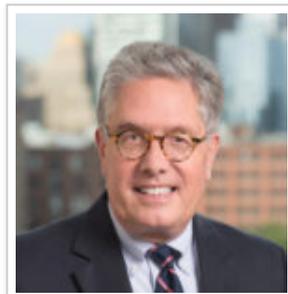


NUTTER NOTES

Biden Administration Brings New Slate of Financial Regulators

Expect More Vigorous Regulation, But Speed of Changes Unclear

By Thomas J. Curry, Kate Henry and Armand J. Santaniello | Special to Banker & Tradesman | Feb 14, 2021 | [Reprints](#) | [Unlock Link](#) | [Print](#)



Tom Curry

President Joseph R. Biden's inauguration will usher in a new slate of financial regulators in 2021. In addition to the immediate focus on passing a new coronavirus pandemic and economic aid package, the Biden administration is expected to nominate cabinet and financial regulatory agency picks that would emphasize a more vigorous investor and consumer protection regulatory posture and tougher enforcement.

Janet Yellen, Secretary of the Treasury

Janet Yellen is the first woman to occupy the role of Treasury secretary and brings decades of experience to the role. Yellen served as chair of President Bill Clinton's Council of Economic Advisors, and as president and CEO of the Federal Reserve Bank of San Francisco. She later served as vice chair of the Federal Reserve Board of Governors, and subsequently as chair until 2018. Most recently, Yellen served as a fellow in residence in the Economic Studies program at the Brookings Institute.

In contrast to her predecessor, Steven Mnuchin, Yellen has emphasized the importance of financial regulation and has publicly disagreed with Mnuchin's plans to scale back regulatory oversight of big banks, championing the importance of enhanced capital and liquidity regulations and Dodd-Frank.



Kate Henry

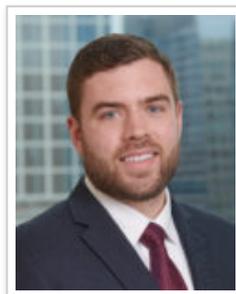
Although her immediate attention will be on passing the COVID-19 stimulus package, many expect her to shift the focus of the Treasury and the Financial Stability Oversight Council (FSOC) toward the shadow banking industry's potentially adverse impact on financial stability, which became visible during the market reaction to the pandemic.

Gary Gensler, SEC Chair

President Biden's choice to replace Jay Clayton as chair of the Securities and Exchange Commission is Gary Gensler, a former Goldman Sachs executive and, similar to Yellen, a staunch supporter of a robust federal role in financial regulation.

Gensler has extensive experience in both the public and private sectors – in addition to serving as under secretary of the Treasury for Domestic Finance and assistant secretary of the Treasury during the Clinton administration, Gensler served as Chairman of the Commodity Futures Trading Commission (CFTC), and as a senior advisor to Sen. Paul Sarbanes in writing the Sarbanes-Oxley Act.

Most recently, Gensler has served as a professor at MIT, in which time he has focused on the development of cryptocurrencies and their increasing presence in the financial framework. Gensler is expected to place greater emphasis on enforcement and increased disclosure, with an emphasis on climate change-related risks and investor protection.



**Armand J.
Santaniello**

Rohit Chopra, CFPB Director

President Biden has nominated Rohit Chopra to be director of the Consumer Finance Protection Bureau (CFPB). The CFPB regulates consumer financial products and services, and protects consumers from unfair, deceptive, or abusive practices.

Chopra held a critical role in the enactment of Dodd-Frank and served as the CFPB's assistant director in the agency's formative years following the 2008 financial crisis. Chopra specifically focused on student loans, a specialty that he continued as Special Adviser to the Secretary of Education. Chopra currently

serves as a member of the Federal Trade Commission where he has developed a reputation for pushing for aggressive monetary penalties and consumer remedies.

Chopra is expected to take a similarly active approach as CFPB director and to collaborate with other federal and state consumer protection regulators. Potential areas of focus are further developing the “abusive” standard under Dodd-Frank, enforcing fair lending laws and enacting more consumer protective high-cost lending and prepaid card regulations.

Michael Barr, Comptroller of the Currency

President Biden is expected to nominate Michael Barr as the Comptroller of the Currency.

Currently a law professor at the University of Michigan, Barr previously served in both the Obama and Clinton administrations, and has an extensive policymaking background in prudential, consumer protection, and community reinvestment matters. Barr has also served in advisory roles to several fintech companies.

Some consumer advocates oppose Barr’s nomination because of his former fintech affiliations. Proponents cite Barr’s role in the passage of Dodd-Frank and the creation of the CFPB which demonstrate his familiarity and record on the Biden administration’s likely key concerns of racial equity, financial inclusion, and economic recovery.

Chris Brummer, CFTC Chairman

President Biden is expected to nominate Chris Brummer as chairman of the CFTC. Currently a law professor at Georgetown, Brummer was previously nominated for this post in 2016 by President Barack Obama. Although Brummer was never confirmed, he remained involved with the CFTC’s subcommittee on virtual currencies. Like Gensler and Barr, Brummer is a prominent figure in fintech regulation and would similarly be positioned to address the Biden administration’s likely focus on digital regulation and enforcement.

While the Biden nominees and potential nominees, other than Secretary Yellen, have not yet been confirmed, these candidates are indicative of the Biden administration’s priorities with regards to financial regulation. Each candidate would push for more stringent regulation and enforcement and would be well versed in digitalization trends; however, it remains unclear how quickly or how substantive any changes would be under these nominees.

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