

119TH CONGRESS  
2D SESSION

# H. R. 9490

To defer part of the compensation of senior employees of large financial institutions (and their subsidiaries), to use such deferred amounts to pay any civil or criminal fines that may be levied on the institution (or subsidiary), and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2026

Ms. TLAIB (for herself, Mr. LYNCH, Ms. LEE of Pennsylvania, and Mr. GREEN of Texas) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To defer part of the compensation of senior employees of large financial institutions (and their subsidiaries), to use such deferred amounts to pay any civil or criminal fines that may be levied on the institution (or subsidiary), and for other purposes.

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 “Bank Failure Account-  
5 ability Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1           (1) Going back at least to the Wall Street crash  
2 of 1929, improper pay structures have contributed  
3 to financial crises in the United States.

4           (2) Widespread financial misconduct led to the  
5 2008 financial crisis, which caused the Great Reces-  
6 sion. Compensation structures incentivized execu-  
7 tives and employees to pursue short-term profits  
8 without regard for long-term risks to their firms or  
9 the broader financial system. While culpable employ-  
10 ees and executives continued to receive extraordinary  
11 pay, homeowners, workers, and communities paid  
12 the price for their greed and recklessness.

13           (3) As seen in the 2023 banking failures, mis-  
14 aligned incentives within the financial sector con-  
15 tinue to fail to hold executives and their senior em-  
16 ployees accountable for their actions. Silicon Valley  
17 Bank CEO Greg Becker enjoyed millions of dollars  
18 in incentive-based bonuses, while his bank mis-  
19 managed risks and failed to respond to regulator's  
20 warnings. In the hours before the failure of Silicon  
21 Valley Bank, managers paid themselves millions of  
22 dollars for what they deemed to be superior perform-  
23 ance.

24           (4) Employees in the financial sector continue  
25 to walk away with generous bonuses while their

1 firms break the law and undermine the stability of  
2 the financial system. Compensation incentives that  
3 promote inappropriate risk-taking are a threat to  
4 economic security.

5 **SEC. 3. DEFERMENT OF SENIOR EMPLOYEE COMPENSA-**  
6 **TION.**

7 (a) DEFERMENT FUND.—Each covered financial in-  
8 stitution and each subsidiary of a covered financial institu-  
9 tion shall establish a deferment fund, which shall—

10 (1) only contain compensation deferred under  
11 subsection (b); and

12 (2) only be used as permitted by this section.

13 (b) DEFERMENT OF COMPENSATION.—Each covered  
14 financial institution and each subsidiary of a covered fi-  
15 nancial institution shall—

16 (1) each year, defer the compensation of each  
17 senior employee of the covered financial institution  
18 or subsidiary in an amount equal to at least 50 per-  
19 cent of the amount that the employee's total com-  
20 pensation for the year exceeds 7 times the com-  
21 pensation of the median paid employee of the con-  
22 solidated financial institution for the year;

23 (2) place all compensation deferred under para-  
24 graph (1) into the deferment fund of the covered fi-  
25 nancial institution or subsidiary; and

1           (3) after the end of the covered deferment pe-  
2           riod, if sufficient funds remain in the deferment  
3           fund, pay the senior employee the amount of com-  
4           pensation deferred and for which the covered  
5           deferment period ended.

6           (c) USE OF DEFERMENT FUND.—

7           (1) USE OF FUND TO PAY FINES.—If a covered  
8           financial institution or subsidiary of a covered finan-  
9           cial institution is subject to a civil or criminal fine,  
10          the covered financial institution or subsidiary shall  
11          first pay such fine out of amounts contained in the  
12          deferment fund of the covered financial institution  
13          or subsidiary.

14          (2) USE OF FUNDS TO MAKE DEPOSITORS  
15          WHOLE.—If a covered financial institution is a de-  
16          pository institution or a credit union and the deposi-  
17          tory institution or credit union fails, the depository  
18          institution or credit union shall use amounts in the  
19          deferment fund of the depository institution or cred-  
20          it union to ensure depositors do not lose any of their  
21          deposits. All amounts in the deferment fund shall be  
22          used before any amounts are paid from the Deposit  
23          Insurance Fund or the National Credit Union Share  
24          Insurance Fund, as applicable, for such purpose.

1 (d) CANCELLATION OF COMPENSATION THAT CAN-  
2 NOT BE PAID FROM DEFERMENT FUND.—Each covered  
3 financial institution or subsidiary shall have in place a pol-  
4 icy that cancels any compensation deferred under sub-  
5 section (b) that cannot be repaid as described under sub-  
6 section (b)(3), due to the deferment fund lacking sufficient  
7 funds.

8 (e) TREATMENT OF DEFERRED COMPENSATION OF  
9 EX-EMPLOYEES.—With respect to an individual that has  
10 compensation deferred pursuant to subsection (b), but is  
11 no longer employed by the applicable covered financial in-  
12 stitution or subsidiary, if the covered financial institution  
13 or subsidiary is required to pay a fine from its deferment  
14 fund for misconduct that occurred after the individual was  
15 no longer employed by the covered financial institution or  
16 subsidiary, the covered financial institution or subsidiary  
17 shall segregate the individual’s deferred compensation  
18 from other amounts in the deferment fund and shall not  
19 use such segregated amounts for any purpose other than  
20 repaying the individual pursuant to subsection (b)(3) or  
21 for the payment of another fine for misconduct that oc-  
22 curred while the individual was still employed by the cov-  
23 ered financial institution or subsidiary.

