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By Kate Kelly
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New York's finance industry is beginning to reoccupy offices in fits and starts, impeded by uncertainty around the virus.

Six months ago, New York's financial industry abandoned its corner offices, conference rooms and trading floors almost overnight as the coronavirus raged across the city.

The industry's return to office life, by contrast, has been shambolic.

The Midtown Manhattan offices of Mudrick Capital, a hedge fund, never closed, but workers were required to return only after Labor Day. Across town, the offices of a fellow hedge fund, Pershing Square, remain shut, its trading terminals idle and rooftop tennis court unused since spring. JPMorgan Chase, one of the city's largest private employers, recently asked some senior staff in its markets division to come back starting this week. Other banks have been slower, with Goldman Sachs and Citigroup calling back more workers beginning next month.

''Covid is effectively gone from New York,'' said Jason Mudrick, who runs Mudrick Capital, explaining why he sees little reason to keep his 26 employees home. ''I personally think that all my hedge fund colleagues who are not coming back until later are just taking it as an excuse to have a long summer vacation.''

The fitful nature of the finance industry's return highlights how the waning threat of the coronavirus in New York -- at least for now -- has done little to reduce uncertainty around when things will return to normal. With governmental guidance remaining nebulous, many Wall Street firms have made up return-to-office policies that reflect their business and their leaders' philosophies.

Large banks, where face time and long hours are considered virtues, are generally urging workers to come back. Many hedge funds, which attract more seasoned workers who can afford sophisticated workstations at home, are not. Private-equity firms and asset managers, which have a mix of workers and deal with both long- and short-term investments, appear to be taking a middle path.

''There's a recognition happening that you don't have to be in the office every day, so people are looking at more quality-of-life arrangements,'' said Kevin Russell, the chief investment officer of UBS O'Connor, a hedge fund that operates within the large Swiss bank. Mr. Russell has been working from home since the outbreak started, and recently permitted a longtime Chicago-based employee to relocate to a home office in Florida indefinitely.

For the most part, though, the finance industry in New York City -- which employs around 350,000 people -- has embraced caution. Just 8 percent of the city's 1.2 million office workers returned this summer, according to the Partnership for New York City. The nonprofit estimates that since August, the number has ticked up to no more than 15 percent.

Banks and other firms bringing back workers have to weigh the risk of exposing them to a potentially deadly illness against worries that working from home long term will erode office culture. Both JPMorgan and Goldman recently ushered back hundreds of employees, only to have to send some of them home after new cases of the virus emerged among workers. Adding to the chaos: On Tuesday, the British government, in the grip of a second wave of the coronavirus, told office workers to work from home if they could, a policy reversal that forced banks and other employers to readjust their corporate policies on the fly.

Jamie Dimon, the chief executive of JPMorgan, who returned to the office this summer after recovering from emergency heart surgery, recently warned that prolonged remote work could lead to drug abuse or worse.

"Going back to work is a good thing," Mr. Dimon said at a virtual investment conference last week. "You can create more deaths from depression, overdose if we're not real careful and manage those things."

JPMorgan has been at the vanguard of Wall Street's return-to-office movement. Shortly after Labor Day, senior markets-division executives asked senior managers -- who amount to roughly 10 percent of that unit's work force -- to return to their Manhattan and London offices on a staggered, one-week-in, one-week-at-home basis, starting Sept. 21.

Their mandate attracted the notice of President Trump. "Congratulations to JPMorgan Chase for ordering everyone BACK TO OFFICE on September 21st," he wrote on Twitter, misstating the breadth of the recall. "Will always be better than working from home!"

In a recent town hall, David M. Solomon, the chief executive of Goldman Sachs -- where about 1,200 of the usual 8,000 workers are now back in its downtown Manhattan tower -- told employees that it was a challenging environment to work in.

"It's complicated, and it's different for everybody," Mr. Solomon said, according to a transcript. "People have different obligations. I'd really like to encourage people to try to spend some time in office, and try it out."

At Citi, 30 percent of the bank's 17,500 New York-area employees are set to return by Oct. 5, but the chief executive, Michael Corbat, has decided to continue operating from his home near Jackson, Wyo., where he has been based since March. (A spokesman said he planned to return in the coming weeks.) Bank of America, which earlier drew criticism for pressuring some employees to go to the office, has discussed having some senior managers return on Oct. 21. Morgan Stanley's chief executive, James Gorman, has also encouraged senior employees to visit the office at least once to check out the new safety protocols. But Deutsche Bank has told employees that they can work remotely until sometime next year.

