

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: May 5, 2023

Re: May 10, 2023 Subcommittee Hearing: “Federal Response to Recent Bank Failures”

On Wednesday, May 10, 2023, at 2:00 p.m. in Room 2128 of the Rayburn House Office Building, the Financial Services Subcommittee on Financial Institutions and Monetary Policy will hold a hearing titled “Federal Response to Recent Bank Failures.” The following witnesses will testify:

- Margaret E. Tahyar, Partner, Davis Polk & Wardwell LLP
- Jonathan Gould, Partner, Jones Day
- Thomas Michaud, President and CEO, Keefe, Bruyette & Woods
- Professor Kathryn Judge, Harvey J. Goldschmid Professor of Law and Vice Dean for Intellectual Life, Columbia Law School

Background

The hearing will examine events leading up to and surrounding the closure of Silicon Valley Bank (SVB), Santa Clara, CA, Signature Bank (Signature Bank), New York, NY; First Republic Bank, San Francisco, CA; and First Republic Bank, San Francisco, CA by state and federal banking regulators. The hearing will review activities and decisions of federal and state regulators, steps toward resolving the failed banks by the Federal Deposit Insurance Corporation (FDIC), and emergency measures taken by the U.S. Department of the Treasury, Board of Governors of the Federal Reserve System, and the FDIC.

On April 28, 2023, the FDIC, Federal Reserve, and Government Accountability Office issued reports on the bank failures and surrounding circumstances.

Legislative Proposals

The bills outlined below will be discussed during hearing:

H.R. _____, a bill to enhance the reporting and testimony requirements for Federal banking agencies

This bill would require the head of each Federal banking agency (FDIC, OCC, NCUA) to testify semi-annually before the House Financial Services Committee and Senate Banking Committee. Currently, only the Fed’s Vice Chair for Supervision has a testimony requirement.

The bill would also expand the reporting requirements for each Federal banking agency relating to their supervision activities, including providing confidential reports to the Chair and Ranking Member of the House Financial Services Committee and Senate Banking Committee.

H.R. _____, a bill to enhance FDIC transparency

This bill would enhance and expand reporting requirements for the FDIC's receivership and resolution activities.

H.R. _____, a bill to enhance Federal Reserve transparency

This bill would enhance transparency and accountability of the Federal Reserve's emergency lending authorities for use in "unusual and exigent circumstances" under section 13(3) of the Federal Reserve Act, while not affecting monetary policy independence.

H.R. _____, a bill to enhance Financial Stability Oversight Council transparency

This bill would enhance transparency surrounding FSOC activities and place any new FSOC budget requests onto appropriations. Currently FSOC is funded by increased fees charged at Treasury's discretion by the Office of Financial Research.

H.R. _____, a bill to increase financial stabilization transparency

This bill would enhance the transparency surrounding financial stabilization actions by the Federal banking agencies and Treasury and requires Congress to establish means of maintaining confidentiality of such material.

H.R. _____, a bill to establish Federal Reserve Vice Chair for Supervision experience requirement

This bill would require that the Vice Chair for Supervision must have experience working in or supervising banking organizations.