

THG and musicMagpie move to reassure investors as Silicon Valley Bank's UK arm is sold to HSBC

THG and musicMagpie have moved to reassure investors as a deal was agreed for HSBC to acquire the UK arm of collapsed US lender Silicon Valley Bank.

The deal was announced this morning (Monday, March 13) after the Government and Bank of England stepped in to "facilitate" a private sale.

It came after the American authorities moved to stop a potential banking crisis after the historic failure of Silicon Valley Bank, amid fears that the factors that caused the Santa Clara, California-based bank to fail could spread.

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In a statement issued to the London Stock Exchange, Manchester-headquartered software and online retail giant THG confirmed it "does not have any exposure to SVB, either in relation to cash deposits or debt facilities".

Stockport-based musicMagpie added: "The group ended its loan arrangement with SVB when it entered a three-year £30m revolving credit facility with HSBC UK and NatWest in July 2022 and so the UK business is unaffected by the news.

"decluttr, the group's trading brand in the US, uses SVB as its transactional bank for day-to-day activities.

"The closure of SVB is unlikely to have an impact on the business because transactions through decluttr can be made via

alternative banking relationships outside of the US and the group had already been in discussions to move its US transactional banking relationship away from SVB.”

Cheshire-based Evgen Pharma also moved to reassure investors as the deal was announced, confirming that “it has neither deposits, loans nor any other financial instrument with any part of SVB”.

Chancellor Jeremy Hunt confirmed that all customer deposits have been protected under the deal, and that no taxpayer cash was involved.

Mr Hunt said: “Today the Government and the Bank of England have facilitated a private sale of Silicon Valley Bank UK. This ensures customer deposits are protected and can bank as normal, with no taxpayer support. I am pleased we have reached a resolution in such short order.

“HSBC is Europe’s largest bank, and SVB UK customers should feel reassured by the strength, safety and security that brings them.”

In a statement, the Bank of England said: “The Bank of England (Bank), in consultation with the Prudential Regulation Authority (PRA), HM Treasury (HMT) and the Financial Conduct Authority (FCA), has taken the decision to sell Silicon Valley Bank UK Limited (‘SVBUK’), the UK subsidiary of the US bank, to HSBC UK Bank Plc (HSBC). HSBC is authorised and supervised by the PRA and the FCA.

“This action has been taken to stabilise SVBUK, ensuring the continuity of banking services, minimising disruption to the UK technology sector and supporting confidence in the financial system.

“The Bank and HMT can confirm that all depositors’ money with SVBUK is safe and secure as a result of this transaction. SVBUK’s business will continue to be operated normally by

SVBUK. All services will continue to operate as normal and customers should not notice any changes.

“Customers can continue to contact SVBUK through the usual channels and borrowers should make any loan repayments to SVBUK as normal. SVBUK staff remain employed by SVBUK, and SVBUK continues to be a PRA/FCA authorised bank.”

The US government has taken emergency steps in an attempt to prevent more instability among banks after the historic failure of Silicon Valley Bank and assured clients of the failed financial institution that they would be able to recover all of their money quickly. The announcement came amid fears that the factors that caused the Santa Clara, California-based bank could spread, and only hours before trading began in Asia.

Regulators had worked all weekend to try to come up with a buyer for the bank or broker another intervention, and as another bank, Signature Bank, was shuttered. The Treasury Department, Federal Reserve and Federal Deposit Insurance Corporation (FDIC) said on Sunday that all Silicon Valley Bank clients will be protected and have access to their funds and announced steps designed to protect the bank’s customers and prevent more bank runs.

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