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Jay Clayton, SEC chairman nominee, likely to shift focus away from rulemaking, enforcement

Mr. Clayton would replace current SEC Chairman Mary Jo White, who will step down when Mr. Trump is inaugurated on Jan. 20.

Jan 4, 2017 @ 1:43 pm
 By Mark Schoeff Jr.

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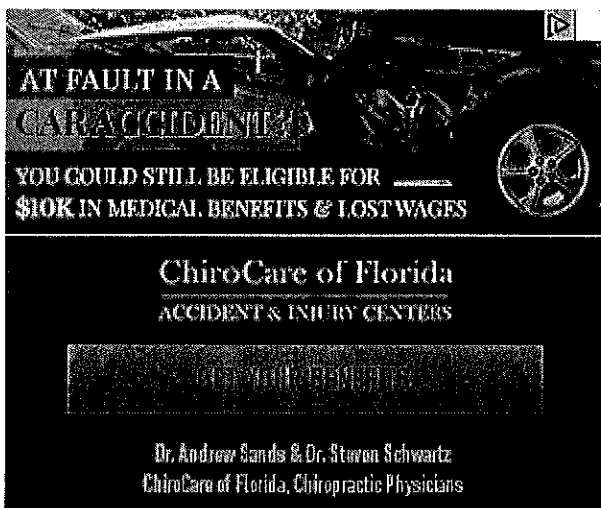
Jay Clayton, a securities lawyer tapped by President-elect Donald Trump to be the next

Office of Management and Budget reviewing

chairman of the Securities and Exchange Commission, could shift the agency's emphasis more toward helping firms raise capital and away from rulemaking and enforcement.

Mr. Clayton is a partner at the law firm Sullivan & Cromwell, where he has specialized in securities transactions, such as mergers and acquisitions and capital market offerings for clients that have included Goldman Sachs, Ally Financial Inc., Barclays Capital, Bear Stearns and Alibaba Holding Group Limited.

Mr. Clayton would replace current SEC Chairman Mary Jo White, who will step down when Mr. Trump is inaugurated on Jan. 20. Ms. White is a former U.S. attorney who raised the agency's enforcement profile. Mr. Clayton likely will take a different approach, according to David Chase, a former senior enforcement counsel in the SEC Miami office.



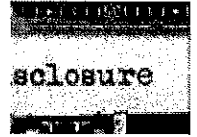
"It signals that Trump is looking for more of a capital-raising facilitator dealmaker more so than a former

prosecutor, tough-regulator type," said Mr. Chase,

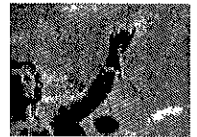
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who owns an eponymous law firm. "You're going to see less of a focus on enforcement."

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Like Ms. White, Mr. Clayton would come to the agency directly from a law firm that represents major Wall Street firms, which could make his Senate confirmation bumpy.

"The questions will arise about his representing the Street, as they did with Mary Jo White," said Peter Chepucavage, an independent regulatory consultant. "Sen. [Elizabeth] Warren [D-Mass.] and Sen. [Bernie] Sanders [I-Vt.] are probably plotting an attack as we speak."

Indeed, some industry groups immediately put up resistance to Mr. Clayton.

"While Mr. Clayton may be an excellent lawyer representing Goldman Sachs and Wall Street's too-big-to-fail banks, America's families need to know that he will represent them as zealously and effectively," Dennis Kelleher, president and chief executive of Better Markets, which advocates for financial industry reform, said in a statement.

But Republicans control the Senate, which eases the path toward confirmation for Mr. Clayton.

"It would be impossible for the Senate to reject him," Mr. Chepucavage said. "He's about as qualified as anybody I recall."

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Karen Barr, president and chief executive of the Investment Adviser Association, called Mr.

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But she said that it is not clear where he stands on SEC topics that directly impact investment advisers, such as a best-interests standard for advice and independent, private-sector examinations.

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"If he is confirmed, we will set up a meeting with him as soon as possible presenting our views on those issues and many others affecting advisers," Ms. Barr said.

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Mr. Clayton's **bio on the Sullivan & Cromwell website** mentions that he "advises several high-net-worth families regarding their public and private investments."

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But most of his experience has been with big Wall Street firms.

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"It's more of a traditional se un-Trumplike," said Duane T policy analyst for Fi360, a fi firm. "It would be nice if the commissioner who has exp the small advisers regulated by the commission."

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TWO SEC SEATS OPEN

The SEC is likely to **operate with two members for several weeks, if not months**, until the Senate

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addresses Mr. Clayton's nomination. The five-member agency has two seats cu

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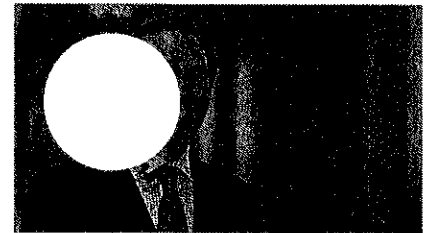
Republican Hester Peirce and Democrat Lisa Fairfax.

The Trump administration will have to make new nominations. Sources say Ms. Peirce could again be the Republican's choice but it's unclear whether Democrats will stick with Ms. Fairfax.

"Jay Clayton is a highly talented expert on many aspects of financial and regulatory law, and he will ensure our financial institutions can thrive and create jobs while playing by the rules at the same time," Mr. Trump said in a statement. "We need to undo many regulations which have stifled investment in American businesses and restore oversight of the financial industry in a way that does not harm American workers."

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