

118TH CONGRESS  
1ST SESSION

# H. R. 4209

To prohibit stock sales by senior bank executives in certain circumstances.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2023

Ms. WATERS (for herself, Ms. VELÁZQUEZ, Mr. SHERMAN, Mr. GREEN of Texas, Mr. CLEAVER, Mrs. BEATTY, Ms. GARCIA of Texas, Mr. HORSFORD, and Ms. TLAIB) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To prohibit stock sales by senior bank executives in certain circumstances.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Incentivizing Safe and  
5 Sound Banking Act”.

6 **SEC. 2. STOCK SALE PROHIBITION.**

7 (a) **AUTHORITY TO PROHIBIT STOCK SALES RELAT-**  
8 **ING TO CEASE AND DESIST ORDERS.**—Section 8(b) of the  
9 Federal Deposit Insurance Act (12 U.S.C. 1818(b)) is  
10 amended by inserting at the end the following:

1           “(11) STOCK SALE PROHIBITION.—The author-  
2           ity to issue an order under this subsection or sub-  
3           section (c) includes the authority to prohibit the sale  
4           of securities of the insured depository institution and  
5           any affiliate of such insured depository institution  
6           received and owned by any current or former officer  
7           or director of the insured depository institution or  
8           any institution-affiliated party that received such se-  
9           curities as a form of compensation.”.

10          (b) AUTOMATIC PROHIBITION.—Section 8 of the  
11 Federal Deposit Insurance Act (12 U.S.C. 1818) is fur-  
12 ther amended by adding at the end the following:

13          “(y) AUTOMATIC PROHIBITION OF STOCK SALE.—

14               “(1) IN GENERAL.—If a covered banking insti-  
15               tution has a composite or component rating of 3, 4,  
16               or 5 under the Uniform Financial Institutions Rat-  
17               ing System (or an equivalent rating under a com-  
18               parable rating system), or the appropriate Federal  
19               banking agency issues a ‘matter requiring immediate  
20               attention’ (or similar supervisory notice, as deter-  
21               mined by the appropriate Federal banking agency)  
22               to a covered banking institution, and the institution  
23               does not remediate the issue by the deadline estab-  
24               lished by the appropriate Federal banking agency,  
25               any senior executive officer may not sell securities of

1 the covered banking institution or any affiliate of the  
2 covered banking institution that the individual re-  
3 ceived as a form of compensation, until the matter  
4 is resolved to the satisfaction of the appropriate  
5 Federal banking agency.

6 “(2) COVERED BANKING INSTITUTION.—In this  
7 subsection, the term ‘covered banking institution’  
8 means—

9 “(A) a bank holding company with more  
10 than \$50,000,000,000 in consolidated assets;

11 “(B) a bank subsidiary of a bank holding  
12 company described under subparagraph (A); or

13 “(C) a bank or savings association with  
14 more than \$50,000,000,000 in consolidated as-  
15 sets.”.

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