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Trump Looks to Put Stamp on Fed in First Months of Presidency

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Donald Trump is looking to reshape the Federal Reserve -- very quickly.

Two transition team sources said that the president-elect will move within his first three months in office to fill two vacant seats on the Fed's Board of Governors in Washington, which have been vacant recently.

Earlier Tuesday, Trump announced that Ralph Ferrara would lead the so-called "landing team" designed at looking at the central bank to see ways it could be improved to Trump's liking.

The appointments will impact the Federal Reserve's seven-member board of governors, each of whom vote on the Federal Open Market Committee to set the nation's monetary policy.

Larry Kudlow, who describes himself as a "informal" Trump economic adviser, said that Trump could have at least four appointments during his presidency, noting that Fed chair Janet Yellen's term expires in February 2018. Her vice chair, Stanley Fischer, will see his term end in June 2018.

Trump has frequently sparred with Yellen and FOMC officials, most notably during the September presidential debate. "When they raise interest rates, you're going to see some very bad things happen, because they're not doing their job," Trump said at the debate.

The importance of the appointments goes beyond monetary policy given the Fed's expanding role in regulating the financial industry. The central bank saw its power expand following enactment of the 2010 Dodd-Frank Wall Street regulation bill.

One of the key roles Dodd-Frank created at the Fed was the vice chairman for banking supervision, to be performed by a member of the Board of Governors. That position has never been filled, but unofficially performed by Governor Daniel Tarullo. Financial services watchers are already speculating that Thomas Hoenig, currently vice chairman at the FDIC, is positioning himself as a contender for the role.

Case-in-point: Hoenig's speech last week at the Cato Institute in Washington, D.C., only fueled rumors that he was interested in the post. The speech was titled: "Regulatory Policy and Macro-Prudential Supervision."

Hoening declined comment through a spokesperson.

"Hoening's remarks certainly displayed a continued interest on his part of monetary policy, suggesting an interest to go to the Fed," said Mark Calabria, a financial regulation expert at the conservative think-tank Cato Institute.

Other possible contenders include John Dugan, a former Comptroller of the Currency who now advises banks on regulations; David Nason, chief executive officer of GE Energy Financial Services Inc.; Randall Guynn, a top banking lawyer at Davis Polk & Wardwell; and former Securities and Exchange Commission member advising Trump on financial-regulation appointments, Paul Atkins, who runs Washington consulting firm Patomak Global Partners.