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SVB's $7 Billion Municipal Bond Portfolio Could Pose Challenge for Liquidators.

- **Liquidity and de minimis tax risk seen as potential challenges**
- **BlackRock sale of failed banks' munis began on Tuesday**

Silicon Valley Bank's roughly $7 billion municipal bond portfolio could pose a challenge for BlackRock Inc. as it starts liquidating the failed bank's securities, investors say.

The lender's muni holdings were mostly long-dated bonds with low coupons, according to Nicholos Venditti, senior portfolio manager at Allspring Global Investments LLC, who said he saw the breakdown in a list circulated by dealers.

The bonds fit solidly into a category of debt that got hammered by rising interest rates, the very phenomenon that ultimately helped spur the turmoil in the banking industry. Munis due in 22 years or longer lost 15.6% last year, almost double the decline of the broader market, data compiled by Bloomberg show.

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