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March 12, 2023

Distressed Bank Update as of March 12, 2023



At 6:15 p.m. ET on March 12, 2023, the Department of the Treasury, Federal Reserve, and FDIC announced "actions enabling the FDIC to complete its resolution of Silicon Valley Bank, Santa Clara, California, in a manner that fully protects all depositors. Depositors will have access to ***all of their money*** starting Monday, March 13" (emphasis added).

The [joint press release](#) details their announcement.

The joint statement also announced "a similar systemic risk exception for Signature Bank, New York, New York, which was closed today by its state chartering authority. ***All depositors of this institution will be made whole***" (emphasis added).

The [New York Department of Financial Services \(DFS\)](#) also announced [Sunday evening](#) that it has taken possession of Signature Bank.

The [FDIC announced that the DFS has appointed the FDIC as receiver](#) and that "The transfer of all the deposits was completed under the systemic risk exception approved earlier today. ***All depositors of the institution will be made whole***" (emphasis added).

Finally, on Sunday evening March 12, 2023, the [Federal Reserve posted a term sheet for borrowings through the emergency liquidity facility](#) it has established to help banks meet depositors' requests for withdrawals.

This "Bank Term Funding Program" will enable eligible institutions to pledge certain types of securities at par value for no-fee loans of up to one year in duration, with interest calculated at the one-year overnight index swap rate plus 10 basis points.

We will provide further updates on the [Founder Insights](#) blog as developments occur. **Please contact your Perkins Coie lawyer or email PCBankingTaskForce@perkinscoie.com with questions or for assistance.**

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