

Union Calendar No. 253

114TH CONGRESS
1ST SESSION

H. R. 3189

[Report No. 114-332, Part I]

To amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2015

Mr. HUIZENGA of Michigan introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Oversight and Government Reform, 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

NOVEMBER 16, 2015

Additional sponsors: Mr. EMMER of Minnesota, Mr. FINCHER, Mr. MESSER, Mr. WILLIAMS, Mr. STUTZMAN, Mr. GARRETT, Mr. MULVANEY, Mr. ROTHFUS, Mr. HULTGREN, Mr. GUINTA, Mr. MOONEY of West Virginia, Mr. ALLEN, Mr. BENISHEK, Mr. WEBER of Texas, Mr. WITTMAN, Mr. GOHMERT, Mr. GOSAR, Mr. FLORES, Mr. TIPTON, and Mr. PITTENGER

NOVEMBER 16, 2015

Reported from the Committee on Financial Services with an amendment

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

NOVEMBER 16, 2015

The Committee on Oversight and Government Reform 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 July 23, 2015]

A BILL

To amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, 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 “Fed*
 5 *Oversight Reform and Modernization Act of 2015” or the*
 6 *“FORM Act of 2015”.*

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

Sec. 1. Short title; table of contents.

Sec. 2. Requirements for policy rules of the Federal Open Market Committee.

Sec. 3. Federal Open Market Committee blackout period.

Sec. 4. Membership of Federal Open Market Committee.

Sec. 5. Requirements for stress tests and supervisory letters for the Board of Gov-
ernors of the Federal Reserve System.

Sec. 6. Frequency of testimony of the Chairman of the Board of Governors of the
Federal Reserve System to Congress.

Sec. 7. Vice Chairman for Supervision report requirement.

Sec. 8. Economic analysis of regulations of the Board of Governors of the Federal
Reserve System.

Sec. 9. Salaries, financial disclosures, and office staff of the Board of Governors
of the Federal Reserve System.

Sec. 10. Requirements for international processes.

Sec. 11. Amendments to powers of the Board of Governors of the Federal Reserve
System.

Sec. 12. Interest rates on balances maintained at a Federal Reserve bank by de-
pository institutions established by Federal Open Market Com-
mittee.

Sec. 13. Audit reform and transparency for the Board of Governors of the Federal
Reserve System.

9 **SEC. 2. REQUIREMENTS FOR POLICY RULES OF THE FED-**
 10 **ERAL OPEN MARKET COMMITTEE.**

11 *The Federal Reserve Act (12 U.S.C. 221 et seq.) is*
 12 *amended by inserting after section 2B the following new*
 13 *section:*

1 **“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL**
2 **OPEN MARKET COMMITTEE.**

3 *“(a) DEFINITIONS.—In this section the following defi-*
4 *initions shall apply:*

5 *“(1) APPROPRIATE CONGRESSIONAL COMMIT-*
6 *TEES.—The term ‘appropriate congressional commit-*
7 *tees’ means the Committee on Financial Services of*
8 *the House of Representatives and the Committee on*
9 *Banking, Housing, and Urban Affairs of the Senate.*

10 *“(2) DIRECTIVE POLICY RULE.—The term ‘Direc-*
11 *tive Policy Rule’ means a policy rule developed by the*
12 *Federal Open Market Committee that meets the re-*
13 *quirements of subsection (c) and that provides the*
14 *basis for the Open Market Operations Directive.*

15 *“(3) GDP.—The term ‘GDP’ means the gross do-*
16 *mestic product of the United States as computed and*
17 *published by the Department of Commerce.*

18 *“(4) INTERMEDIATE POLICY INPUT.—The term*
19 *‘Intermediate Policy Input’—*

20 *“(A) may include any variable determined*
21 *by the Federal Open Market Committee as a nec-*
22 *essary input to guide open-market operations;*

23 *“(B) shall include an estimate of, and the*
24 *method of calculation for, the current rate of in-*
25 *flation or current inflation expectations; and*

1 “(C) shall include, specifying whether the
2 variable or estimate is historical, current, or a
3 forecast and the method of calculation, at least
4 one of—

5 “(i) an estimate of real GDP, nominal
6 GDP, or potential GDP;

7 “(ii) an estimate of the monetary ag-
8 gregate compiled by the Board of Governors
9 of the Federal Reserve System and Federal
10 reserve banks; or

11 “(iii) an interactive variable or a net
12 estimate composed of the estimates described
13 in clauses (i) and (ii).

14 “(5) *LEGISLATIVE DAY*.—The term ‘legislative
15 day’ means a day on which either House of Congress
16 is in session.

17 “(6) *OPEN MARKET OPERATIONS DIRECTIVE*.—
18 The term ‘Open Market Operations Directive’ means
19 an order to achieve a specified Policy Instrument
20 Target provided to the Federal Reserve Bank of New
21 York by the Federal Open Market Committee pursu-
22 ant to powers authorized under section 14 of this Act
23 that guide open-market operations.

