

Union Calendar No. 883

115TH CONGRESS
2D SESSION

H. R. 6741

[Report No. 115–1116, Part I]

To amend the Federal Reserve Act to increase monetary policy transparency and accountability and to make reforms to the Federal Reserve System, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 7, 2018

Mr. BARR (for himself, Mr. LUCAS, Mr. MOONEY of West Virginia, Ms. TENNEY, and Mr. DAVIDSON) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JANUARY 2, 2019

Reported from the Committee on Financial Services with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

JANUARY 2, 2019

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on September 7, 2018]

A BILL

To amend the Federal Reserve Act to increase monetary policy transparency and accountability and to make reforms to the Federal Reserve System, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
 5 *“Federal Reserve Reform Act of 2018”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 7 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Monetary policy transparency and accountability.

Sec. 3. Independence from credit policy.

Sec. 4. Congressional accountability for emergency lending programs.

Sec. 5. Interest rates on balances maintained at a Federal Reserve Bank by de-
pository institutions established by Federal Open Market Com-
mittee.

Sec. 6. Membership of Federal Open Market Committee.

Sec. 7. Bringing the non-monetary policy related functions of the Board of Gov-
ernors of the Federal Reserve System into the appropriations
process.

Sec. 8. Amendment to appointment of presidents of Federal Reserve Banks.

Sec. 9. Federal Open Market Committee blackout period.

Sec. 10. Salaries, financial disclosures, and office staff of the Board of Governors
of the Federal Reserve System.

Sec. 11. Vice Chairman for Supervision report requirement.

8 **SEC. 2. MONETARY POLICY TRANSPARENCY AND ACCOUNT-**
 9 **ABILITY.**

10 *Section 12A of the Federal Reserve Act (12 U.S.C. 263)*
 11 *is amended—*

12 (1) *by redesignating subsections (b) and (c) as*
 13 *subsections (d) and (e), respectively; and*

14 (2) *by inserting after subsection (a) the following*
 15 *new subsections:*

16 “(b) *POLICY TRANSPARENCY.*—

17 “(1) *MONETARY POLICY STRATEGY.*—

1 “(A) *IN GENERAL.*—*The Committee shall*
 2 *annually establish exactly 1 monetary policy*
 3 *strategy, which shall serve as a non-technical*
 4 *public communication of the Committee’s con-*
 5 *sensus expectation for the conduct of monetary*
 6 *policy during that calendar year.*

7 “(B) *REQUIREMENTS.*—*Each monetary pol-*
 8 *icy strategy of the Committee shall include the*
 9 *following:*

10 “(i) *A plain English description of*
 11 *how the Committee would adjust each of the*
 12 *following monetary policy instruments in*
 13 *reaction to changes in a small and well-de-*
 14 *finied set of publicly available economic in-*
 15 *dicators:*

16 “(I) *Short-term interest rate tar-*
 17 *gets established by the Committee.*

18 “(II) *Open-market operations au-*
 19 *thorized under section 14.*

20 “(III) *Earnings on balances*
 21 *maintained at a Federal reserve bank*
 22 *by or on behalf of a depository institu-*
 23 *tion under section 19(b)(12).*

24 “(ii) *An identification of 1 monetary*
 25 *policy instrument from the list in clause (i)*

1 that the Committee expects to use as the
2 primary instrument for implementing the
3 monetary policy strategy described under
4 subparagraph (A).

5 “(2) *REFERENCE MONETARY POLICY RULES.*—In
6 addition to the monetary policy strategy required
7 under paragraph (1), the Committee shall annually
8 adopt at least 1 and not more than 3 reference mone-
9 tary policy rules, each of which shall mathematically
10 express how the primary monetary policy instrument
11 identified under paragraph (1)(B)(ii) reacts to
12 changes in a small and well-defined set of publicly
13 available economic indicators.

14 “(3) *DEVIATIONS.*—Nothing in this subsection
15 shall be construed to prevent the Committee from set-
16 ting short-term interest rate targets, conducting open-
17 market operations, or paying earnings on balances
18 pursuant to section 19(b)(12) in a manner that devi-
19 ates from a monetary policy strategy or any reference
20 monetary policy rules established under this sub-
21 section.

