Frost Brown Todd Launches Coordinated Effort to Support Clients Following Bank Failures

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Frost Brown Todd has formed a multi-disciplined, multi-office Failed-Bank Response Team, which has been working around the clock since Thursday morning when we learned of the impending closure of Silicon Valley Bank. Initially, we were focused on (1) whether our clients' deposited funds would be safe over the $250,000 FDIC insurance cap, (2) whether our clients would have access to lines of credit and treasury management services, and (3) working through our clients' obligations to their stakeholders, including shareholders, investors and other third parties.

The FDIC has since transferred substantially all of the assets of Silicon Valley Bank and Signature Bank to newly created banks to protect all depositors of the failed banks. Unlike a traditional FDIC receivership where only insured deposits below the FDIC cap are transferred to an FDIC interim bank, these specially formed "bridge banks" will be full-service banks operated by the FDIC with the intention of allowing depositors to continue their businesses as usual for the time being.

The situation is rapidly evolving for other treasury management services, leaving many complex cash flow concerns unresolved at the moment. However, the FDIC has signaled its intention to attempt to stabilize as many operations as possible. The Federal Reserve has also announced that funding will be made available to eligible depository institutions through the creation of a new Bank Term Funding Program to avoid potential liquidity issues related to customer demands for their deposits.

While these most recent measures provide some level of comfort, our clients may still have concerns regarding their current business and/or banking operations and relationships, including:

- Access to deposits and lines of credit
- Employment and payroll issues

- Cash flow disruption concerns, including cash management and lockbox services
- Credit facilities involving failed banks (as lender or agent)
- Securities disclosure requirements
- Liquidity requirements and other loan obligations
- Escrow accounts
- Offset rights
- Qualified Financial Contracts, including securities contracts and derivatives
- Eligibility for the Bank Term Funding Program

Frost Brown Todd's multi-disciplined Failed-Bank Response Team is prepared to work through these issues with our clients and is actively planning for the rippling effects as this situation continues to evolve. Please reach out to any member of our response team for assistance.

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