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MVP: Covington's Michael Nonaka

By **Jon Hill**



Law360 (November 6, 2026, 4:00 PM EST) -- Covington & Burling LLP's Michael Nonaka steered General Motors and Stellantis through successful applications to launch industrial banks and helped Coinbase and Interactive Brokers secure approvals for federal trust charters, putting him at the forefront of a resurgence in U.S. bank formation and earning him a spot among Law360's 2026 Banking MVPs.

His most significant achievements:

After a more than five-year journey, the U.S. auto financing arm of General Motors won key approvals from the Federal Deposit Insurance Corp. and Utah's state financial regulator earlier this year to establish a federally insured, Utah-chartered industrial loan company, or ILC.

The new institution, named GM Financial Bank, plans to focus on providing vehicle purchase financing through GM dealerships while also accepting consumer deposits, which can serve as a lower-cost source of loan funding made possible by its FDIC coverage and Utah ILC charter.

The approvals marked a milestone for Nonaka, who had played a lead role in advising GM on the startup effort since the auto giant first applied in December 2020 for permission to open an ILC, also known as an industrial bank.

Industrial banks are a specialized type of lender that commercial firms can own without becoming regulated as bank holding companies. They have long been controversial, and applications to establish them have often struggled to get traction at the FDIC as a result.

But Nonaka said that regulatory attitude has been changing under FDIC Chairman Travis Hill. On his watch, the agency has signed off on more ILC applications so far this year than it did during the entire period from 2008 to 2024.

"Chairman Hill has prioritized de novo bank activity in ways that his predecessors did not," Nonaka said. The FDIC's current leadership has recognized the importance of industrial banks and their potential to foster greater competition and innovation in financial services, he added.

GM is now building out the bank and must satisfy certain regulatory conditions before it can open, but its approval could encourage other large nonbank firms to consider ILCs of their own.

In the meantime, Nonaka has continued guiding other entrants into the banking sector, notching another major achievement in April when he helped Coinbase Inc. secure preliminary approval from the Office of the Comptroller of the Currency to charter a national trust subsidiary.

Its proposed institution, Coinbase National Trust Co., would not take deposits or make loans like GM Financial Bank. Instead, it would offer digital asset custody, payment and fiduciary services, bringing a core part of the cryptocurrency giant's institutional business under federal oversight.

For Coinbase, the rigor of OCC supervision could appeal to asset managers and other large institutional clients that are increasingly seeking custodians capable of meeting strict standards. The charter would also allow Coinbase to consolidate related operations within a single entity.

Coinbase is "a standard-bearer in the digital asset space for a lot of good reasons," said Nonaka, who served as its lead counsel on the application. The OCC's approval was not only "nice recognition of that" for Coinbase, he added, but an "important" benchmark of growth for the broader digital asset sector.

As with GM Financial Bank, there are more preparations to complete before Coinbase National Trust Co. receives final approval to officially open its doors. But successfully navigating the OCC's review process to clear this initial hurdle was no small feat.

"There's a ton of work that goes into putting together a quality application to the OCC," Nonaka said. Beyond satisfying technical requirements, he added, applicants must also weigh whether pursuing a charter makes strategic sense for their business.

"People don't do it lightly," Nonaka said.

Other notable matters:

GM Financial wasn't Nonaka's only automotive client to make headway with banking regulators this year. He also helped Stellantis obtain FDIC approval in May to launch an insured industrial bank that will similarly use deposits to fund vehicle financing through its dealer network.

Once up and running, Stellantis Bank USA will allow the carmaker to diversify the funding sources for its U.S. financial services platform, reducing its reliance on the often-volatile capital markets. It will also deepen the integration of its lending operations and car-buying experience for customers.

At the same time, Nonaka advised Interactive Brokers on its charter application to the OCC to establish Interactive National Trust Bank, which likewise received preliminary conditional approval in May.

The proposed institution will provide custody and fiduciary services focused on mutual funds and exchange-traded funds, along with securities lending activities. By bringing more of those functions under an in-house umbrella, Interactive Brokers aims to streamline its operations and decrease its need for outside service providers.

The initiative highlights how interest in specialized banking charters has spread beyond crypto firms to include established financial firms seeking to expand their capabilities and modernize their platforms.

Another notable engagement has involved crypto exchange Kraken, which turned to Nonaka as lead counsel for its application to charter Payward National Trust Co., a proposed trust company that would concentrate on digital asset custody and related services.