22 “(c) *TESTIMONY AND REPORTS OF THE CHAIRMAN.*—
23 The Chairman shall, concurrent with each semi-annual
24 hearing required under section 2B, submit a report to the
25 Committee on Banking, Housing, and Urban Affairs of the

1 *Senate and the Committee on Banking and Financial Serv-*
 2 *ices of the House of Representatives, containing—*

3 “(1) a statement as to whether the monetary pol-
 4 icy strategy established under subsection (b)(1) quali-
 5 tatively differs from any of the reference monetary
 6 policy rules required under subsection (b)(2) and, if
 7 applicable, a full and non-technical explanation of
 8 any such difference;

9 “(2) a statement as to whether the Committee’s
 10 conduct of monetary policy since the previous report
 11 quantitatively differs from any reference monetary
 12 policy rule and, if applicable, a full and non-tech-
 13 nical explanation of any such differences; and

14 “(3) a description of—

15 “(A) the circumstances under which the
 16 Committee’s monetary policy strategy may be
 17 amended from year to year; and

18 “(B) a full and non-technical explanation of
 19 any such actual amendment.”.

20 **SEC. 3. INDEPENDENCE FROM CREDIT POLICY.**

21 (a) *RETURNING TO A MONETARY POLICY BALANCE*
 22 *SHEET.—*

23 (1) *IN GENERAL.—*Not later than 1 year after
 24 the date of the enactment of this Act—

1 (A) *the Board of Governors of the Federal*
 2 *Reserve System shall transfer to the Department*
 3 *of the Treasury all covered assets that are neither*
 4 *gold stock, Treasury currency, nor direct obliga-*
 5 *tions of the United States, foreign central banks,*
 6 *or the International Monetary Fund; and*

7 (B) *the Secretary of the Treasury shall*
 8 *transfer to the Federal reserve banks direct obli-*
 9 *gations of the United States of equivalent market*
 10 *value to such covered assets.*

11 (2) *COVERED ASSETS DEFINED.—In this sub-*
 12 *section, the term “covered assets” means all assets—*

13 (A) *purchased through open-market oper-*
 14 *ations by the Federal reserve banks; or*

15 (B) *acquired through transactions under the*
 16 *following sections of the Federal Reserve Act (12*
 17 *U.S.C. 221 et seq.):*

18 (i) *Section 10A before the date of the*
 19 *enactment of this Act.*

20 (ii) *Section 10B.*

21 (iii) *Section 13.*

22 (iv) *Section 13A.*

23 (v) *Section 24.*

24 (b) *OPEN MARKET ASSET PURCHASES.—Section 14(b)*
 25 *(12 U.S.C. 355) of the Federal Reserve Act (relating to*

1 “Purchase and sale of obligations of United States, States,
2 counties, etc.”) is amended to read as follows:

3 “(b) To buy and sell in the open market, at home or
4 abroad, under the direction and regulations of the Federal
5 Open Market Committee, gold stock, Treasury currency, or
6 direct obligations of the United States, foreign central
7 banks, or the International Monetary Fund. Nothing in this
8 subsection shall be construed to limit advances under sec-
9 tion 10B, or discount loans under sections 13, 13A, or 24.”.

10 (c) MAINTAINING A MONETARY POLICY BALANCE
11 SHEET.—

12 (1) ASSETS ACQUIRED UNDER EMERGENCY
13 LENDING.—Section 13(3) of the Federal Reserve Act
14 (12 U.S.C. 343(3)) is amended by adding at the end
15 the following new subparagraph:

16 “(F) Not later than 1 year after a Federal
17 reserve bank acquires any assets under this para-
18 graph that are neither gold nor direct obligations
19 of the United States, foreign central banks, or the
20 International Monetary Fund—

21 “(i) the Board shall transfer such as-
22 sets of the Federal reserve bank to the De-
23 partment of the Treasury; and

24 “(ii) the Secretary of the Treasury
25 shall transfer to the Federal reserve banks

1 *direct obligations of the United States of*
 2 *equivalent market value to the assets de-*
 3 *scribed in clause (i).”.*

