

# Donald Trump Has a Goldman Sachs Problem: Derivatives

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Region: [USA](#)

Theme: [Global Economy](#)

*In the midst of being skewered across media outlets yesterday for his chaotic rollout of an Executive Order that appeared to target Muslims, including those legally living in the U.S. as businessmen, doctors, university faculty and students — who were initially denied reentry after travel abroad — President Donald Trump tried desperately to change the subject. Following a plunge of over 200 points in the Dow Jones Industrial Average yesterday, Trump pivoted to something he thought would please his financial backers on Wall Street.*

*He called the Dodd-Frank financial reform legislation passed in 2010 by the Obama administration a “disaster” and promised to “do a big number” on it soon. The Dow closed down 122 points — now wary of Trump’s fire-ready-aim leadership on complex matters.*

The legitimate fear across Wall Street right now is that Trump’s zero-vetting approach to rule-by-Executive-Order could leave Wall Street in the same chaotic state as the airports experienced from his ham-fisted approach to immigration.

But it’s not just Trump that Wall Street needs to fear: it’s Goldman Sachs as well. Trump has [stuffed his administration with so many Goldman Sachs progeny](#) that his administration is now regularly referred to as Government Sachs.

**NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS (HOLDING COMPANIES)  
TOP 25 HOLDING COMPANIES IN DERIVATIVES  
SEPTEMBER 30, 2016, MILLIONS OF DOLLARS**

RANK	HOLDING COMPANY	STATE	TOTAL ASSETS	TOTAL DERIVATIVES
1	CITIGROUP INC.	NY	\$1,818,117	\$51,789,991
2	JPMORGAN CHASE & CO.	NY	2,521,029	50,667,476
3	GOLDMAN SACHS GROUP, INC., THE	NY	880,006	45,480,638
4	BANK OF AMERICA CORPORATION	NC	2,198,884	35,602,230
5	MORGAN STANLEY	NY	813,891	28,379,530
6	HSBC NORTH AMERICA HOLDINGS INC.	NY	304,439	11,533,150
7	WELLS FARGO & COMPANY	CA	1,942,124	7,266,148
8	MIZUHO AMERICAS LLC	NY	46,763	5,019,054
9	STATE STREET CORPORATION	MA	256,145	1,297,850
10	CREDIT SUISSE HOLDINGS (USA), INC.	NY	222,973	1,129,366
11	BANK OF NEW YORK MELLON CORPORATION, THE	NY	374,114	974,717
12	BARCLAYS US LLC	NY	221,861	875,466
13	RBC USA HOLDCO CORPORATION	NY	142,593	601,934
14	PNC FINANCIAL SERVICES GROUP, INC., THE	PA	369,442	348,016
15	U.S. BANCORP	MN	454,134	272,619
16	SUNTRUST BANKS, INC.	GA	205,247	271,155
17	NORTHERN TRUST CORPORATION	IL	120,085	265,414
18	TD GROUP US HOLDINGS LLC	DE	338,720	252,882
19	MUFG AMERICAS HOLDINGS CORPORATION	NY	151,117	189,307
20	DB USA CORPORATION	NY	203,360	184,162
21	CAPITAL ONE FINANCIAL CORPORATION	VA	345,187	133,368
22	BNP PARIBAS USA, INC.	NY	146,765	108,914
23	KEYCORP	OH	136,228	90,229
24	REGIONS FINANCIAL CORPORATION	AL	125,307	82,509
25	CITIZENS FINANCIAL GROUP, INC.	RI	147,442	81,991
TOP 25 HOLDING COMPANIES WITH DERIVATIVES			\$14,485,974	\$242,898,116

Goldman Sachs has a unique vested interest in repealing chunks of Dodd-Frank while making sure that the Glass-Steagall Act is not reinstated. That's because when it comes to derivatives, Goldman Sachs is keeping a lot of secrets.

The Office of the Comptroller of the Currency (OCC) is the regulator of national banks. Each quarter it publishes a report on the derivative holdings of the biggest Wall Street banks and their holding companies. Its [most recent report](#) shows that as of September 30, 2016 Goldman Sachs Bank USA (a taxpayer-backstopped, FDIC insured bank where it holds its derivatives) had "credit exposure to risk-based capital" of 433 percent. That figure was more than double that of JPMorgan Chase (216 percent) and six times that of Bank of America (68 percent).

There's another big problem with Goldman Sachs: it has a miniscule asset base compared to the big guns on Wall Street but it's attempting to play in the big leagues in terms of derivatives. As the chart above shows, Goldman Sachs is the third largest holder of derivatives on Wall Street with \$45.48 *trillion* in notionals (face amount). (As of 2015, the entire GDP of the United States was only \$18 trillion.) But Goldman only has \$880 *billion* in assets. That ratio compares to JPMorgan Chase with \$2.5 *trillion* in assets and \$50.6 *trillion* in derivatives and Citigroup with \$1.8 *trillion* in assets and \$51.78 *trillion* in derivatives.

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