24 (f) RULEMAKING.—The Board of Governors of the  
25 Federal Reserve System, the Comptroller of the Currency,

1 the Federal Deposit Insurance Corporation, the Federal  
2 Housing Finance Agency, the National Credit Union Ad-  
3 ministration, and the Securities and Exchange Commis-  
4 sion may each issue such rules as may be necessary to  
5 carry out this section with respect to covered financial in-  
6 stitutions and subsidiaries subject to supervision by the  
7 agency.

8 (g) DEFINITIONS.—In this section:

9 (1) APPROPRIATE FEDERAL REGULATOR.—The  
10 term “appropriate Federal regulator” means—

11 (A) the appropriate Federal banking agen-  
12 cy, as defined under section 3 of the Federal  
13 Deposit Insurance Act;

14 (B) the Federal Housing Finance Agency,  
15 in the case of the Federal National Mortgage  
16 Association or the Federal Home Loan Mort-  
17 gage Corporation;

18 (C) the National Credit Union Administra-  
19 tion, in the case of a credit union described  
20 under paragraph (6)(C); and

21 (D) the Securities and Exchange Commis-  
22 sion, in the case of a person described under  
23 subparagraph (B) or (D) of paragraph (6).

24 (2) COMPENSATION.—With respect to an em-  
25 ployee, the term “compensation” means any finan-

1        cial remuneration, including salary, bonuses, incen-  
2        tives, benefits, severance, deferred compensation, or  
3        golden parachute benefits, and any profits that  
4        would be realized from the sale of the securities of  
5        the company employing the employee.

6            (3) CONSOLIDATED FINANCIAL INSTITUTION.—  
7        With respect to a financial institution, the term  
8        “consolidated financial institution” means the finan-  
9        cial institution and all subsidiaries of the financial  
10       institution.

11           (4) COVERED DEFERMENT PERIOD.—The term  
12        “covered deferment period” means—

13            (A) with respect to a covered financial in-  
14        stitution with less than \$10,000,000,000 in  
15        consolidated assets, a number of years, to be  
16        determined by the appropriate Federal regu-  
17        lator if determined necessary by such appro-  
18        priate Federal regulator, beginning on the date  
19        the compensation is deferred;

20            (B) with respect to a covered financial in-  
21        stitution with \$10,000,000,000 or more, but  
22        less than \$50,000,000,000, in consolidated as-  
23        sets, 2 years beginning on the date the com-  
24        pensation is deferred;

1 (C) with respect to a covered financial in-  
2 stitution with \$50,000,000,000 or more, but  
3 less than \$250,000,000,000, in consolidated as-  
4 sets, 6 years beginning on the date the com-  
5 pensation is deferred; and

6 (D) with respect to a covered financial in-  
7 stitution with \$250,000,000,000 or more in  
8 consolidated assets, 8 years beginning on the  
9 date the compensation is deferred.

10 (5) COVERED FINANCIAL INSTITUTION.—The  
11 term “covered financial institution” means a finan-  
12 cial institution with more than \$1,000,000,000 in  
13 consolidated assets.

14 (6) FINANCIAL INSTITUTION.—The term “fi-  
15 nancial institution” means—

16 (A) a depository institution or depository  
17 institution holding company, as such terms are  
18 defined, respectively, in section 3 of the Federal  
19 Deposit Insurance Act (12 U.S.C. 1813);

20 (B) a broker or a dealer registered under  
21 section 15 of the Securities Exchange Act of  
22 1934 (15 U.S.C. 78o);

23 (C) a credit union, as described in section  
24 19(b)(1)(A)(iv) of the Federal Reserve Act;

1 (D) an investment adviser, as defined in  
2 section 202(a) of the Investment Advisers Act  
3 of 1940 (15 U.S.C. 80b–2(a));

4 (E) the Federal National Mortgage Asso-  
5 ciation; and

6 (F) the Federal Home Loan Mortgage  
7 Corporation.

8 (7) SENIOR EMPLOYEE.—The term “senior em-  
9 ployee” means an employee of a covered financial in-  
10 stitution or a subsidiary of the covered financial in-  
11 stitution who—

12 (A) is a senior executive officer;

13 (B) has total annual compensation of more  
14 than \$1,000,000;

15 (C) with respect to a covered financial in-  
16 stitution with \$50,000,000,000 or more, but  
17 less than \$250,000,000,000, in consolidated as-  
18 sets—

19 (i) is in the top 2 percent of the most  
20 highly compensated employees in the con-  
21 solidated financial institution; or

22 (ii) has the authority to commit or ex-  
23 pose 0.5 percent or more of the capital of  
24 the consolidated financial institution; or

1           (D) with respect to a covered financial in-  
2           stitution with \$250,000,000,000 or more in  
3           consolidated assets—

4                   (i) is in the top 5 percent of the most  
5                   highly compensated employees in the con-  
6                   solidated financial institution; or

7                   (ii) has the authority to commit or ex-  
8                   pose 0.5 percent or more of the capital of  
9                   the consolidated financial institution.

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