4 (2) *REPEAL OF AUTHORITY TO PROVIDE EMER-*
 5 *GENCY ADVANCES TO GROUPS OF MEMBER BANKS.—*
 6 *Section 10A of the Federal Reserve Act is repealed.*

7 (3) *ASSETS ACQUIRED THROUGH ADVANCES TO*
 8 *MEMBER BANKS.—The second undesignated para-*
 9 *graph of subsection (a) of section 10B of the Federal*
 10 *Reserve Act is amended—*

11 (A) *by inserting “not” before “secured by*
 12 *mortgage loans”; and*

13 (B) *by striking “lowest discount rate” and*
 14 *inserting “highest discount rate”.*

15 **SEC. 4. CONGRESSIONAL ACCOUNTABILITY FOR EMER-**
 16 **GENCY LENDING PROGRAMS.**

17 *Section 13(3) of the Federal Reserve Act (12 U.S.C.*
 18 *343(3)), as amended by section 3, is further amended—*

19 (1) *in subparagraph (A)—*

20 (A) *by inserting “that pose a threat to the*
 21 *financial stability of the United States” after*
 22 *“unusual and exigent circumstances”; and*

23 (B) *by striking “the affirmative vote of not*
 24 *less than five members” and inserting “the prior*
 25 *approval of the Secretary of the Treasury and*

1 *not less than $\frac{2}{3}$ of the members of the Federal*
2 *Open Market Committee”;*

3 *(2) in subparagraph (B)—*

4 *(A) by moving such subparagraph 4 ems to*
5 *the left;*

6 *(B) in clause (i), by inserting at the end the*
7 *following: “Federal reserve banks may not accept*
8 *equity securities issued by the recipient of any*
9 *loan or other financial assistance under this*
10 *paragraph as collateral. Not later than 6 months*
11 *after the date of the enactment of this sentence,*
12 *the Board shall, by rule, establish—*

13 *“(I) a method for determining the sufficiency of*
14 *the collateral required under this paragraph;*

15 *“(II) acceptable classes of collateral;*

16 *“(III) the amount of any discount on the value*
17 *of the collateral that the Federal reserve banks will*
18 *apply for purposes of calculating the sufficiency of*
19 *collateral under this paragraph; and*

20 *“(IV) a method for obtaining independent ap-*
21 *praisals of the value of collateral the Federal reserve*
22 *banks receive.”;*

23 *(C) in clause (ii)—*

24 *(i) by striking the second sentence; and*

1 (ii) by inserting after the first sentence
 2 the following: “A borrower shall not be eligi-
 3 ble to borrow from any emergency lending
 4 program or facility unless the Board and
 5 all Federal banking regulators with juris-
 6 diction over the borrower certify that, at the
 7 time the borrower initially borrows under
 8 the program or facility, the borrower is not
 9 insolvent.”; and

10 (D) by striking clause (iv);

11 (3) by inserting “financial institution” before
 12 “participant” each place such term appears;

13 (4) in subparagraph (D)(i), by inserting “finan-
 14 cial institution” before “participants”; and

15 (5) by adding at the end the following new sub-
 16 paragraphs:

17 “(G) JOINT RESOLUTION OF APPROVAL.—

18 “(i) IN GENERAL.—A program or facil-
 19 ity created under subparagraph (A) shall
 20 terminate on the date that is 30 calendar
 21 days after the date on which Congress re-
 22 ceives a report described in subparagraph
 23 (C) unless there is enacted into law a joint
 24 resolution approving the program or facil-
 25 ity not later than 30 calendar days after

1 *the date on which the report is received.*
2 *Any loan offered through the program or fa-*
3 *cility that is outstanding as of the date on*
4 *which the program or facility is terminated*
5 *shall be repaid in full not later than 30 cal-*
6 *endar days after the date on which the pro-*
7 *gram or facility is terminated.*

8 “(ii) *CONTENTS OF JOINT RESOLU-*
9 *TION.—For the purpose of this subpara-*
10 *graph, the term ‘joint resolution’ means*
11 *only a joint resolution—*

12 *“(I) that is introduced not later*
13 *than 3 calendar days after the date on*
14 *which the report described in subpara-*
15 *graph (C) is received by Congress;*

