The Street

GE's Nason Takes Himself Off Trump's Short List for Fed Banking Chief

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The head of **GE Energy Financial Services** (**GE**) has taken his name off President Trump's list of candidates for a powerful banking regulation post at the **Federal Reserve**.

David Nason, who has held his current role since 2013 and is a former assistant Treasury secretary, "informed the White House that he no longer wished to be considered for the position," according to a statement. "He plans to pursue opportunities at GE."

Nason was one of four people under consideration for the role of vice chairman for banking supervision, a job created when Congress passed the Dodd-Frank Act to tighten oversight of Wall Street after the 2008 financial crisis forced the government to spend billions on bailouts. Daniel Tarullo, the Fed governor who effectively filled the job even though he wasn't confirmed by the Senate and didn't have the title, said last month he was stepping down.

The withdrawal of Nason, who worked at Treasury under Secretary Henry Paulson, likely reflects the difficulty of winning Trump's favor after Paulson supported Trump's opponent, Hillary Clinton, during the presidential campaign, said Brian Gardner, a public policy analyst at brokerage Keefe, Bruyette & Woods.

In the president's eyes, "being in the 'Never Trump' camp or publicly supporting his opponent, Clinton, is an unforgivable sin," Gardner said in a note to clients. "If a potential nominee's sponsor is in one of these groups, the potential nominee will be guilty by association."

The development may further intensify the speculation around whom Trump, a supporter of loosening regulations on banks, might choose to oversee enforcement of Dodd-Frank's tough capital and liquidity rules for institutions such as **Bank of America** (**BAC**) and **Citigroup** (**C**) . The job's responsibilities include administering annual stress tests that determine how much cash the biggest banks can return to shareholders through dividends and stock buybacks.

The fact that Nason was viewed as a pragmatist probably wasn't a barrier to his appointment, Gardner said. "We believe that the Trump administration will eventually nominate someone who supports a review of Dodd-Frank rules and bank capital rules and that the announcement will be a positive for financial stocks," he wrote.

Along with Nason, speculation about possible Fed supervisors has focused on 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.

U.S. Bancorp (**USB**) CEO Richard David, who had reportedly been considered for the Fed role, isn't a candidate, the Minneapolis-based company reiterated Wednesday. Davis is handing his title to COO Andy Cecere in mid-April, but will remain as executive chairman.

This year's stress tests shouldn't be affected by Tarullo's departure, Jaret Seiberg, an analyst at Cowen Washington Research Group, said last month. He noted that the central bank, which has already issued the ground rules for the 2017 review, 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. Not only does Trump supporting easing restrictions, 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.