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Signature Bank Is Shut by Regulators After SVB Failure

Failure of real estate lender hobbled by crypto bet is third-largest in history



Signature Bank became one of the crypto market's leading banks.

PHOTO: MARISSA ALPER FOR THE WALL STREET JOURNAL

By [Rachel Louise Ensign](#) and [David Benoit](#)

March 12, 2023 7:23 pm ET

Signature Bank was closed by regulators on Sunday, the second massive bank failure in three days.

The New York-based bank faced a crisis of confidence after midsize lender [SVB Financial Corp.](#) was [seized by regulators on Friday](#). Signature was also reeling from a bet on crypto banking that foundered after the sector imploded and banking regulators cracked down on lenders' exposure to digital assets. The failure is the third-largest in history.

The bank raced to find a buyer or another solution to shore up its finances before Monday morning, but failed to get a sale done in time, according to people familiar with the matter.

Signature customers [will get all of their deposits back](#), including ones above the \$250,000 limit for federal deposit insurance, banking regulators

said.

Signature has a large real estate lending business, but it ultimately became one of the crypto market's leading banks.

That focus and a bespoke payments system for crypto companies helped the bank more than [double deposits in](#) two years. In early 2022, some 27% of its deposits were from its digital-asset clients.

The bank's exposure to crypto became a problem as the year wore on. A market rout that deepened following the November collapse of Sam Bankman-Fried's crypto exchange, FTX, drained billions of dollars in deposits.

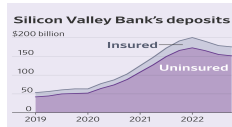
The bank has said it is dialing back on crypto and parting ways with some crypto clients. It cut ties with the international business of Binance, the biggest crypto exchange. But the moves failed to calm investors. The spiral deepened after the closures last week of [Silvergate Capital](#) Corp., another bank to the crypto world, and tech-focused Silicon Valley Bank.

Signature shares fell 23% on Friday, its worst day since it went public in 2004, and are down more than 75% in the last 12 months. The bank had \$110 billion in assets, and \$88.6 billion in deposits as of the end of 2022.

On Sunday, the [New York Department of Financial Services stepped in](#) and placed the bank into receivership with the Federal Deposit Insurance Corp.

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