At the peak of New York's virus outbreak, Mr. Mudrick shared his fund's 14,000-square-foot space on Madison Avenue with just one other employee -- his analyst Matt Pietroforte. The market meltdown presented enough fresh opportunities that Mr. Mudrick, who invests in distressed debt, felt he could work best from the office. Once the infection rates in New York fell, other colleagues returned.

Mr. Mudrick installed devices to gauge body temperatures. He forbade the use of public transportation, covering everyone's travel to and from the office. Only one person was allowed to use the bathroom at a time. To avoid conference-room gatherings, employees used videoconference **technology** from their personal offices. Even so, some employees, including one who was pregnant, asked to continue working from home, to which Mr. Mudrick agreed.

Pershing Square, the 36-person hedge fund run by the billionaire investor William Ackman, has done the opposite. Mr. Ackman's team is fanned out across the country in apartments, beach houses and rental homes, using replicas of the workstations in their offices on the west side of Manhattan to analyze and trade investments.

Like other hedge funds, including Mr. Russell's UBS O'Connor, Pershing Square has set no timetable for return. Carlyle Group, the private equity firm, has barred people from its Midtown office, mostly to save them the trouble of moving twice, because the firm is planning to move to a new office next year.

Some finance workers say they have been reinvigorated by their return to the office. Jamie Iselin, the head of municipal bond investing at Neuberger Berman, a money manager, has been going to work a few days a week since July. He usually walks the 30 blocks from his Upper East Side apartment to 51st Street and the Avenue of the Americas.

Neuberger has told its roughly 1,400 New York-based employees that the firm will wait and see how the fall progresses, but about 10 percent of the workers have volunteered to return. Mr. Iselin's nearest colleague sits about 20 feet from his 27th-floor trading desk. He has enjoyed chatting with co-workers about market events, like Delta's plan, announced this month, for a $6.5 billion bond offering backed by its frequent flier program. Walking a few blocks around the office at lunchtime with two colleagues to talk shop provided some inspiration for trading.

"We caught up on our view of markets," Mr. Iselin said. "For me it's been really, really helpful. Those things drip down and help inform trade decisions."

Blackstone, the private equity giant, has encouraged some workers to come in, while asking others to stay home. It is monitoring any potential spread of the virus through a contact-tracing program and saliva tests that employees are required to clear before going to the office each Monday morning.

Anushka Sunder, a senior health care and **technology** investor at Blackstone, began working partial weeks in the office this month. Meeting in person with colleagues from Blackstone's investment team to hash out a new investment opportunity -- with direct eye contact -- was a welcome return to past practice, she said. To socially distance, the team meeting was spread out over several conference rooms and also used Zoom, but ''it was more efficient and more fun.''

''Your day ends up being less over-programmed and over-scheduled,'' Ms. Sunder said, ''because you're able to have the two-minute conversation rather than the 30-minute Zoom call.''

Employees at Mudrick Capital have returned to their Midtown Manhattan offices, along with roughly 15 percent of the city's 1.2 million office workers. ''Going back to work is a good thing,'' said Jamie Dimon, the JPMorgan chief. (B1); Some workers in the finance sector say they have been reinvigorated by their return to the office after spending the last six months working remotely.; Once infection rates fell, some employees headed back to the office. Above left, a hands-free thermometer at Mudrick Capital, a hedge fund with 26 employees. Jason Mudrick, left, required workers to return after Labor Day. (PHOTOGRAPHS BY GABBY JONES FOR THE NEW YORK TIMES) (B5)

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JPMorgan Tells Traders to Return --- Staff must go back to office by Sept. 21 unless they have child care, medical issues

By Julia-Ambra Verlaine
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B1
English

One of Wall Street's biggest employers is calling its trading staff back to the office.

JPMorgan Chase & Co. executives told senior employees of the bank's giant sales and trading operation that they and their teams must return to the office by Sept. 21, according to people familiar with the matter.

