

Union Calendar No. 612

118TH CONGRESS
2^D SESSION

H. R. 4206

[Report No. 118-725]

To amend the Financial Stability Act of 2010 to require covered financial institutions to include elements of accumulated other comprehensive income when calculating capital for purposes of meeting capital requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2023

Mr. SHERMAN introduced the following bill; which was referred to the
Committee on Financial Services

NOVEMBER 1, 2024

Additional sponsor: Mr. CASTEN

NOVEMBER 1, 2024

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 20, 2023]

A BILL

To amend the Financial Stability Act of 2010 to require covered financial institutions to include elements of accumulated other comprehensive income when calculating capital for purposes of meeting capital requirements, 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 Safety Act of*
5 *2024”.*

6 **SEC. 2. CAPITAL REQUIREMENTS RELATING TO ACCUMU-**
7 **LATED OTHER COMPREHENSIVE INCOME.**

8 *(a) IN GENERAL.—Section 171 of the Financial Sta-*
9 *bility Act of 2010 (12 U.S.C. 5371) is amended by adding*
10 *at the end the following new subsection:*

11 *“(d) INCLUSION OF ELEMENTS OF ACCUMULATED*
12 *OTHER COMPREHENSIVE INCOME.—*

13 *“(1) IN GENERAL.—The computation of capital*
14 *for purposes of meeting capital requirements for a*
15 *covered financial institution shall include AOCI.*

16 *“(2) DEFINITIONS.—In this subsection:*

17 *“(A) AOCI.—The term ‘AOCI’ means—*

18 *“(i) all accumulated other comprehen-*
19 *sive income components, except for accumu-*
20 *lated net gains and losses on cash flow*
21 *hedges related to items that are not recog-*
22 *nized at fair value; or*

23 *“(ii) such other definition as the Fed-*
24 *eral banking agencies may establish, by*
25 *rule.*

1 “(B) *COVERED FINANCIAL INSTITUTION.*—

2 “(i) *IN GENERAL.*—*The term ‘covered*
3 *financial institution’ means—*

4 “(I) *a depository institution hold-*
5 *ing company (as defined in section 3*
6 *of the Federal Deposit Insurance Act)*
7 *with total consolidated assets greater*
8 *than \$100,000,000,000;*

9 “(II) *an insured depository insti-*
10 *tution over which a bank holding com-*
11 *pany does not have control with total*
12 *consolidated assets greater than*
13 *\$100,000,000,000; or*

14 “(III) *such other category of de-*
15 *pository institution holding companies*
16 *or insured depository institutions as*
17 *may be jointly determined by the Fed-*
18 *eral banking agencies, by rule, based*
19 *on an analysis of financial risk-related*
20 *factors.*

21 “(ii) *EXCEPTION.*—*Unless the Board of*
22 *Governors determines it to be necessary to*
23 *ensure the safety and soundness of a covered*
24 *financial institution, the term ‘covered fi-*

1 *financial institution’ does not include a sav-*
2 *ings and loan holding company—*

3 *“(I) that is substantially engaged*
4 *in insurance underwriting or commer-*
5 *cial activities; or*

6 *“(II) with respect to which the*
7 *Small Bank Holding Company and*
8 *Savings and Loan Holding Company*
9 *Policy Statement of the Board of Gov-*
10 *ernors applies (12 CFR 225 app. C).”.*

11 *(b) TRANSITION PROVISION.—*

12 *(1) IN GENERAL.—The Federal banking agencies*
13 *shall, jointly, establish a transition period for the ap-*
14 *plication of the requirement under subsection (d) of*
15 *section 171 of the Financial Stability Act of 2010 to*
16 *a covered financial institution (including an opt out*
17 *institution) that—*

18 *(A) phases in such requirement over time;*

19 *and*

20 *(B) fully applies such requirement to cov-*
21 *ered financial institutions on or before July 1,*
22 *2028.*

23 *(2) DEFINITIONS.—In this subsection:*

24 *(A) COVERED FINANCIAL INSTITUTION.—*

25 *The term “covered financial institution” has the*

1 *meaning given that term under section 171(d) of*
2 *the Financial Stability Act of 2010.*

3 *(B) FEDERAL BANKING AGENCY.—The term*
4 *“Federal banking agency” has the meaning given*
5 *that term under section 3 of the Federal Deposit*
6 *Insurance Act (12 U.S.C. 1813).*

7 *(C) OPT OUT INSTITUTION.—The term “opt*
8 *out institution” means a covered financial insti-*
9 *tution that elected to opt out of the requirement*
10 *to report accumulated other comprehensive in-*
11 *come components pursuant to the rule titled*
12 *“Changes to Applicability Thresholds for Regu-*
13 *latory Capital and Liquidity Requirements” (84*
14 *Fed. Reg. 59230; November 1, 2019).*

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