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119TH CONGRESS
2D SESSION

H. R. 7887

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2026

Ms. WATERS 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Incentivizing Safe and Sound Banking Act".

SEC. 2. STOCK SALE PROHIBITION.

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

"(11) STOCK SALE PROHIBITION.—The authority to issue an order under this subsection or subsection (c) includes the authority to prohibit the sale of securities of the insured depository institution and any affiliate of such insured depository institution received and owned by any current or former officer or director of the insured depository institution or any institution-affiliated party that received such securities as a form of compensation.".

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

"(x) AUTOMATIC PROHIBITION OF STOCK SALE.—

"(1) IN GENERAL.—If a covered banking institution has a composite or component rating of 3, 4, or 5 under the Uniform Financial Institutions Rating System (or an equivalent rating under a comparable rating system), or the appropriate Federal banking agency issues a 'matter requiring immediate attention' (or similar supervisory notice, as determined by the appropriate Federal banking agency) to a covered banking institution, and the institution does not remediate the issue by the deadline established by the appropriate Federal banking agency, any senior executive officer may not sell securities of the covered banking institution or any affiliate of the covered banking institution that the individual received as a form of compensation, until the matter is resolved to the satisfaction of the appropriate Federal banking agency.

"(2) COVERED BANKING INSTITUTION.—In this subsection, the term 'covered banking institution' means—

"(A) a bank holding company with more than $50,000,000,000 in consolidated assets;

"(B) a bank subsidiary of a bank holding company described under subparagraph (A); or

"(C) a bank or savings association with more than $50,000,000,000 in consolidated assets.".

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