

March 13, 2023

Special edition: Silicon Valley Bank UK - Update

Further to our [alert](#) of 12 March 2023, the Bank of England (BoE) announced in a [statement](#) today that it has exercised its resolution powers to sell Silicon Valley Bank UK Limited (SVB UK) to HSBC UK Bank Plc (HSBC), instead of proceeding with opening a bank insolvency procedure.

This decision was made in consultation with the Prudential Regulation Authority (PRA), HM Treasury (HMT) and the Financial Conduct Authority (FCA) and is one of three resolution strategies available under the Special Resolution Regime created by the Banking Act 2009 (BA 2009).

In taking this decision, the BoE, in consultation the PRA, FCA and HMT, determined that the following conditions were met:

1. SVB UK was failing or likely to fail;
2. with regard to timing and other circumstances, it was not reasonably likely that action would be taken by or in respect of SVB UK that would result in the above condition no longer being met;
3. exercise of these powers were necessary in the public interest in advancing the special resolution objectives set out in the BA 2009 (including, amongst other things, protecting and enhancing the stability of and public confidence in the UK financial system); and
4. the special resolution objectives would not be met to the same extent by the winding up of SVB UK (as would have been achieved by the opening of a bank insolvency procedure).

SVB UK has made available on its website the [Silicon Valley Bank UK Limited Mandatory Reduction and Share Transfer Instrument](#) issued by the BoE, which took effect from 7:00am on 13 March 2023. This instrument effects the transfer of all issued ordinary shares in SVB UK to HSBC for £1, as well as the reduction to zero and cancellation of all liabilities of SVB UK in respect of £322 million perpetual subordinated notes issued by SVB UK as Additional Tier 1 Instruments and £33 million subordinated debt notes due 2032 issued by SVB UK as Tier 2 Instruments.

The BoE and [HMT](#) have confirmed that deposits with SVB UK are now safe and secure and that SVB UK's business will continue to operate normally.

This alert should not be construed as legal advice as it does not consider the particular facts of any specific situation or the documentation relating thereto. To the extent that you have any particular circumstances on which you require advice, we encourage you to reach out to your Ropes & Gray contacts to discuss the specific facts, circumstances and documentation relating thereto.

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