



Congress of the United States
House of Representatives
Washington, DC 20515

April 24, 2023

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW, Washington, DC 20429

Re: FDIC agreement with BlackRock Financial Market Advisory to conduct portfolio sales.

As you know, the Committee on Financial Services is reviewing the recent bank failures and corresponding regulatory actions and inactions that led to invocation of the systemic risk exception and blanket deposit guarantees among other actions. On Wednesday, April 5, 2023, the Federal Deposit Insurance Corporation (FDIC) announced it retained BlackRock Financial Market Advisory “to conduct portfolio sales, which will be gradual and orderly, and will aim to minimize the potential for any adverse impact on market functioning by taking into account daily liquidity and trading conditions.” The FDIC reports there are two portfolios, with face values of “approximately \$27 billion and \$87 billion, respectively,” consisting primarily of agency mortgage-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities.

On April 5, 2023, the FDIC announced an arrangement with BlackRock Financial Market Advisory (BR-FMA) to sell the securities retained from FDIC’s receiverships of the Former Signature Bank, New York, NY, and Silicon Valley Bank, Santa Clara, CA. Please provide the following:

A copy of the agreement(s), including any term sheets, between the FDIC, including any bridge bank or portfolio controlled by the FDIC, and BR-FMA.

1. List of all parties to the contract (including private and government agencies that participated in negotiations) to the agreement(s).
2. The names of all the negotiators who represented the parties to the agreement(s) (FDIC, any bridge bank or portfolio of the FDIC, BR-FMA, Federal Reserve, Treasury, and any others).
3. The names of all in-house counsel, outside counsel, accountants, employees, and any other professionals who represented the parties to the agreement(s).
4. A memorandum detailing all steps taken to date and steps that remain to be taken by BR-FMA in managing and selling whatever is the portfolio assigned to BR-FMA’s management (the portfolio) under the agreement(s).

5. A memorandum detailing how the agreement ensures gradual and orderly sales of the portfolio, and details describing how BR-FMA will minimize potential adverse impacts on market functioning and explain how orderly sales of two portfolios with aggregated value of roughly \$114 billion could impact market functioning, and what particular markets could be impacted.
6. A memorandum describing conditions within the agreements or agreements between FDIC, including any bridge bank or portfolio controlled by the FDIC, and BR-FMA that ensure that there are no conflicts of interest between BR-FMA, and other entities controlled by BlackRock.
7. A memorandum describing the “two portfolios,” assets included in each portfolio to be sold by BR-FMA under the agreement(s), including, but not limited to, the type of assets, face value and book value of the assets, and maturities of the assets.
8. Documentation, including communications between FDIC and BR-FMA, of how and why BR-FMA was selected as portfolio manager and seller, and whether there was a competitive bidding process in place in making the selection. If multiple portfolio management firms were considered, please provide evidence of their bids.

Please respond by close of business on March 26, 2023. If you have any questions, please do not hesitate to contact Jeff Wrase at (202) 225-7520.

Sincerely,



Andy Barr
Chairman
Financial Institutions and Monetary Policy Subcommittee
Financial Services Committee