

March 10, 2024

The Honorable Michael Barr  
Vice Chair for Supervision  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, D.C. 20551

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

The Honorable Michael J. Hsu  
Acting Comptroller  
Office of the Comptroller of the Currency  
400 7th Street SW  
Washington, D.C. 20219

Dear Vice Chair Barr, Chairman Gruenberg, and Acting Comptroller Hsu:

I write, on the anniversary of the collapse of Silicon Valley Bank (SVB), seeking information on your progress following through with your public commitments to strengthen regulatory standards for banks with assets over \$100 billion in order to protect consumers and taxpayers and preserve the safety and soundness of our banking system.

A year ago on March 10, 2023, SVB – then the 16<sup>th</sup>-largest bank in the country – collapsed, making it the second-largest bank failure in American history at the time and the biggest bank failure since the 2008 financial crisis.<sup>1</sup> SVB followed the sudden dissolution of Silvergate Bank on March 8, 2023 and triggered the collapse of Signature Bank, then the 29<sup>th</sup>-largest bank in the country, on March 12, 2023.<sup>2</sup> First Republic Bank, the 14<sup>th</sup>-largest bank in the country, failed less than two months later on May 1, 2023.<sup>3</sup>

These bank failures followed the 2018 enactment of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (EGRRCPA), which, after years of lobbying by the banking industry,

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<sup>1</sup> Forbes, “What to Know About Silicon Valley Bank’s Collapse - The Biggest Bank Failure Since 2008,” Conor Murray, March 13, 2023, <https://www.forbes.com/sites/conormurray/2023/03/13/what-to-know-about-silicon-valley-banks-collapse-the-biggest-bank-failure-since-2008/?sh=5b6496c84c27>; Federal Reserve Board of Governors, “Large Commercial Banks,” December 31, 2022, <https://www.federalreserve.gov/releases/lbr/20221231/default.htm>.

<sup>2</sup> The New York Times, “Banking Turmoil: What We Know and How It Happened,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>; Federal Reserve Board of Governors, “Large Commercial Banks,” December 31, 2022, <https://www.federalreserve.gov/releases/lbr/20221231/default.htm>.

<sup>3</sup> New York Times, “First Republic Bank Is Seized by Regulators and Sold to JPMorgan Chase,” Maureen Farrell, Jeanna Smialek, and Lauren Hirsch, May 1, 2023, <https://www.nytimes.com/2023/05/01/business/first-republic-bank-jpmorgan.html>.

rolled back critical Dodd-Frank protections.<sup>4</sup> The bill “was designed to ensure that lenders with between \$50 billion and \$250 billion in assets — then covering about two dozen of the country’s largest banks, including SVB — no longer faced a range of strict rules that apply to their bigger counterparts.”<sup>5</sup> Post-mortem analyses, including a report by the Federal Reserve (Fed), have identified the 2018 Dodd-Frank roll back, and the banking agencies’ further weakening of big bank regulations in response to that law, as a key contributing factor to last year’s bank failures.<sup>6</sup> According to the Fed, its response to the 2018 law “impeded effective supervision by reducing standards, increasing complexity, and promoting a less assertive supervisory approach.”<sup>7</sup>

Following the collapse of SVB, President Biden issued a statement urging bank regulators to “[r]einstate rules that were rolled back in the previous Administration for banks with assets between \$100 and \$250 billion, including liquidity requirements and enhanced liquidity stress testing, annual supervisory capital stress tests, comprehensive resolution plans and strong capital requirements for banks.”<sup>8</sup> In a March 2023 hearing of the Senate Banking, Housing, and Urban Affairs Committee, in response to my questions, you each committed to use your respective authorities to do so.<sup>9</sup>

I strongly support your agencies’ work to finalize the Basel III rule to strengthen capital requirements for the biggest banks.<sup>10</sup> In addition to this effort, I also urge you to follow through on the commitments you made in March 2023 to implement President Biden’s request for stronger capital and liquidity requirements, stress tests, and resolution planning for banks with at least \$100 billion in assets.

