

**Statement by Vice Chairman Travis Hill on the Proposed Changes to the FDIC Governance Process for IDIs with \$50 Billion or More in Assets**

August 29, 2023

I plan to vote in favor of both proposals.

When Silicon Valley Bank and Signature Bank failed in March, and Board members were asked to support the systemic risk exception, I felt strongly that the two-thirds Board vote requirement<sup>1</sup> should flow through to the sales of the failed banks. I appreciate the Chairman's willingness to agree to that request, I do not think those Board votes impeded the sales process, and I think it was helpful to have had consensus at the Board in support of the options chosen.

As Director McKernan noted in his statement, and as my colleagues have often reminded the world over the past couple years, the management of the FDIC is vested in the Board of Directors,<sup>2</sup> and it seems hard to deprive the Board a role in resolving large banks. As a result, I will support Director McKernan's proposal. That being said, I am also mindful of the potential time constraints that could be present when one of these institutions fails, and I view the staff's proposal as a reasonable compromise that balances these objectives while achieving a similar result.

I also appreciate the Chairman's willingness to include a separate provision I requested that will require the staff to share certain information related to failed bank auctions with Board members following bank failures of any size.

Separately, I do find it a little strange that Director McKernan's proposal may get voted down on the same day we approve proposed changes to the IDI resolution planning rule (IDI Rule) that, as I understand it, would require the FDIC Board to vote on the credibility of every IDI resolution plan. In practice, this means the Board would be required to vote on how a bank is resolved if it fails in never-never land, but would not necessarily vote on how the bank is resolved if it fails on planet Earth.

I would like to thank Director McKernan and the staff for advancing these proposals, and I look forward to supporting both of them.

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<sup>1</sup> See 12 U.S.C. § 1823(c)(4)(G)(i).

<sup>2</sup> 12 U.S.C. § 1812(a)(1).