Trading chief Troy Rohrbaugh and Marc Badrichani, the bank's global head of sales and research, delivered the message in conference calls Wednesday morning, the people said. The two executives said employees with child-care issues and medical conditions that make them more vulnerable to coronavirus complications can continue working from home, the people added.

The calls were addressed to managing directors and some executive directors, the unit's most senior managers, the people said.

Companies that have allowed employees to work from home this year face a delicate task in calling them back. College towns that have reopened for in-person classes have been beset by coronavirus outbreaks. Employers have struggled with problems like how to enforce mask-wearing mandates; they said they are navigating unprecedented circumstances with patchwork guidelines.

Still, Amazon.com Inc. said last month that it would expand its physical offices in New York and other cities, signaling its belief in the long-term viability of office work.

"We all recognize that the city's future depends on people coming back to the office," said Kathryn Wylde, CEO of Partnership for New York City, a business organization.

Wall Street traders and bankers scattered to the winds when coronavirus shut down the city in March. Workers began trickling back in June, when the city began reopening, but financial firms largely haven't ordered employees to return en masse.

Before JPMorgan sent employees home in mid-March, a coronavirus outbreak sickened more than a dozen people on the fifth floor of its Madison Avenue office. By fully reopening its trading floor, the bank is sending a message to its employees -- and its competitors -- that it is now safe to return.

Going remote was hard for Wall Street. Trading floors thrive on shop talk, banter and elaborate **technology** setups. When markets were melting down in the pandemic's early days, veteran traders and their bosses worried that their home offices weren't equipped to handle the chaos.

Yet for many bank executives, the past six months have proved what they previously thought was impossible: Trading could take place seamlessly outside the walls of densely populated office towers. Remote-login systems worked and home internet connections didn't fail. Goldman Sachs Group Inc. kept Zoom channels open all day to bring the trading floor, with its noisy squawk boxes and hoots, to employees' home offices.

JPMorgan, which is building a new skyscraper in Midtown Manhattan, has been more aggressive than some of its peers about bringing workers back to the office. JPMorgan employees said they have mixed feelings about returning to the office full time, with some citing concerns around the commute and a potential second wave of the virus. Others are eager to return rather than work from cramped, at-home quarters. Many junior staff have been working at headquarters and backup sites throughout the summer.

It has been a busy season. While the coronavirus has decimated many U.S. businesses, the stock market has roared and some Wall Street firms have notched record quarters.

Wild markets sent investment banking and trading revenue to an eight-year high in the first half of 2020, according to industry research group Coalition, which compiled data from the 12 largest global investment-banking firms. The strong showing has some on Wall Street questioning the need to come back to the office at all. Many of the **technology** companies that poach Wall Street's top talent have made remote work permanent. In response, some banks are following suit -- at least for part of the week.

Deutsche Bank AG sales and trading staffers are making arrangements to work from home two or three days a week even after the pandemic ends, according to people familiar with the matter. In a note to employees Tuesday, UBS Group AG co-presidents of the investment bank, Piero Novelli and Robert Karofsky, said "flexibility and remote working" are here to stay, according to a readout of the memo.

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Few Workers Are Returning to Their Offices

By Peter Grant
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Less than one-tenth of Manhattan office workers have returned to the workplace a month after New York gave businesses the green light to return to the buildings they vacated in March, according to the city's leading landlords, brokerage firms and employers.

Major financial institutions such as Citigroup Inc. and JPMorgan Chase & Co. have allowed only a small number of traders, bankers and other employees to return to the workplace. **Technology** firms have been even more tentative, with companies like Facebook Inc. telling employees they can continue working from home through the end of 2020.

As of last week, only 8% of the employees who work in downtown office buildings managed by CBRE Group Inc. had returned from sheltering in place from the pandemic. The figure, based on unique card-swipes at security turnstiles, was 9% in Midtown. CBRE, the world's largest commercial real-estate services firm by revenue, manages 20 million square feet of space in Manhattan.

William Rudin, the head of one of the city's most prominent real-estate families, said that an average of 10% of workers have returned to the company's 10 million square feet of space in New York. "People are being rightfully careful," he said. But he noted that more than a month ago that figure was only 2% and that many office workers are eager to return to the social interaction of their offices. "Slowly people are coming back to work," Mr. Rudin said.