24 “(7) *POLICY INSTRUMENT*.—The term ‘Policy In-
25 strument’ means—

1 “(A) *the nominal Federal funds rate;*

2 “(B) *the nominal rate of interest paid on*
3 *nonborrowed reserves; or*

4 “(C) *the discount window primary credit*
5 *interest rate most recently published on the Fed-*
6 *eral Reserve Statistical Release on selected inter-*
7 *est rates (daily or weekly), commonly referred to*
8 *as the H.15 release.*

9 “(8) *POLICY INSTRUMENT TARGET.*—*The term*
10 *‘Policy Instrument Target’ means the target for the*
11 *Policy Instrument specified in the Open Market Oper-*
12 *ations Directive.*

13 “(9) *REFERENCE POLICY RULE.*—*The term ‘Ref-*
14 *erence Policy Rule’ means a calculation of the nomi-*
15 *nal Federal funds rate as equal to the sum of the fol-*
16 *lowing:*

17 “(A) *The rate of inflation over the previous*
18 *four quarters.*

19 “(B) *One-half of the percentage deviation of*
20 *the real GDP from an estimate of potential*
21 *GDP.*

22 “(C) *One-half of the difference between the*
23 *rate of inflation over the previous four quarters*
24 *and two percent.*

25 “(D) *Two percent.*

1 “(b) *SUBMITTING A DIRECTIVE POLICY RULE.*—Not
2 *later than 48 hours after the end of a meeting of the Federal*
3 *Open Market Committee, the Chairman of the Federal Open*
4 *Market Committee shall submit to the appropriate congress-*
5 *sional committees and the Comptroller General of the*
6 *United States a Directive Policy Rule and a statement that*
7 *identifies the members of the Federal Open Market Com-*
8 *mittee who voted in favor of the Rule.*

9 “(c) *REQUIREMENTS FOR A DIRECTIVE POLICY*
10 *RULE.*—*A Directive Policy Rule shall—*

11 “(1) *identify the Policy Instrument the Directive*
12 *Policy Rule is designed to target;*

13 “(2) *describe the strategy or rule of the Federal*
14 *Open Market Committee for the systematic quan-*
15 *titative adjustment of the Policy Instrument Target to*
16 *respond to a change in the Intermediate Policy In-*
17 *puts;*

18 “(3) *include a function that comprehensively*
19 *models the interactive relationship between the Inter-*
20 *mediate Policy Inputs;*

21 “(4) *include the coefficients of the Directive Pol-*
22 *icy Rule that generate the current Policy Instrument*
23 *Target and a range of predicted future values for the*
24 *Policy Instrument Target if changes occur in any In-*
25 *termediate Policy Input;*

1 “(5) describe the procedure for adjusting the sup-
2 ply of bank reserves to achieve the Policy Instrument
3 Target;

4 “(6) include a statement as to whether the Direc-
5 tive Policy Rule substantially conforms to the Ref-
6 erence Policy Rule and, if applicable—

7 “(A) an explanation of the extent to which
8 it departs from the Reference Policy Rule;

9 “(B) a detailed justification for that depar-
10 ture; and

11 “(C) a description of the circumstances
12 under which the Directive Policy Rule may be
13 amended in the future;

14 “(7) include a certification that such Rule is ex-
15 pected to support the economy in achieving stable
16 prices and maximum natural employment over the
17 long term; and

18 “(8) include a calculation that describes with
19 mathematical precision the expected annual inflation
20 rate over a 5-year period.

21 “(d) GAO REPORT.—The Comptroller General of the
22 United States shall compare the Directive Policy Rule sub-
23 mitted under subsection (b) with the rule that was most
24 recently submitted to determine whether the Directive Pol-
25 icy Rule has materially changed. If the Directive Policy

1 *Rule has materially changed, the Comptroller General shall,*
2 *not later than 7 days after each meeting of the Federal Open*
3 *Market Committee, prepare and submit a compliance report*
4 *to the appropriate congressional committees specifying*
5 *whether the Directive Policy Rule submitted after that meet-*
6 *ing and the Federal Open Market Committee are in compli-*
7 *ance with this section.*

8 “(e) *CHANGING MARKET CONDITIONS.*—

9 “(1) *RULE OF CONSTRUCTION.*—*Nothing in this*
10 *Act shall be construed to require that the plans with*
11 *respect to the systematic quantitative adjustment of*
12 *the Policy Instrument Target described under sub-*
13 *section (c)(2) be implemented if the Federal Open*
14 *Market Committee determines that such plans cannot*
15 *or should not be achieved due to changing market con-*
16 *ditions.*

17 “(2) *GAO APPROVAL OF UPDATE.*—*Upon deter-*
18 *mining that plans described in paragraph (1) cannot*
19 *or should not be achieved, the Federal Open Market*
20 *Committee shall submit an explanation for that deter-*
21 *mination and an updated version of the Directive*
22 *Policy Rule to the Comptroller General of the United*
23 *States and the appropriate congressional committees*
24 *not later than 48 hours after making the determina-*
25 *tion. The Comptroller General shall, not later than 48*

1 *hours after receiving such updated version, prepare*
2 *and submit to the appropriate congressional commit-*
3 *tees a compliance report determining whether such*
4 *updated version and the Federal Open Market Com-*
5 *mittee are in compliance with this section.*