Since last year’s bank crisis, the big bank lobby has ramped up efforts to fight off stronger rules that would protect taxpayers and our financial system. Big banks spent at least \$55 million in 2023

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<sup>4</sup> Forbes, “How Trump’s Deregulation Sowed The Seeds For Silicon Valley Bank’s Demise,” Mayra Rodriguez, March 12, 2023, <https://www.forbes.com/sites/mayrarodriguezvalladares/2023/03/12/how-trumps-deregulation-sowed-the-seeds-for-silicon-valley-banks-demise/?sh=297c62fa3432>.

<sup>5</sup> Politico, “The Fed has mishandled this about 7 different ways’: SVB rescue sparks backlash,” Victoria Guida, March 20, 2023, <https://www.politico.com/news/2023/03/17/fed-svb-regulation-michael-barr-00087717>.

<sup>6</sup> Federal Reserve Board of Governors, “Review of the Federal Reserve’s Supervision and Regulation of Silicon Valley Bank,” April 28, 2023, <https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> White House, “FACT SHEET: President Biden Urges Regulators to Reverse Trump Administration Weakening of Common-Sense Safeguards and Supervision for Large Regional Banks,” March 30, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/30/fact-sheet-president-biden-urges-regulators-to-reverse-trump-administration-weakening-of-common-sense-safeguards-and-supervision-for-large-regional-banks/>.

<sup>9</sup> Senator Warren, “At Hearing, Warren Secures Key Federal Regulators’ Commitments to Strengthen Banking Rules,” March 28, 2023, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-secures-key-federal-regulators-commitments-to-strengthen-banking-rules>.

<sup>10</sup> Office of the Comptroller of the Currency, “Regulatory Capital: Notice of Proposed Rulemaking to Revise Requirements for Large Banking Organizations and Banking Organizations With Significant Trading Activity,” July 27, 2023, <https://www.occ.gov/news-issuances/bulletins/2023/bulletin-2023-24.html#:~:text=On%20July%2027%2C%202023%2C%20the,regulatory%20capital%20requirements%20applicable%20to>.

and the number of big bank government lobbyists is the highest since the 2008 financial crisis.<sup>11</sup> The growth in the number of lobbyists over the last year was driven by the banks with more than \$100 billion in assets.<sup>12</sup>

In order to understand what steps your agencies have taken in the last year toward meeting your public commitments to strengthen rules for the biggest banks, I ask that you provide answers to the following questions no later than March 25, 2024:

1. Please describe the efforts you are taking to strengthen rules – including capital and liquidity requirements, stress tests, and resolution planning – for banks with more than \$100 billion in assets.
2. When do you expect to announce and implement these rules?
3. How many banks that your agency oversees do you anticipate will be subject to these new rules?
4. Do you intend to implement these rules through a formal notice and comment process?
5. Has the big bank lobby’s unprecedented assault against the Basel III capital rule weakened your resolve to use your existing authorities to strengthen additional rules for banks with more than \$100 billion in assets?

Thank you for your attention to this matter.

Sincerely,



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Elizabeth Warren  
United States Senator

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<sup>11</sup> Reuters, “US bank lobbyists ranks swell to post-crisis high amid regulatory pushback,” Douglas Gillison, February 8, 2024, [https://www.reuters.com/business/finance/us-bank-lobbyists-ranks-swell-post-crisis-high-amid-regulatory-pushback-2024-02-08/#:~:text=Feb%20%20\(Reuters\)%20%2D%20The,turbulence%2C%20new%20lobbying%20data%20shows](https://www.reuters.com/business/finance/us-bank-lobbyists-ranks-swell-post-crisis-high-amid-regulatory-pushback-2024-02-08/#:~:text=Feb%20%20(Reuters)%20%2D%20The,turbulence%2C%20new%20lobbying%20data%20shows).

<sup>12</sup> *Id.*