After three months of lockdown, New York City allowed companies to reopen their offices to nonessential workers in late June because Covid-19 cases and deaths were declining. While most businesses are cautious, some have been faster to implement return-to-the-office plans than others.

Financial services giant JPMorgan Chase has kept occupancy of its Manhattan office space at about 20% in most locations, and no building is expected to exceed 50% at this point. About half of its sales and trading teams have returned.

On the other end of the spectrum are most big tech firms. For example, October would be the earliest that Microsoft Corp. would reopen its New York office and that will depend on the severity of the pandemic at the time.

Workplace experts say financial-services firms, especially those in businesses that require sophisticated trading floors and other **technology** that can't be replicated in most home offices, have a stronger incentive to return workers to offices. "In a digital age, speed is key and working from home will slow down the process," said Joseph Biasi, an analyst with data firm CoStar Inc.

The jobs at tech firms, on the other hand, lend themselves more easily to remote working. "Collaboration is certainly important," Mr. Biasi said. "But a coder does not get a competitive advantage from receiving information quicker than a coder in another firm."

Some big New York employers that gave workers the option to return to the workplace have gotten few takers. Telecommunications giant Verizon Communications Inc. gave its workforce of about 4,000 office workers in the city the option on July 6 of returning to their offices as long as strict rules were followed, according to John Vazquez, Verizon's head of real estate.

Among the rules: No office can have more than 25% occupancy. Workers who return have to follow safety instructions and fill out health assessments with Verizon's human-resources department.

Not surprisingly, very few workers have taken Verizon up on its offer. "The purpose to go in would be to work with other people," Mr. Vazquez said. "But they're not all going to be there. So what would be the purpose of going in?"

Many of the city's big employers say they are going to begin returning workers to offices in September after Labor Day. A spokeswoman for the law firm Fried, Frank, Harris, Shriver & Jacobson LLP said: "Formal return will be after Labor Day and will be phased to maintain limited capacity and social distancing."

Other firms haven't decided when to have workers return to the office. "We don't have a definitive opening date," a Twitter Inc. spokeswoman said. "Our offices don't open before September and whenever we do come back it will be at 20% capacity."

"We've told employees that if they're in a role and situation that allows them to work from home they can continue to do so forever if they want," she added.

Workplace experts say that most office workers are confident that their employers are being sensitive to health concerns and are making improvements in design and **technology** that make their workplaces safe. But many remain reluctant to risk a trip to the office, especially if that means taking subways, buses or commuter rail, the experts said.

A fuller return also will hinge on whether schools reopen to in-person learning. New York officials are discussing the possibility of reopening schools for two or three days a week. But, if that is the case, Mr. Vazquez warned, many office workers will stay home. "That's not enough for working parents," he said.

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Trading Powers Morgan Stanley

By Liz Hoffman
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B1
English

Morgan Stanley's second-quarter earnings rose 45% as the coronavirus ripped through the U.S. economy and financial markets.

The bank reported revenue of $13.4 billion and profit of $3.2 billion, or $1.96 per share, on Thursday. Both were quarterly records for the firm and well above the expectations of Wall Street analysts, who had predicted profit of $1.77 billion, or $1.12 per share.

Morgan Stanley and Bank of America Corp. were the last of the big U.S. banks to report financial results for a period that posed the biggest test of the financial system since 2008. Results shook out along recognizable lines: Big commercial and consumer lenders like JPMorgan Chase & Co. and Bank of America took provisions for loan losses that dragged down earnings, while a surge in securities trading and underwriting favored Wall Street-heavier firms such as Morgan Stanley and Goldman Sachs Group Inc.

That flips a script that dictated bank profits for a decade. The long recovery from 2008 favored big Main Street lenders closely tied to the U.S. consumer, who borrowed and spent heavily during a period of rising employment and steady economic growth. That same calm, sunny outlook sapped markets of the kind of volatility that keeps trading desks busy.

The pandemic brought "all sorts of massive uncertainty," said Chief Executive James Gorman. "Some of that uncertainty, as we just demonstrated, played to our favor."

Morgan Stanley's wealth-management brokerage, the country's largest, brought in $4.7 billion in revenue during the second quarter. Mr. Gorman often calls the unit, which clips fees managing nearly $2.7 trillion of clients' money, a ballast that steadies the firm while its Wall Street businesses of deals and trades provide the power.