Unlike other OCC applicants seeking to consolidate activities under a single federal regulatory framework, Kraken plans to keep its existing Wyoming-chartered special purpose depository institution, or SPDI, alongside the new federally chartered entity.

Kraken sees "unique benefits from having both charters," Nonaka said. They each authorize different activities, he explained, so they can complement each other in ways that "align with their strategic objectives of being able to serve different types of clients."

Why he specializes in bank chartering:

Nonaka said the appeal of chartering work is about more than just the satisfaction of getting a regulator's green light. The assignments allow him to work closely with corporate leadership on key strategic initiatives and help shape new financial institutions from the ground up, he said.

"I like the idea of helping people build something," Nonaka said, particularly when that means creating a bank or trust company "that is going to offer something novel to the market."

These engagements also require a blend of traditional legal analysis and business consulting, he explained. In addition to ensuring compliance with applicable laws, Nonaka said he helps evaluate whether a proposed business plan is viable, how it could advance a parent company's broader goals, and what adjustments might be necessary.

"You get to meet a lot of people within the company, you get to work with the regulators, and you get to wear different hats," Nonaka said. In that way, chartering is "a very interesting and unique type of project," he added.

Nonaka's own path to this area of the law was less deliberate. An accounting major as an undergraduate, he said he originally envisioned becoming a tax attorney after taking a shine to the subject in classes at law school.

That changed when Nonaka arrived at Covington as a summer associate, when then-partner D. Jean Veta — now senior counsel — suggested that he take on a banking law assignment. He said he found the experience so compelling that, when he returned to the firm full-time, he spent his first year splitting time between its tax and banking practices before choosing the latter exclusively.

"The banking work was incredibly interesting. It was dynamic," Nonaka said. The 2008 financial crisis also "occurred a couple years after I started, so it was a very interesting time to be a banking lawyer."

How he expects his practice to evolve:

For now, the vast majority of Nonaka's day-to-day practice is focused on advising clients that are looking to charter banks and trust companies. But whether the current surge of charter applications will continue at the same pace is another question.

Nonaka said federal regulators' efforts to encourage new entrants to the banking system have prompted would-be applicants to move quickly, mindful that a change in administration or agency leadership could

make the process less welcoming.

Even if that rush subsides, he expects that some regulators' recent policy changes to accommodate new institutions will endure, giving chartering a continued position of prominence in Covington's financial services practice over the longer term.

He also pointed to the rollout of payment stablecoin rules at the OCC and other federal banking agencies, saying he anticipates a flurry of application activity soon as companies start seeking formal approval to issue the tokens under the Genius Act, which takes effect in January.

Outside chartering and regulatory applications, Nonaka said he continues to counsel banks and other financial firms on a wide range of compliance and policy matters, from bank-fintech partnerships to legislation and rule proposals to "topical" questions about new technologies.

"Clients have pressing needs on how to ensure that they comply with regulatory requirements for emerging technologies," he said. "It's all part of the long list of what bank regulatory attorneys do."

His advice for junior attorneys:

Nonaka encourages early-career banking lawyers to seek out a broad range of assignments, including regulatory compliance, enforcement, legislative and rulemaking matters.

"Help out with projects that get you outside of your comfort zone," he said. "That exposure can grow your ability to recognize connections across different areas of the law and expand your professional network of relationships."

As for career planning, Nonaka cautioned against trying to anticipate which specialties will be most sought-after years down the road.

"It's really hard to predict with bank regulation what you're going to be doing in a year, much less five or 10 years," he said.

Instead, Nonaka advises that junior associates concentrate on acquiring and developing expertise in whatever assignments they take on, mastering individual subjects before branching out into others.

The goal, he said, is "becoming the go-to person in a certain area." Then, as attorneys build on that foundation with more knowledge and experience, their accumulated skills will create a "layered, diverse practice that positions you well for the future," Nonaka said.

"You won't know exactly which expertise is going to be in high demand, but you will have a good roster available so that you're prepared when one does become particularly in need," he said.

--As told to Jon Hill. Editing by Adam LoBelia.

Law360's MVPs are attorneys who have distinguished themselves from their peers over the past year through high-stakes litigation, record-breaking deals and complex global matters. A team of Law360 editors selected the 2026 MVP winners after reviewing nearly 1,000 submissions.

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