16 *“(II) that does not have a pre-*
17 *amble;*

18 *“(III) the title of which is as fol-*
19 *lows: ‘Joint resolution relating to the*
20 *approval of a program or facility cre-*
21 *ated by the Board of Governors of the*
22 *Federal Reserve System’; and*

23 *“(IV) the matter after the resolv-*
24 *ing clause of which is as follows: ‘That*
25 *Congress approves the program or fa-*

1 *cility created by the Board of Gov-*
 2 *ernors of the Federal Reserve System*
 3 *on _____.’ (The*
 4 *blank space being appropriately filled*
 5 *in).*

6 “(iii) *FAST TRACK CONSIDERATION IN*
 7 *HOUSE OF REPRESENTATIVES.—*

8 “(I) *RECONVENING.—Upon re-*
 9 *ceipt of a report under subparagraph*
 10 *(C), the Speaker, if the House would*
 11 *otherwise be adjourned, shall notify the*
 12 *Members of the House that, pursuant*
 13 *to this subparagraph, the House shall*
 14 *convene not later than the second cal-*
 15 *endar day after receipt of such report.*

16 “(II) *REPORTING AND DIS-*
 17 *CHARGE.—Any committee of the House*
 18 *of Representatives to which a joint res-*
 19 *olution is referred shall report it to the*
 20 *House not later than 5 calendar days*
 21 *after the date of receipt of the report*
 22 *described in subparagraph (C). If a*
 23 *committee fails to report the joint reso-*
 24 *lution within that period, the com-*
 25 *mittee shall be discharged from further*

1 *consideration of the joint resolution*
2 *and the joint resolution shall be re-*
3 *ferred to the appropriate calendar.*

4 “(III) *PROCEEDING TO CONSIDER-*
5 *ATION.—After each committee author-*
6 *ized to consider a joint resolution re-*
7 *ports it to the House or has been dis-*
8 *charged from its consideration, it shall*
9 *be in order, not later than the sixth*
10 *day after Congress receives the report*
11 *described in subparagraph (C), to move*
12 *to proceed to consider the joint resolu-*
13 *tion in the House. All points of order*
14 *against the motion are waived. Such a*
15 *motion shall not be in order after the*
16 *House has disposed of a motion to pro-*
17 *ceed on the joint resolution. The pre-*
18 *vious question shall be considered as*
19 *ordered on the motion to its adoption*
20 *without intervening motion. The mo-*
21 *tion shall not be debatable. A motion to*
22 *reconsider the vote by which the motion*
23 *is disposed of shall not be in order.*

24 “(IV) *CONSIDERATION.—The joint*
25 *resolution shall be considered as read.*

1 *All points of order against the joint*
2 *resolution and against its consider-*
3 *ation are waived. The previous ques-*
4 *tion shall be considered as ordered on*
5 *the joint resolution to its passage with-*
6 *out intervening motion except 2 hours*
7 *of debate equally divided and con-*
8 *trolled by the proponent and an oppo-*
9 *nent. A motion to reconsider the vote*
10 *on passage of the joint resolution shall*
11 *not be in order.*

12 “(iv) *FAST TRACK CONSIDERATION IN*
13 *SENATE.—*

14 “(I) *RECONVENING.—Upon re-*
15 *ceipt of a report under subparagraph*
16 *(C), if the Senate has adjourned or re-*
17 *cessed for more than 2 days, the major-*
18 *ity leader of the Senate, after consulta-*
19 *tion with the minority leader of the*
20 *Senate, shall notify the Members of the*
21 *Senate that, pursuant to this subpara-*
22 *graph, the Senate shall convene not*
23 *later than the second calendar day*
24 *after receipt of such report.*

1 “(II) *PLACEMENT ON CAL-*
2 *ENDAR.*—*Upon introduction in the*
3 *Senate, the joint resolution shall be*
4 *placed immediately on the calendar.*