That engine purred in the second quarter. Morgan Stanley's trading revenue rose 68% from the same period a year ago to $5.6 billion, its highest in a decade. Chief Financial Officer Jonathan Pruzan said average client balances in the firm's trading arm were 15% lower in the second quarter than in the first and that computer-driven "quant" funds, for which Morgan Stanley is the leading broker on Wall Street, were slower to return to the market.

The firm's investment bankers generated $1.6 billion in revenue helping companies sell stock and debt to the public, two-thirds higher than a year ago. Corporate bond issuance hit a year-to-date record of more than $1 trillion by the end of May, showering fees on bankers who placed that debt with investors. The surge also helped banks in another way, by giving companies the cash to repay bank credit lines they drew on in the early days of the pandemic -- loans banks nervously funded, hoping they would be paid back quickly.

Mr. Pruzan said the firm had "consciously avoided consumer credit" as well as commercial banking, which means it is less exposed to a wave of defaults that looks increasingly likely as much of the U.S. economy remains shut down. Its loans to companies and trading clients are mostly highly rated and backed by assets such as real estate and securities portfolios, he said.

The bank's return on equity, a measure of how profitably it invests shareholders' money, rose to 15.7%, above the high end of a target range set last year by Mr. Gorman. Morgan Stanley also remains comfortably above a minimum capital level it will have to hit starting this fall.

Like other big banks, Morgan Stanley is temporarily barred from buying back shares or significantly increasing its dividend, which the Federal Reserve hopes will help preserve cash for banks to weather the downturn. But Mr. Gorman said he was eager to "get back on the buyback train" given the cushion his firm has over minimum requirements.

"We don't want to sit on this capital," Mr. Gorman said. "We want to put it to work."

He said Morgan Stanley remains on track to complete its pending acquisition of E*Trade Financial Corp. late this year. The deal, struck just before the pandemic hit and valued at the time at $13 billion, is meant to bring in new clients to the firm's wealth arm, upgrade Morgan Stanley's **technology**, and introduce the blue-blooded firm to younger investors.

E*Trade's crown jewel is a lower-key business: managing the stock that employees at hundreds of companies receive as part of their pay. Those shares are typically locked up for a few years and when they become available, Morgan Stanley aims to move those employees into brokerage accounts. It also has international ambitions for the U.S.-centric E*Trade.

The deal will also bring some $38 billion in deposits. Morgan Stanley, which doesn't have branches or traditional bank accounts, has been trying to grow deposits as a low-cost source of funding.

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Banking & Finance: Payments Firm Taulia Raises $60 Million

By Julie Steinberg
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B10
English

A clutch of global investors is throwing its weight behind a financial-**technology** upstart that facilitates payments between companies and their suppliers, betting that it is well positioned amid the disruption resulting from the coronavirus pandemic.

Taulia Inc. is raising $60 million from backers, according to Chief Executive Cedric Bru. The round is being led by the **fintech** investment arm of Ping An Insurance (Group) Co. of China Ltd. and will include JPMorgan Chase & Co.'s strategic investment unit and a venture arm of Saudi Arabian Oil Co., commonly known as Aramco.

Suppliers have come under pressure in recent months as access to cash has tightened during the pandemic. That has prompted demands for early payment as a source of liquidity.

People familiar with Taulia's fundraising say it could value the company, which is profitable, at around $400 million.

Based in San Francisco, the firm provides an online platform that links companies with their suppliers. Suppliers enter their invoices into the system to be paid by the buyers. Suppliers can sign up for early payment, to be paid out by either the companies or by third-party financial institutions including banks.

If it is the latter, the companies pay back the financial institutions. The platform, which has two million suppliers signed up, financed more than $7.5 billion dollars worth of invoices last quarter. The company's clients include Airbus SE and Nissan Motor Co.

Taulia works with JPMorgan, UniCredit SpA and Greensill Capital to provide funding. It previously had an exclusive relationship with Greensill but has added other partners in recent months.

The proceeds from the fundraising round will be used to expand globally and introduce new products, Mr. Bru said in an interview. Ping An will help expand Taulia's platform in China, a country integral to many companies' supply chains, and Aramco will do the same in the Middle East, he added.

Duncan Mavin contributed to this article.

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