CADWALADER

Cabinet News and Views

Informed analysis for the financial services industry

FDIC Seeks More Bids for SVB Receivership Assets

By Daniel Meade
Partner | Financial Regulation

As we have previously discussed, after the failure of Silicon Valley Bank ("SVB"), the FDIC is operating the Silicon Valley Bridge Bank, N.A. ("Bridge Bank") in many ways as if it's business as usual to help preserve as much value as it can for the resolution of SVB. Given the speed of SVB's failure, the FDIC did not have the time it usually does to arrange for the sale of assets and assumption of deposits that you typically see on a Friday evening when a bank is usually closed. Numerous press outlets reported that the FDIC did not obtain adequate bids on the first weekend after the closure of SVB.

This past Monday, the FDIC announced that it was extending the bid window for the Bridge Bank. Rather than just accepting bids for all or substantially all of the Bridge Bank, "the FDIC will allow parties to submit separate bids for [the Bridge Bank] and its subsidiary Silicon Valley Private Bank." The FDIC also noted that "[b]ank and non-bank financial firms will be permitted to bid on the asset portfolios." Bids for the private bank sub were due Wednesday night, and bids for the Bridge Bank are due tomorrow (Friday, March 24) by 8:00 p.m. EDT.

The extension of the bid window suggests that the FDIC has not found a solution that it deems adequate. It also suggests that while the FDIC's hope may have initially been to have a whole-bank purchase, the FDIC may be coming to a realization that selling the Bridge Bank in pieces may bring more value to the resolution of SVB.