5 “(III) *FLOOR CONSIDERATION.*—

6 “(aa) *IN GENERAL.*—*Not-*
7 *withstanding Rule XXII of the*
8 *Standing Rules of the Senate, it*
9 *is in order at any time during the*
10 *period beginning on the fourth*
11 *day after the date on which Con-*
12 *gress receives a report described in*
13 *subparagraph (C) and ending on*
14 *the sixth day after the date on*
15 *which Congress receives the report*
16 *(even though a previous motion to*
17 *the same effect has been disagreed*
18 *to) to move to proceed to the con-*
19 *sideration of the joint resolution,*
20 *and all points of order against the*
21 *joint resolution (and against con-*
22 *sideration of the joint resolution)*
23 *are waived. The motion to proceed*
24 *is not debatable. The motion is*
25 *not subject to a motion to post-*

1 *pone. A motion to reconsider the*
2 *vote by which the motion is*
3 *agreed to or disagreed to shall not*
4 *be in order. If a motion to proceed*
5 *to the consideration of the resolu-*
6 *tion is agreed to, the joint resolu-*
7 *tion shall remain the unfinished*
8 *business until disposed of.*

9 “(bb) *DEBATE.—Debate on*
10 *the joint resolution, and on all de-*
11 *batable motions and appeals in*
12 *connection therewith, shall be lim-*
13 *ited to not more than 10 hours,*
14 *which shall be divided equally be-*
15 *tween the majority and minority*
16 *leaders or their designees. A mo-*
17 *tion further to limit debate is in*
18 *order and not debatable. An*
19 *amendment to, or a motion to*
20 *postpone, or a motion to proceed*
21 *to the consideration of other busi-*
22 *ness, or a motion to recommit the*
23 *joint resolution is not in order.*

24 “(cc) *VOTE ON PASSAGE.—*
25 *The vote on passage shall occur*

1 *immediately following the conclu-*
 2 *sion of the debate on a joint reso-*
 3 *lution, and a single quorum call*
 4 *at the conclusion of the debate if*
 5 *requested in accordance with the*
 6 *rules of the Senate.*

7 *“(dd) RULINGS OF THE*
 8 *CHAIR ON PROCEDURE.—Appeals*
 9 *from the decisions of the Chair re-*
 10 *lating to the application of the*
 11 *rules of the Senate, as the case*
 12 *may be, to the procedure relating*
 13 *to a joint resolution shall be de-*
 14 *cided without debate.*

15 *“(v) COORDINATION WITH ACTION BY*
 16 *OTHER HOUSE.—*

17 *“(I) IN GENERAL.—If, before the*
 18 *passage by one House of a joint resolu-*
 19 *tion of that House, that House receives*
 20 *from the other House a joint resolu-*
 21 *tion, then the following procedures*
 22 *shall apply:*

23 *“(aa) The joint resolution of*
 24 *the other House shall not be re-*
 25 *ferred to a committee.*

1 “(bb) *With respect to a joint*
2 *resolution of the House receiving*
3 *the resolution—*

4 “(AA) *the procedure in*
5 *that House shall be the same*
6 *as if no joint resolution had*
7 *been received from the other*
8 *House; but*

9 “(BB) *the vote on pas-*
10 *sage shall be on the joint res-*
11 *olution of the other House.*

12 “(II) *TREATMENT OF JOINT RESO-*
13 *LUTION OF OTHER HOUSE.—If one*
14 *House fails to introduce or consider a*
15 *joint resolution under this section, the*
16 *joint resolution of the other House shall*
17 *be entitled to expedited floor procedures*
18 *under this section.*

19 “(III) *CONSIDERATION AFTER*
20 *PASSAGE.—If, following passage of the*
21 *joint resolution in the Senate, the Sen-*
22 *ate then receives the companion meas-*
23 *ure from the House of Representatives,*
24 *the companion measure shall not be de-*
25 *batable.*

1 “(IV) *VETOES.—If the President*
2 *vetoes the joint resolution, the period*
3 *beginning on the date the President ve-*
4 *toes the joint resolution and ending on*
5 *the date the Congress receives the veto*
6 *message with respect to the joint reso-*
7 *lution shall be disregarded in com-*
8 *puting the 30-calendar day period de-*
9 *scribed in clause (i) and debate on a*
10 *veto message in the Senate under this*
11 *section shall be 1 hour equally divided*
12 *between the majority and minority*
13 *leaders or their designees.*

