

# Multi-billion sell-off on Wall Street

Investment banks Nomura and Credit Suisse face billions of dollars in losses after U.S. hedge fund Archegos Capital defaulted on margin calls for more collateral – triggering a \$20 billion fire sale

## ARCHEGOS

Company founded by former hedge fund manager **Sung Kook “Bill” Hwang**

Archegos has **family office** status to manage private wealth of Hwang

It is exempt from rules designed to protect investors in hedge funds



**1.** Archegos acts as hedge fund and borrows money from banks to invest – process known as **margin trading**. Money is used to buy stocks that are held by banks

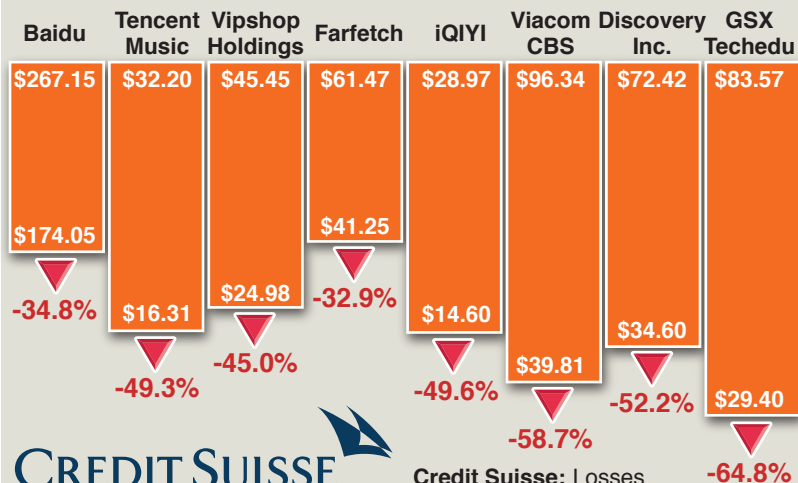


**2. Margin call:** If trades made on margin turn sour, banks ask client to put up more money as collateral

**3.** Archegos faces margin calls but fails to provide extra cash

**4. Fire sale:** Banks start selling off stocks held on behalf of Archegos

**Archegos portfolio** (fall in share price from Mar 23 to Mar 26)



CREDIT SUISSE  
NOMURA

**Credit Suisse:** Losses could reach \$3bn-\$5bn

**Nomura:** Facing \$2bn in estimated losses