

The Failed Bank Executives Clawback Act of 2023

On March 10, 2023, Silicon Valley Bank (SVB) [failed](#) after its executives loaded up on risk and did little to manage that risk – triggering instability in the banking sector that led to the collapse of Signature Bank and emergency action by the federal government to prevent further contagion.

Reports [indicate](#) that “[e]xecutive pay at Silicon Valley Bank soared after the bank embarked on a strategy to boost profitability by buying riskier assets exposed to rising interest rates.” Greg Becker, SVB’s CEO, received [\\$9.9 million](#) in total compensation in 2022, including a \$1.5 million cash bonus, while other top SVB executives collectively hauled in nearly \$17 million. SVB executives also reportedly sold [\\$84 million](#) in stock over the past two years, with the CEO alone selling nearly \$30 million – including nearly \$4 million in the days before SVB’s collapse. The CEO of Signature Bank received [\\$8.7 million](#) in total compensation in 2022.

In the wake of the SVB and Signature Bank failures – the second- and third-largest bank failures in American history – bank executives must be held accountable for mismanaging their banks and putting our financial system and consumers at risk. However, under current law, the federal government’s ability to hold bank management accountable for disastrous failures is [limited](#).

The *Failed Bank Executives Clawback Act* would give federal bank regulators the tools they need to hold executives of failed banks responsible for the costs those failures exact on the rest of the banking system and the economy.

Specifically, the *Failed Bank Executives Clawback Act* would:

- Require the FDIC to claw back from bank executives all or part of the compensation they received over the five-year period preceding a bank’s insolvency or FDIC-resolution.
- Extend claw back authorities established by Section 204(a)(3) of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* to apply to any bank entered into FDIC receivership, not only those resolved under the FDIC’s Orderly Liquidation Authority.
- Ensure that, should an insured depository institution affiliated with a bank holding company fail, investors in that holding company should bear the losses of the insured depository institution.