14 “(V) *RULES OF HOUSE OF REP-*
15 *RESENTATIVES AND SENATE.—This*
16 *subparagraph is enacted by Congress—*

17 “(aa) *as an exercise of the*
18 *rulemaking power of the Senate*
19 *and House of Representatives, re-*
20 *spectively, and as such it is*
21 *deemed a part of the rules of each*
22 *House, respectively, but applicable*
23 *only with respect to the procedure*
24 *to be followed in that House in*
25 *the case of a joint resolution, and*

1 *it supersedes other rules only to*
 2 *the extent that it is inconsistent*
 3 *with such rules; and*

4 “(bb) *with full recognition of*
 5 *the constitutional right of either*
 6 *House to change the rules (so far*
 7 *as relating to the procedure of*
 8 *that House) at any time, in the*
 9 *same manner, and to the same ex-*
 10 *tent as in the case of any other*
 11 *rule of that House.*

12 “(H) *PENALTY RATE.—*

13 “(i) *IN GENERAL.—Not later than 6*
 14 *months after the date of enactment of this*
 15 *subparagraph, the Board shall, with respect*
 16 *to a recipient of any loan or other financial*
 17 *assistance under this paragraph, establish*
 18 *by rule a minimum interest rate on the*
 19 *principal amount of any loan or other fi-*
 20 *nancial assistance.*

21 “(ii) *MINIMUM INTEREST RATE DE-*
 22 *FINED.—In this subparagraph, the term*
 23 *‘minimum interest rate’ shall mean the sum*
 24 *of—*

1 “(I) the average of the secondary
2 discount rate of all Federal reserve
3 banks over the most recent 90-day pe-
4 riod; and

5 “(II) the average of the difference
6 between a distressed corporate bond
7 yield index (as defined by rule of the
8 Board) and a bond yield index of debt
9 issued by the United States (as defined
10 by rule of the Board) over the most re-
11 cent 90-day period.

12 “(I) *FINANCIAL INSTITUTION PARTICIPANT*
13 *DEFINED.*—For purposes of this paragraph, the
14 term ‘financial institution participant’—

15 “(i) means a company that is pre-
16 dominantly engaged in financial activities
17 (as defined in section 102(a) of the Finan-
18 cial Stability Act of 2010 (12 U.S.C.
19 5311(a))); and

20 “(ii) does not include an agency de-
21 scribed in subparagraph (W) of section
22 5312(a)(2) of title 31, United States Code,
23 or an entity controlled or sponsored by such
24 an agency.”.

1 **SEC. 5. INTEREST RATES ON BALANCES MAINTAINED AT A**
 2 **FEDERAL RESERVE BANK BY DEPOSITORY IN-**
 3 **STITUTIONS ESTABLISHED BY FEDERAL**
 4 **OPEN MARKET COMMITTEE.**

5 *Subparagraph (A) of section 19(b)(12) of the Federal*
 6 *Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by in-*
 7 *serting “established by the Federal Open Market Com-*
 8 *mittee” after “rate or rates”.*

9 **SEC. 6. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**
 10 **MITTEE.**

11 *Section 12A(a) of the Federal Reserve Act (12 U.S.C.*
 12 *263(a)) is amended—*

13 *(1) in the first sentence, by striking “five rep-*
 14 *resentatives of the Federal Reserve banks to be selected*
 15 *as hereinafter provided” and inserting “one represent-*
 16 *ative from each of the Federal Reserve banks”;*

17 *(2) in the second sentence, by striking “and, be-*
 18 *ginning” and all that follows through “San Fran-*
 19 *cisco”; and*

20 *(3) by striking the third and fourth sentences.*

21 **SEC. 7. BRINGING THE NON-MONETARY POLICY RELATED**
 22 **FUNCTIONS OF THE BOARD OF GOVERNORS**
 23 **OF THE FEDERAL RESERVE SYSTEM INTO**
 24 **THE APPROPRIATIONS PROCESS.**

25 *(a) IN GENERAL.—The Federal Reserve Act is amend-*
 26 *ed by inserting after section 11B the following:*

