

Title: Goldman Sachs Investigastion. Is Sigma X2 used by hedgies too?

Author: In\_Str\_

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## Goldman Sachs Says Its Dark Pools Are Under Investigation – Along with About Everything Else the Firm Does

By [Pam Martens and Russ Martens](#): May 6, 2022 ~

We've been reading SEC filings for more than 35 years. We have to sadly say that the [10-Q that Goldman Sachs filed with the SEC on May 2](#), for the quarter ending March 31, 2022, shocks even our well-documented assessment of Wall Street as a crime syndicate. Goldman Sachs has listed pretty much everything the firm does as a target of an ongoing investigation, notwithstanding that the company and a subsidiary [were criminally charged by the U.S. Department of Justice](#) in the looting and bribery scandal known as 1MDB in October 2020, admitted to the charges, and had to pay over \$2.9 billion. The good news is that Goldman Sachs' Dark Pools are one of the areas it lists as being under a probe.



David Solomon, Chairman and CEO, Goldman Sachs

Dark Pools (also benignly called Alternative Trading Systems or ATS) are effectively unregulated stock exchanges being run by the same megabanks on Wall Street that blew up the U.S. financial system in 2008 and received the largest taxpayer bailout in U.S. history. The radical right in the U.S. Congress apparently believes that unbridled greed and outrageously reckless conduct that craters America's economy deserves to be rewarded with less regulatory oversight, thus Dark Pools have not been shut down.

Not only are Goldman Sachs, JPMorgan, UBS, Morgan Stanley, Merrill Lynch, and numerous others, allowed to trade hundreds of New York Stock Exchange and Nasdaq listed stocks in their own Dark Pools, but they are also allowed to trade *their own bank's stock* in *their own* Dark Pools. We have [asked the SEC for years now how it is legal](#) for a bank to trade its own stock – possibly making a two-sided market in that stock because some of these firms own more than one Dark Pool. We've yet to receive an answer. (Dare we hope that this is finally being seriously investigated by [Gary Gensler's SEC](#)?)

The name of Goldman Sachs' Dark Pool that trades in the U.S. is called Sigma X2. It used to be called simply Sigma X. According to a [publicly-available document](#), Sigma X is now used by Goldman Sachs to designate the Dark Pools it operates in foreign jurisdictions, which include Europe, Japan, Hong Kong and Australia.

"[Goldman Sachs] Group Inc. and certain of its affiliates are subject to a number of other investigations and reviews by, and in some cases have received subpoenas and requests for documents and information from, various governmental and regulatory bodies and self-regulatory organizations and litigation and shareholder requests relating to various matters relating to the firm's businesses and operations, including: "securities offering process and underwriting practices"; "firm's investment management and financial advisory services"; "Research practices, including research independence and interactions between research analysts and other firm personnel, including investment banking personnel, as well as third parties"; "Transactions involving government-related financings and other matters, municipal securities, including wall-cross procedures and conflict of interest disclosure with respect to state and municipal clients, the trading and structuring of municipal derivative instruments in connection with municipal offerings, political contribution rules, municipal advisory services and the possible impact of credit default swap transactions on municipal issuers"; "The offering, auction, sales, trading and clearance of corporate and government securities, currencies, commodities and other financial products and related sales and other communications and activities, as well as the firm's supervision and controls relating to such activities, including compliance with applicable short sale rules, algorithmic, high-frequency and quantitative trading, the firm's U.S. alternative trading system (dark pool), futures trading, options trading, when-issued trading, transaction reporting, technology systems and controls, communications recordkeeping and recording, securities lending practices, prime brokerage activities, trading and clearance of credit derivative instruments and interest rate swaps, commodities activities and metals storage, private placement practices, allocations of and trading in securities, and trading activities and communications in connection with the establishment of benchmark rates, such as currency rates"; "Insider trading, the potential misuse and dissemination of material nonpublic information regarding corporate and governmental developments and the effectiveness of the firm's insider trading controls and information barriers."

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