

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 4206  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Bank Safety Act of  
3 2024”.

**4 SEC. 2. CAPITAL REQUIREMENTS RELATING TO ACCUMU-  
5 LATED OTHER COMPREHENSIVE INCOME.**

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

9 “(d) INCLUSION OF ELEMENTS OF ACCUMULATED  
10 OTHER COMPREHENSIVE INCOME.—

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

14 “(2) DEFINITIONS.—In this subsection:

15 “(A) AOCI.—The term ‘AOCI’ means—

16 “(i) all accumulated other comprehen-  
17 sive income components, except for accu-  
18 mulated net gains and losses on cash flow

1 hedges related to items that are not recog-  
2 nized at fair value; or

3 “(ii) such other definition as the Fed-  
4 eral banking agencies may establish, by  
5 rule.

6 “(B) COVERED FINANCIAL INSTITUTION.—

7 “(i) IN GENERAL.—The term ‘covered  
8 financial institution’ means—

9 “(I) a depository institution hold-  
10 ing company (as defined in section 3  
11 of the Federal Deposit Insurance Act)  
12 with total consolidated assets greater  
13 than \$100,000,000,000;

14 “(II) an insured depository insti-  
15 tution over which a bank holding com-  
16 pany does not have control with total  
17 consolidated assets greater than  
18 \$100,000,000,000; or

19 “(III) such other category of de-  
20 pository institution holding companies  
21 or insured depository institutions as  
22 may be jointly determined by the Fed-  
23 eral banking agencies, by rule, based  
24 on an analysis of financial risk-related  
25 factors.

1                   “(ii) EXCEPTION.—Unless the Board  
2                   of Governors determines it to be necessary  
3                   to ensure the safety and soundness of a  
4                   covered financial institution, the term ‘cov-  
5                   ered financial institution’ does not include  
6                   a savings and loan holding company—

7                                 “(I) that is substantially engaged  
8                                 in insurance underwriting or commer-  
9                                 cial activities; or

10                                “(II) with respect to which the  
11                                Small Bank Holding Company and  
12                                Savings and Loan Holding Company  
13                                Policy Statement of the Board of Gov-  
14                                ernors applies (12 CFR 225 app.  
15                                C).”.

16                   (b) TRANSITION PROVISION.—

17                                (1) IN GENERAL.—The Federal banking agen-  
18                                cies shall, jointly, establish a transition period for  
19                                the application of the requirement under subsection  
20                                (d) of section 171 of the Financial Stability Act of  
21                                2010 to a covered financial institution (including an  
22                                opt out institution) that—

23                                (A) phases in such requirement over time;  
24                                and

1 (B) fully applies such requirement to cov-  
2 ered financial institutions on or before July 1,  
3 2028.

4 (2) DEFINITIONS.—In this subsection:

5 (A) COVERED FINANCIAL INSTITUTION.—  
6 The term “covered financial institution” has  
7 the meaning given that term under section  
8 171(d) of the Financial Stability Act of 2010.

9 (B) FEDERAL BANKING AGENCY.—The  
10 term “Federal banking agency” has the mean-  
11 ing given that term under section 3 of the Fed-  
12 eral Deposit Insurance Act (12 U.S.C. 1813).

13 (C) OPT OUT INSTITUTION.—The term  
14 “opt out institution” means a covered financial  
15 institution that elected to opt out of the re-  
16 quirement to report accumulated other com-  
17 prehensive income components pursuant to the  
18 rule titled “Changes to Applicability Thresholds  
19 for Regulatory Capital and Liquidity Require-  
20 ments” (84 Fed. Reg. 59230; November 1,  
21 2019).