1 **“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-MON-**
2 **ETARY POLICY RELATED ADMINISTRATIVE**
3 **COSTS.**

4 “(a) *APPROPRIATIONS REQUIREMENT.*—

5 “(1) *RECOVERY OF COSTS OF ANNUAL APPRO-*
6 *PRIATION.*—*The Board of Governors of the Federal*
7 *Reserve System and the Federal reserve banks shall*
8 *collect assessments and other fees, as provided under*
9 *this Act, that are designed to recover the costs to the*
10 *Government of the annual appropriation to the Board*
11 *of Governors of the Federal Reserve System by Con-*
12 *gress. The Board of Governors of the Federal Reserve*
13 *System and the Federal reserve banks may only incur*
14 *obligations or allow and pay expenses with respect to*
15 *non-monetary policy related administrative costs pur-*
16 *suant to an appropriations Act.*

17 “(2) *OFFSETTING COLLECTIONS.*—*Assessments*
18 *and other fees described under paragraph (1) for any*
19 *fiscal year—*

20 “(A) *shall be deposited and credited as off-*
21 *setting collections to the account providing ap-*
22 *propriations to the Board of Governors of the*
23 *Federal Reserve System; and*

24 “(B) *shall not be collected for any fiscal*
25 *year except to the extent provided in advance in*
26 *appropriation Acts.*

1 “(3) *LIMITATION.*—*This subsection shall only*
 2 *apply to the non-monetary policy related administra-*
 3 *tive costs of the Board of Governors of the Federal Re-*
 4 *serve System.*

5 “(b) *DEFINITIONS.*—*For purposes of this section:*

6 “(1) *MONETARY POLICY.*—*The term ‘monetary*
 7 *policy’ means a strategy for producing a generally ac-*
 8 *ceptable exchange medium that supports the produc-*
 9 *tive employment of economic resources by reliably*
 10 *serving as both a unit of account and store of value.*

11 “(2) *NON-MONETARY POLICY RELATED ADMINIS-*
 12 *TRATIVE COSTS.*—*The term ‘non-monetary policy re-*
 13 *lated administrative costs’ means administrative costs*
 14 *not related to the conduct of monetary policy, and in-*
 15 *cludes—*

16 “(A) *direct operating expenses for super-*
 17 *vising and regulating entities supervised and*
 18 *regulated by the Board of Governors of the Fed-*
 19 *eral Reserve System, including conducting ex-*
 20 *aminations, conducting stress tests, commu-*
 21 *nicating with the entities regarding supervisory*
 22 *matters and laws, and regulations;*

23 “(B) *operating expenses for activities inte-*
 24 *gral to carrying out supervisory and regulatory*
 25 *responsibilities, such as training staff in the su-*

pervisory function, research and analysis functions including library subscription services, and collecting and processing regulatory reports filed by supervised institutions; and

“(C) support, overhead, and pension expenses related to the items described under subparagraphs (A) and (B).”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after October 1, 2018.

**SEC. 8. AMENDMENT TO APPOINTMENT OF PRESIDENTS OF
FEDERAL RESERVE BANKS.**

The fifth subparagraph of the fourth undesignated paragraph of section 4 of the Federal Reserve Act (12 U.S.C. 341) is amended by striking “Class B and Class C directors” and inserting “board of directors”.

SEC. 9. FEDERAL OPEN MARKET COMMITTEE BLACKOUT PERIOD.

Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by section 2, is further amended by adding at the end the following new subsection:

“(f) *BLACKOUT PERIOD.*—

“(1) *IN GENERAL.*—During a blackout period, the only public communications that may be made by members and staff of the Committee with respect to

1 *macroeconomic or financial developments or about*
2 *current or prospective monetary policy issues are the*
3 *following:*

4 *“(A) The dissemination of published data,*
5 *surveys, and reports that have been cleared for*
6 *publication by the Board of Governors of the*
7 *Federal Reserve System.*

8 *“(B) Answers to technical questions specific*
9 *to a data release.*

10 *“(C) Communications with respect to the*
11 *prudential or supervisory functions of the Board*
12 *of Governors.*

