The Street

Here Are 4 Possible Trump Picks to Succeed Departing Dodd-Frank Enforcer

Fed member Daniel Tarullo was feared by many on Wall Street.

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The Federal Reserve's top bank supervisor, Daniel Tarullo, submitted his resignation Friday, clearing the way for President Trump to place a candidate of his choosing in a key Wall Street regulatory role.
Tarullo, 64, a central bank governor since 2009, oversaw the Fed's annual stress tests, set up in the aftermath of the 2008 financial crisis to ensure banks big enough to threaten the U.S. economy if they failed could withstand severe downturns. His responsibilities included enforcing the tough capital and liquidity rules set up under the Dodd-Frank reform law for institutions such as Bank of America (BAC) and Citigroup (C) .
Privately, Tarullo was feared and criticized by many bankers, who grew frustrated when the Fed blocked dividends and stock buybacks because of unclear "qualitative objections" to their risk management plans.

The governor plans to leave around April 5, and his departure intensifies the speculation around whom President Trump might choose as the Fed's vice chairman for bank supervision. Tarullo has effectively filled the role, created by Dodd-Frank, even though he wasn't confirmed by the Senate for it and didn't officially hold the title. His term would have continued through January 2022.

One possible successor is reportedly David Nason, who has been head of GE Energy Financial Services since 2013, according to relationship mapping service BoardEx, a service of *TheStreet*. Nason was previously the top regulatory officer for GE Capital, the massive lending business that CEO Jeffrey Immelt began shrinking two years ago.
His career also includes a stint as assistant secretary for financial institutions at the U.S. Treasury Department from June 2007 through January 2009, the last years of Republican President George W. Bush's administration.

Other potential candidates include John Allison, a member of the Cato Institute's board who was CEO of regional bank BB&T (BBT) from 1989 through 2008; Paul Atkins, a former Republican member of the Securities and Exchange Commission; and Tom Hoenig, vice chairman at the Federal Deposit Insurance Corp. and a top proponent of reinstating a statute that would effectively break up the largest banks.
Tarullo's departure shouldn't have any impact on the 2017 stress tests, said Jaret Seiberg, an analyst at Cowen Washington Research Group. He noted that the Fed, which has already issued the ground rules for this year's test, has "left the door open to higher dividend and buyback levels, especially for the regional banks."

The future of the tests beyond this year is less clear, however. Trump's administration backs looser regulation, and House Financial Services Committee Chairman Jeb Hensarling, R-Texas, has proposed conducting the reviews every other year rather than annually and barring the Fed from using the less-defined qualitative assessments as grounds to block capital payouts.