

## Markets

# Wells Fargo Revs Up FX Options in Latest Swing at Trading Growth

- The firm hired traders last year for reshaped FX options team
- Growth push comes as FX volumes soar on Trump policy changes

by Yizhu Wang  
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Wells Fargo & Co. is adding a new front to a trading business that executives see as a key test for the firm's ability to go toe-to-toe with Wall Street giants.

The firm is diving into foreign-exchange options, armed with new offerings and a bulked-up team of traders across three continents. It's the latest volley for its broader currencies business, which is pulling in over \$1 billion in annual revenue, according to people familiar with the matter.

The push comes as daily volumes in the \$7.5 trillion-a-day foreign-exchange market soar, tied to US President Donald Trump's vows to shake up global trade. Last month was the busiest month for currency options trading since February 2020, according to exchange operator CME Group Inc. This time around, Wells Fargo is joining in.

"We're in a much better spot today to capitalize on, benefit from, serve clients, in a market that's more volatile, than we would've been a few years ago," Vince Hindman, Wells Fargo's global head of foreign exchange, said in an interview. A company spokesperson declined to comment on the annual revenue figure.

The foreign-exchange business has been a forerunner in Chief Executive Officer Charlie Scharf's aspiration to build out the Wells Fargo's corporate and investment bank. He earmarked the unit for growth shortly after taking over in late 2019.

Beefing up in trading was always a longer-term play – the business is the hardest-hit by a Federal Reserve asset cap limiting Wells Fargo to its size at the end of 2017. But the highly liquid global currencies market is something of an exception as it takes up relatively little capital, so managers set out to grow it beginning in 2020.

That meant turning a foreign-exchange business that had long functioned merely as a payments offering into a market-making player. As Wells Fargo bulked up its capabilities, first for developed markets and then emerging markets, it sought to add institutional clients such as asset managers that trade more frequently and at higher volumes than corporate clients – but also require an options desk.

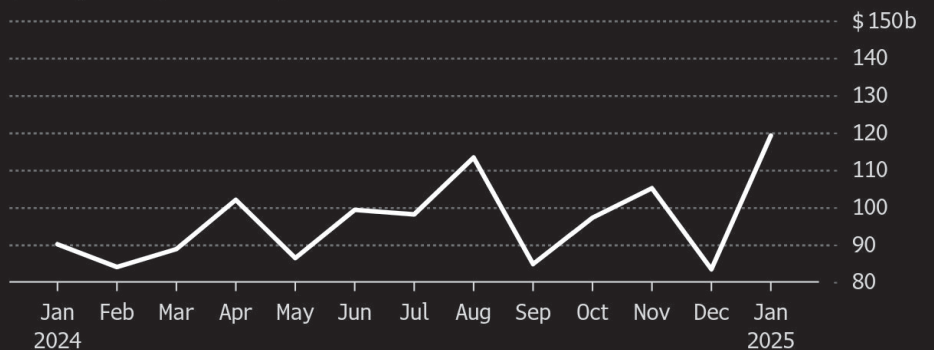
"There are many institutional clients where not having a credible options offering makes it very difficult for us to become relevant to them,"



A Wells Fargo bank branch in New York. Photographer: Michael Nagle/Bloomberg

### FX Options Trading Surged in January Amid Trade War Woes

✓ Daily average volumes per month



Source: The Depository Trust and Clearing Corporation

Bloomberg

Hindman said. "Some clients might say, 'hey we'd love to do business with Wells Fargo but options are really important to us, if we're going to invest to onboard you – the time, energy, legal, negotiation – we'd really like you to have that ability.'"

Over the course of last year, Wells Fargo hired a trio of Deutsche Bank AG alums for what is now a five-person team – Enrique Payan as global head of FX options in New York, Eddy Sfeir as a senior trader in New York and Andrew Bown as a senior trader in London – and moved a more junior trader to Singapore.

Wells Fargo also went live at a data center in Singapore to speed up trade pricing there, rather than route the process through data centers in New York and London. It added an options electronic-trading portal to its platform in December, with plans for two more in the early months of this year.

Still, the fourth-largest US bank has a ways to go to catch up to its peers in trading. Wells Fargo earned \$5.1 billion in fixed-income, currencies and commodities trading last year, about a quarter of what its largest rival, JPMorgan Chase & Co., pulled in for the same period. Morgan Stanley, which ranked fifth in fixed-income trading of the big six US banks last year, earned \$8.4 billion.

But growth in foreign exchange dovetails with its investment-banking push, particularly as it seeks to win advisory roles, as clients pursuing mergers and acquisitions often need currency hedging alongside their transactions. Fernando Rivas, a former star dealmaker at JPMorgan who was named sole head of Wells Fargo's corporate and investment bank last month, has added "a lot of new ideas" since joining last year, markets co-head Mike Riley said in an interview.