

Congress of the United States
Washington, DC 20515

March 20, 2023

Hon. Gary Gensler, Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair Gensler,

We write today urging the Securities and Exchange Commission (SEC) to use all tools at its disposal to hold Silicon Valley Bank (SVB) executives accountable for wrongdoing in the days leading up to the bank's collapse.

Small business owners and workers across the country rely on banks—big and small—to make daily expenses and pay their employees. While part of that trust lies in ensuring banks are solvent, we must also shore up the integrity of financial institutions. The concerns laid out in this letter drastically undermine depositor faith in banks and must be addressed.

By nature of their positions, corporate executives have access to nonpublic information that could give them a financial advantage when trading shares. For nearly 20 years, so-called 10b5-1 plans have set rules of the road to ensure executives don't engage in insider trading. These plans allow corporate insiders to sell shares by scheduling share sales in advance.

According to SEC filings, SVB Chief Executive Greg Becker sold nearly \$3.6 million in shares, and SVB Chief Financial Officer Daniel Beck sold \$575,000 worth of shares, on February 27, 2023, just eleven days before the SVB collapse. Both of these sales were done under a 10b5-1 plan filed in January.

Notably, the SEC adopted a series of key reforms to Rule 10b5-1 on December 22, 2022. In doing so, you noted the potential abusive practices around 10b5-1 plans. The additional safeguards include a mandatory 90-day cooling off period, director and officer certifications regarding material nonpublic information and an enhanced good faith condition applicable to all plans and sales. These new rules took effect on the exact date the executives sold their stock, February 27, 2023, and apply to plans filed after April 1, 2023. The timing of the executives' 10b5-1 plans and stock sales (executed well within the reformed Rule's 90-day window that would have prohibited the sales) suggests they were attempting to "skirt" the new, enhanced rule.

At best, the behavior of SVB executives misleading customers and potential investors in the weeks leading up to the collapse was immoral. At worst, this behavior is potentially criminal. We are pleased the SEC has opened an investigation into these transactions. To the extent possible, we urge you to publicly report on the findings of this investigation and reforms that could be undertaken by the SEC or Congress to further strengthen insider trading rules.

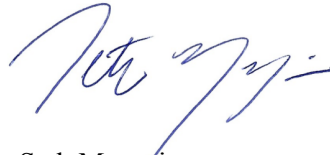
A healthy banking system necessitates that people have faith in the integrity and solvency of banks of ALL sizes. We hope the SEC will use as many resources as possible to uncover any wrongdoing and restore public faith in these institutions and the system at large.

We look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MGP', with a stylized, cursive style.

Marie Gluesenkamp Perez
Member of Congress

A handwritten signature in blue ink, appearing to read 'Seth Magaziner', with a stylized, cursive style.

Seth Magaziner
Member of Congress