



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 22, 2023

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

I am in receipt of your letter dated March 12, 2023, notifying the House Committee on Financial Services of your decision to invoke the emergency systemic risk exception pursuant to section 13 of the Federal Deposit Insurance Act (FDI Act), as amended. As you note, the FDI Act requires the Federal Deposit Insurance Corporation (FDIC) to identify the least cost resolution of a failed bank for the Deposit Insurance Fund (DIF).¹ Only when the least cost resolution “would have serious adverse effects on economic conditions or financial stability,” may the Secretary of the Treasury in consultation with the President and on the recommendations of the FDIC Board of Directors and Federal Reserve Board (FRB) authorize the FDIC to take action to mitigate such effects.²

As part of its notification, section 13 requires the Treasury Secretary to include a description of the basis for making a systemic risk determination. Notwithstanding your March 12th letter, the basis for your determinations remains unclear. To that end, please answer the following:

1. Which agency made the initial decision to seek to invoke the systemic risk exception?
2. On what date and at which time was this initial decision made?
3. If you did not make the initial decision, on what date and at which time was this decision communicated to you?
4. When on March 12, 2023, was the decision made to invoke the systemic risk exception made?
5. Was a separate determination made to invoke the systemic risk exception for each bank?
6. On which date and at what time did you receive the FDIC Board’s recommendation?

¹ Section 13(c)(4)(B).

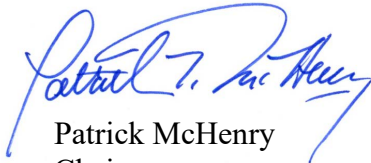
² Section 13(c)(4)(G)(iii).

7. On which date and at what time did you receive the Federal Reserve Board's recommendation?
8. On which date and at what time did you consult with the President? Did you communicate with the White House before speaking with the President? How many times did you
9. communicate with the President regarding this determination prior to the public announcement on March 12th? How many times did you speak with the White House?
10. Were other officials within the Executive Office of the President part of your consultation with the President and, if so, please identify those officials.
11. On March 10, 2023, Silicon Valley Bank (SVB)'s failure was described as an idiosyncratic event. Yet, on March 12 the decision was made to invoke the systemic risk exception. Please explain the change in circumstances between March 10th and March 12th that led to the conclusion that a least cost resolution would have serious adverse effects on economic conditions or financial stability?
12. In the days leading up to March 10th, were you aware of the circumstances surrounding SVB's and, separately, surrounding Signature Bank's troubled conditions and ultimate failures?
13. Relatedly, were you aware of potential bidders for either SVB or Signature Bank prior to their closure on March 10th?
14. Were you involved in evaluating potential bidders for either SVB or Signature Bank, and if so, what criteria did you use to evaluate bids?
15. Did your evaluations of potential bidders factor into your decision to invoke the systemic risk exception for SVB or for Signature Bank? If so, how did the auction process factor in your decision?
16. At what time, on March 12th, did you convene a videoconference meeting of the Financial Stability Oversight Council?
17. Had the New York Department of Financial Services closed Signature Bank, and assigned the FDIC as receiver, before or after the time at which you convened the special videoconference of the Financial Stability Oversight Council on March 12?

Please provide written answers to these questions no later than April 1, 2023. In addition, section 13 requires that the Treasury Secretary document these determinations.³ Please provide the documentation used in your determinations.

We appreciate your immediate attention to this request. If you have any questions, please do not hesitate to contact Jeff Wrase at (202) 225-7502.

Sincerely,



Patrick McHenry
Chairman



French Hill
Vice Chairman

CC: The Honorable Maxine Waters, Ranking Member

³ *Id.*