13 *“(2) BLACKOUT PERIOD DEFINED.—For pur-*
14 *poses of this subsection, and with respect to a meeting*
15 *of the Committee described under subsection (a), the*
16 *term ‘blackout period’ means the time period that—*

17 *“(A) begins immediately after midnight on*
18 *the day that is one week prior to the date on*
19 *which such meeting takes place; and*

20 *“(B) ends at midnight on the day after the*
21 *date on which such meeting takes place.*

22 *“(3) EXEMPTION FOR CHAIRMAN OF THE BOARD*
23 *OF GOVERNORS.—Nothing in this section shall pro-*
24 *hibit the Chairman of the Board of Governors of the*

1 *Federal Reserve System from participating in or*
 2 *issuing public communications.”.*

3 **SEC. 10. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE**
 4 **STAFF OF THE BOARD OF GOVERNORS OF**
 5 **THE FEDERAL RESERVE SYSTEM.**

6 *(a) IN GENERAL.—Section 11 of the Federal Reserve*
 7 *Act (12 U.S.C. 248) is amended—*

8 *(1) by redesignating the second subsection (s)*
 9 *(relating to “Assessments, Fees, and Other Charges for*
 10 *Certain Companies”) as subsection (t); and*

11 *(2) by adding at the end the following new sub-*
 12 *sections:*

13 *“(u) PROHIBITED AND RESTRICTED FINANCIAL IN-*
 14 *TERESTS AND TRANSACTIONS.—The members and employ-*
 15 *ees of the Board of Governors of the Federal Reserve System*
 16 *shall be subject to the provisions under section 4401.102 of*
 17 *title 5, Code of Federal Regulations, to the same extent as*
 18 *such provisions apply to an employee of the Securities and*
 19 *Exchange Commission.*

20 *“(v) DISCLOSURE OF STAFF SALARIES AND FINANCIAL*
 21 *INFORMATION.—The Board of Governors of the Federal Re-*
 22 *serve System shall make publicly available, on the website*
 23 *of the Board of Governors, a searchable database that con-*
 24 *tains the names of all members, officers, and employees of*
 25 *the Board of Governors who receive an annual salary in*

1 *excess of the annual rate of basic pay for GS-15 of the Gen-*
 2 *eral Schedule, and—*

3 *“(1) the yearly salary information for such indi-*
 4 *viduals, along with any nonsalary compensation re-*
 5 *ceived by such individuals; and*

6 *“(2) any financial disclosures required to be*
 7 *made by such individuals.”.*

8 *(b) OFFICE STAFF FOR EACH MEMBER OF THE BOARD*
 9 *OF GOVERNORS.—Subsection (l) of section 11 of the Federal*
 10 *Reserve Act (12 U.S.C. 248) is amended by adding at the*
 11 *end the following: “Each member of the Board of Governors*
 12 *of the Federal Reserve System may employ, at a minimum,*
 13 *2 individuals, with such individuals selected by such mem-*
 14 *ber and the salaries of such individuals set by such member.*
 15 *A member may employ additional individuals as deter-*
 16 *mined necessary by the Board of Governors.”.*

17 **SEC. 11. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**
 18 **QUIREMENT.**

19 *Paragraph (12) of section 10 of the Federal Reserve*
 20 *Act (12 U.S.C. 247b) is amended—*

21 *(1) by redesignating such paragraph as para-*
 22 *graph (11); and*

23 *(2) in such paragraph—*

1 (A) by striking “shall appear” and insert-
2 ing “shall provide written testimony and ap-
3 pear”; and

4 (B) by adding at the end the following: “If,
5 at the time of any appearance described in this
6 paragraph, the position of Vice Chairman for
7 Supervision is vacant, the Chairman or their
8 designee shall appear instead and provide the re-
9 quired written testimony.”.

Union Calendar No. 883

115TH CONGRESS
2^D Session

H. R. 6741

[Report No. 115-1116, Part I]

A BILL

To amend the Federal Reserve Act to increase monetary policy transparency and accountability and to make reforms to the Federal Reserve System, and for other purposes.

JANUARY 2, 2019

Reported from the Committee on Financial Services with
an amendment

JANUARY 2, 2019

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed