



Silicon Valley Bank Parent Company Files for Bankruptcy

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SVB Financial Group, the corporate parent of Silicon Valley Bank, filed for Chapter 11 protection in the U.S. Bankruptcy Court for the Southern District of New York on March 17. According to a press release issued by SVB Financial Group, its related entities SVB Securities and SVB Capital are not included in the Chapter 11 filing. This bankruptcy filing comes a week after regulators took control of the failed Silicon Valley Bank.

Upon filing its Chapter 11 petition, SVB Financial Group obtained the protection of the automatic stay and halted pending actions against the debtor company. With the automatic stay in place, SVB Financial Group may formulate a plan to repay its creditors, relief unavailable to Silicon Valley Bank under the United States Bankruptcy Code due to its status in the Federal Reserve System.

According to published reports, SVB Financial Group has indicated that it hopes to sell its remaining assets as part of the bankruptcy process, which requires approval from the bankruptcy court. The proceeds from the sale of SVB Financial Group's assets will be used to repay its creditors in order of their respective priorities under the United States Bankruptcy Code. In its Chapter 11 bankruptcy petition, SVB Financial Group indicated that the estimated value of its assets is between \$1 billion and \$10 billion, with estimated liabilities also between \$1 billion and \$10 billion. While it is not yet known how SVB Financial Group intends to market its assets, the company's Chapter 11 filing may provide opportunities for parties interested in purchasing distressed assets.

As SVB Financial Group's bankruptcy case progresses, it is important that entities that are party to contracts with SVB stay up to date regarding filings in the case and related deadlines. Parties to those contracts must generally continue performing their agreements with SVP Financial Group. Moreover, SVB Financial Group will likely be filing motions seeking, among other things, to reject or assume and assign active contracts it currently holds with other parties. A contract counterparty's failure to object or

otherwise assert its rights relating to these contracts may result in financial loss that could have been avoided. Likewise, creditors with claims against SVB Financial Group must remain vigilant regarding deadlines to file proofs of claim to avoid missing out on a potential recovery.

Frost Brown Todd's Failed-Bank Response Team will continue to monitor the case and any further bankruptcy filings related to the banking crisis. If you would like further information related to the SVB Financial Group bankruptcy or have any questions related to the banking industry, please contact Frost Brown Todd's [Bankruptcy & Restructuring](#) practice group.

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