has been on the rise inside the Wall Street firm, are losing their ringleader.

Adam Korn, who represented a new kind of Wall Street trader -- one reared on computer code, not instinct -- is leaving the firm, people familiar with the matter said. His departure follows that of Martin Chavez, a technologist and trading executive who left at the end of last year. More resignations are expected across the firm in the coming weeks, as 2019 bonuses are paid out.

An 18-year Goldman veteran, Mr. Korn most recently supervised 5,000 engineers working to electronify the trading floor and build new software for clients. The most ambitious, called Marquee, is laying digital pipelines to replace a trading flow that still relies on phone calls and paper tickets.

Goldman has long prided itself on its engineering. Its house-built trading and risk-management software, known as SecDB, led a digital revolution on Wall Street in the 1990s, and today about one-quarter of its employees are coders.

More recently, Chief Executive David Solomon has hired from Silicon Valley and promoted investment bankers into senior tech roles.

Last fall he hired a pair of outsiders, Amazon.com Inc. veteran Marco Argenti and former Yahoo executive Atte Lahtiranta, to help lead Goldman's **technology** efforts.

That has appeared to leave less room for executives like Mr. Korn, an applied math and economics double-major at Brown University who joined Goldman in 2002.

He spent his early years churning out code in the corner of the firm's stock-trading floor and later became Goldman's first strader, a hybrid role that combined risk-taking trader and tech whiz.

He helped lead the development of Marquee, which allows clients to trade, manage risk and access Goldman's data and research without picking up the phone.

Mr. Korn will remain an adviser to Marquee and work with Goldman executives evaluating and investing in financial-**technology** companies, people familiar with the matter said.

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World News: Businesses Press For More Talks To End Tariffs

By Katy Stech Ferek and Timothy Puko
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A7
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WASHINGTON -- U.S. business leaders generally applauded the signing of a U.S.-China trade pact but stressed the need to keep negotiations going on an accord that could result in a lifting of tariffs on Chinese imports.

Corporate executives see the deal as a sign of de-escalation that can improve conditions for investment and raise hopes for a more comprehensive truce to come.

Goldman Sachs Group Inc. Chief Executive David Solomon said the deal signing has helped contribute "to a supportive market-making backdrop relative to a year ago." A lawyer for Intel Corp., the largest U.S. chip maker, said he hoped the deal would lead to greater trade cooperation between the U.S. and China. Boeing Co. Chief Executive David Calhoun said leaders who came together are "building a fair and mutually beneficial trading relationship."

Joe Hinrichs, Ford Motor Co.'s president of automotive, said the Detroit auto maker is "encouraged by the efforts of both governments to resolve remaining issues through continued negotiations."

Trade groups that represent businesses in Washington, D.C., joined the chorus. "We commend both governments for staying the course and taking this important step to rebuild trust and restore some stability in the world's most important commercial relationship," said U.S. Chamber of Commerce Chief Executive Thomas J. Donohue. "This deal provides much needed certainty to American businesses as they begin the new year."

President Trump's tariffs remain on roughly $370 billion of Chinese-made items, though he recently agreed to cut the tariff rate in half, to 7.5% from 15%, for some categories of goods. At the signing Wednesday, he promised to remove the tariffs if the U.S. and China can reach a deal on more broad-sweeping economic policy changes in the next round of negotiations.

"The work isn't done yet," said Craig Allen, president of the US-China Business Council. "Implementation of the agreement will be critically important. Moreover, the phase one agreement should be swiftly followed by continued phase two negotiations on remaining issues."

Cinnamon Rogers, executive vice president of advocacy for the Computing **Technology** Industry Association, said the deal "signals a turning point for the U.S. tech sector." It includes stronger protections -- and punishments -- for the theft of American **technology**, while making it easier for U.S. businesses to convince authorities to initiate a criminal investigation in China when violations occur. She urged the administration to keep pushing forward on robust enforcement of China's commitments and toward a second deal that sets terms for broader reforms.

"It all sounds great in theory," said Dan Harris, a Seattle lawyer whose firm advises companies on operating in China. "The problem is, China has a long history of putting very good-looking things into law, especially its intellectual-property laws, and then not following through when it doesn't want to."

While electronics companies stand to benefit from lighter tariffs, the Trump administration has shown no sign that it would ease restrictions on sales of chips to some of China's largest companies, which have hurt chip companies' revenues.

An index of major semiconductor stocks was down more than 1% at the market's close Wednesday, despite a market uptick after the agreement.

Business leaders have been vocal about their opposition to tariffs since President Trump threatened to impose them in early 2018 and through several waves of tariff increases that followed. The tariffs have hit the retail sector especially hard.

"The trade war won't be over until all of these tariffs are gone," said National Retail Federation President Matthew Shay, who attended the signing.

Asa Fitch and Theo Francis contributed to this article.

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Banking & Finance: Startup Fundbox Hires CFO As It Moves Toward an IPO

By Nina Trentmann
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B12
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Financial **technology** startup Fundbox Inc. hired a former investment banker to be its first finance chief as the seven-year-old company prepares for a potential initial public offering.

Marten Abrahamsen joined Fundbox in early January from the Chernin Group LLC, a Los Angeles-based investment firm, where he was a partner since 2018. Before the Chernin Group, Mr. Abrahamsen was responsible for Coatue Management LLC's investments in Jet.com Inc., an online retailer now owned by Walmart Inc., among others, and worked as an investment banker at Goldman Sachs Group Inc.

San Francisco-based Fundbox helps businesses improve their cash flow by providing them with extra working capital based on their transactions. Through Fundbox, sellers receive outstanding payments faster and buyers get access to a line of credit that enables them to settle their obligations on time.

The company uses **data analytics** such as **machine learning** to determine the creditworthiness of a business and the risks associated with its transactions, and through a banking partner grants access to short-term funds of up to $100,000.

It targets companies in the construction, business-to-business retail and consumer-electronics industries.

Fundbox since its inception in 2013 has raised more than $300 million from a group of investors led by Khosla Ventures, General Catalyst, Spark Capital and Amazon.com Inc. Chief Executive Jeff Bezos.

Mr. Abrahamsen's tasks will revolve around budgeting, corporate development and strategy. He will work on reducing the company's costs and improving its margins, he said in an interview.

"We are in a very healthy financial position, and there is no rush for us to go public," he said. The company's management has started thinking about an IPO as one of the next steps, he added.

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