



MUTUAL ALERT

Senate Banking Committee Votes to Advance Bipartisan Bank Executive Compensation Clawback Bill

The Senate Banking Committee voted to send its bill, the RECOUP Act, to the full Senate for mark up on Wednesday morning. The bill, introduced by Committee Chair Sherrod Brown (D-OH) and Sen. Tim Scott (R-SC) received a vote of 21-2.

The Recovering Executive Compensation Obtained from Unaccountable Practices (RECOUP) Act would increase the penalties executives from failed financial institutions will face. Specifically, the bill gives regulators and bank boards authority to recover up to two years of compensation received by bank executives at failed banks. While the Bill is a response to the SVB crisis a number of members question whether compensation was a contributing factor.

Notably, Banks with assets under \$10 billion are excluded from this proposal. Sen. Vance (R-OH) and Sen. Kennedy (R-LA) both lauded the bill's protection for small and community banks.

The RECOUP Act is being viewed as a bipartisan success for Senator Brown but still faces a challenge on the Senate floor. Moreover, it is not clear there is sufficient Republican sentiment to pass a House Bill.

Douglas Faucette
America's Mutual Banks
202 220 6961 O
301 873 6195 C
701 8th Street, N.W.
Suite 500
Washington DC 20001
dfaucette@lockelord.com
www.americasmutualbanks.com

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