

**United States Senate**  
WASHINGTON, DC 20510-3005

March 27, 2023

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue N.W.  
Washington, D.C. 20551

Dear Chair Powell,

We write to request information from the Federal Reserve regarding its authority provided by 12 U.S.C. 5365(a)(2)(C) to apply enhanced supervision and prudential standards to banks. Specifically, we request further information on what, if any, actions the Fed took to apply these enhanced standards to Silicon Valley Bank (SVB) Financial Group.

As you are well aware, 12 U.S.C. 5365(a)(2)(C) empowers the Board of Governors (Board) to apply enhanced supervision and prudential standards to bank holding companies with total consolidated assets greater than \$100 billion, provided the Board determines such standards are appropriate to “prevent or mitigate risks to the financial stability of the United States...or to promote the safety and soundness of the bank holding company...”<sup>1</sup>

Prior to its failure, SVB Financial Group controlled \$212 billion in assets, falling short of the statutory threshold that designates all institutions with total assets over \$250 billion as systemically important.<sup>2</sup> Nonetheless, the bank’s failure prompted the Board to unanimously vote to invoke the systemic risk exemption provided under 12 U.S.C. 1823(c)(4)(G) to safeguard uninsured depositors at SVB and Signature Bank.<sup>3</sup> By invoking this authority, the Board made it clear that they viewed SVB’s collapse as systemic risk that warranted an extraordinary regulatory response.

In order to better understand how the Federal Reserve exercised its statutory authority under 12 U.S.C. 5365(a)(2)(C), we ask that you answer the following questions:

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<sup>1</sup> 12 USC 5365(a)(2)(C)(i) <https://www.govinfo.gov/content/pkg/USCODE-2021-title12/pdf/USCODE-2021-title12-chap53-subchapl-partC-sec5365.pdf>

<sup>2</sup> <https://www.svb.com/newsroom/facts-at-a-glance>

<sup>3</sup> <https://www.federalreserve.gov/aboutthefed/boardvotes.htm>

1. Did the Board of Governors, at any point in the past five years, apply or consider applying enhanced supervision or prudential standards to the SVB Financial Group under 12 U.S.C. 5365(a)(2)(C)? Why or Why not?
2. Did the Federal Reserve ever exercise its authority under 12 U.S.C. 5365(a)(2)(C) to apply enhanced supervision or prudential standards to a bank holding company with assets between \$100 billion and \$250 billion? If yes, please describe each instance.

We ask that you respond to these questions by close of business on April 10. Thank you for your time and attention to this matter.

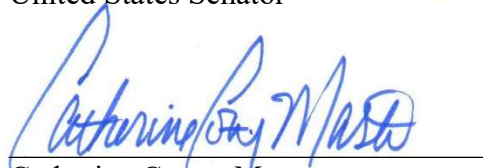
Sincerely,




Robert Menendez  
United States Senator



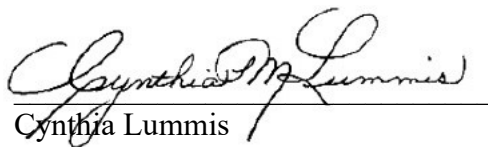
M. Michael Rounds  
United States Senator



Catherine Cortez Masto  
United States Senator



Thom Tillis  
United States Senator



Cynthia Lummis  
United States Senator

