

## MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: March 24, 2023

Re: March 29, 2023 Full Committee Hearing

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On Thursday, March 29, 2023, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building, the Committee on Financial Services will hold a hearing titled “The Federal Regulators Response to Recent Bank Failures.”

### Witnesses:

- The Honorable Martin J. Gruenberg, Chairman, Board of Directors of the Federal Deposit Insurance Corporation (FDIC)
- The Honorable Michael S. Barr, Vice Chair for Supervision, Board of Governors of the Federal Reserve
- The Honorable Nellie Liang, Under Secretary for Domestic Finance, U.S. Department of Treasury

### Background

This hearing will examine events leading up to the closure of Silicon Valley Bank (SVB), Santa Clara, CA and Signature Bank (Signature Bank), New York, NY by state and federal banking regulators. The hearing will also review the activities of federal and state regulators, receiverships, and steps toward resolving the failed banks by the FDIC, including the emergency measures taken by the U.S. Department of the Treasury, Federal Deposit Insurance Corporation, and Board of Governors of the Federal Reserve System.

### Timeline of Events:

March 8, 2023:

- SVB announced that it had sold \$21 billion of securities holdings to cover withdrawal requests at a \$1.8 billion loss. In response, SVB Financial Group (SVB’s holding company) announced its intention to issue \$2.25 billion in share offerings to raise capital.

March 9, 2023:

- SVB experienced \$42 billion in outflows.

March 10, 2023:

- The California Department of Financial Protection and Innovation closed SVB and appointed the FDIC as receiver.

March 11, 2023:

- The FDIC reportedly conducted an auction for a purchase and assumption (P&A) of SVB.

March 12, 2023:

- The FDIC announced that Signature Bank was closed by the New York Department of Financial Services and the FDIC was appointed receiver.
- The FDIC, in conjunction with the FRB and Treasury Secretary invoked the Systemic Risk Exception to the FDIC's least cost resolution mandate to insure all deposits of SVB and Signature.
- The Federal Reserve, using Federal Reserve Act section 13(3) authority, established the Bank Term Funding Program, offering banks loans of up to one year on U.S. Government collateral at the par value of the securities.
- The Treasury Secretary, in her role as Chairperson of the Financial Stability Oversight Council (FSOC) convened an FSOC meeting to discuss developments associated with the failures of SVB and Signature Bank.

March 13, 2023:

- The FDIC announced that it will restart the P&A auction for SVB and began an auction for Signature Bank.
- The Federal Reserve Board announced that Vice Chair for Supervision Michael Barr will lead a review of the supervision and regulation of SVB, in light of its failure.

March 17, 2023:

- SVB Financial files for Chapter 11 bankruptcy.

March 19, 2023:

- The FDIC announced that Flagstar Bank, N.A. a wholly owned subsidiary of New York Community Bancorp, will purchase the loan portfolio and substantially all deposits of Signature Bridge Bank, N.A.

March 20, 2023:

- The FDIC announced an extension of SVB's auction proceeding.