6 *“(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN*
7 *MARKET COMMITTEE NOT IN COMPLIANCE.—*

8 *“(1) IN GENERAL.—If the Comptroller General of*
9 *the United States determines that the Directive Policy*
10 *Rule and the Federal Open Market Committee are not*
11 *in compliance with this section in the report sub-*
12 *mitted pursuant to subsection (d), or that the updated*
13 *version of the Directive Policy Rule and the Federal*
14 *Open Market Committee are not in compliance with*
15 *this section in the report submitted pursuant to sub-*
16 *section (e)(2), the Chairman of the Board of Gov-*
17 *ernors of the Federal Reserve System shall, if re-*
18 *quested by the chairman of either of the appropriate*
19 *congressional committees, not later than 7 legislative*
20 *days after such request, testify before such committee*
21 *as to why the Directive Policy Rule, the updated*
22 *version, or the Federal Open Market Committee is not*
23 *in compliance.*

24 *“(2) GAO AUDIT.—Notwithstanding subsection*
25 *(b) of section 714 of title 31, United States Code,*

1 upon submitting a report of noncompliance pursuant
2 to subsection (d) or subsection (e)(2) and after the pe-
3 riod of 7 legislative days described in paragraph (1),
4 the Comptroller General shall audit the conduct of
5 monetary policy by the Board of Governors of the
6 Federal Reserve System and the Federal Open Market
7 Committee upon request of the appropriate congres-
8 sional committee. Such committee may specify the pa-
9 rameters of such audit.

10 “(g) CONGRESSIONAL HEARINGS.—The Chairman of
11 the Board of Governors of the Federal Reserve System shall,
12 if requested by the chairman of either of the appropriate
13 congressional committees and not later than 7 legislative
14 days after such request, appear before such committee to ex-
15 plain any change to the Directive Policy Rule.”.

16 **SEC. 3. FEDERAL OPEN MARKET COMMITTEE BLACKOUT PE-**
17 **RIOD.**

18 Section 12A of the Federal Reserve Act (12 U.S.C. 263)
19 is amended by adding at the end the following new sub-
20 section:

21 “(d) BLACKOUT PERIOD.—

22 “(1) IN GENERAL.—During a blackout period,
23 the only public communications that may be made by
24 members and staff of the Committee with respect to
25 macroeconomic or financial developments or about

1 *current or prospective monetary policy issues are the*
2 *following:*

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

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

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

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

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

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

21 “(3) *EXEMPTION FOR CHAIRMAN OF THE BOARD*
22 *OF GOVERNORS.—Nothing in this section shall pro-*
23 *hibit the Chairman of the Board of Governors of the*
24 *Federal Reserve System from participating in or*
25 *issuing public communications.”.*

1 **SEC. 4. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**
2 **MITTEE.**

3 *Section 12A(a) of the Federal Reserve Act (12 U.S.C.*
4 *263(a)) is amended—*

5 *(1) in the first sentence, by striking “five” and*
6 *inserting “six”;*

7 *(2) in the second sentence, by striking “One by*
8 *the board of directors” and all that follows through*
9 *the period at the end and inserting the following:*
10 *“One by the boards of directors of the Federal Reserve*
11 *Banks of New York and Boston; one by the boards of*
12 *directors of the Federal Reserve Banks of Philadelphia*
13 *and Cleveland; one by the boards of directors of the*
14 *Federal Reserve Banks of Richmond and Atlanta; one*
15 *by the boards of directors of the Federal Reserve*
16 *Banks of Chicago and St. Louis; one by the boards of*
17 *directors of the Federal Reserve Banks of Minneapolis*
18 *and Kansas City; and one by the boards of directors*
19 *of the Federal Reserve Banks of Dallas and San*
20 *Francisco.”; and*

21 *(3) by inserting after the second sentence the fol-*
22 *lowing: “In odd numbered calendar years, one rep-*
23 *resentative shall be elected from each of the Federal*
24 *Reserve Banks of Boston, Philadelphia, Richmond,*
25 *Chicago, Minneapolis, and Dallas. In even-numbered*
26 *calendar years, one representative shall be elected*

1 *from each of the Federal Reserve Banks of New York,*
2 *Cleveland, Atlanta, St. Louis, Kansas City, and San*
3 *Francisco.”.*

4 **SEC. 5. REQUIREMENTS FOR STRESS TESTS AND SUPER-**
5 **VISORY LETTERS FOR THE BOARD OF GOV-**
6 **ERNORS OF THE FEDERAL RESERVE SYSTEM.**

7 *(a) STRESS TEST RULEMAKING, GAO REVIEW, AND*
8 *PUBLICATION OF RESULTS.—Section 165(i)(1)(B) of the*
9 *Dodd-Frank Wall Street Reform and Consumer Protection*
10 *Act (12 U.S.C. 5365(i)(1)(B)) is amended—*

11 *(1) by amending clause (i) to read as follows:*

12 *“(i) shall—*

13 *“(I) issue regulations, after pro-*
14 *viding for public notice and comment,*
15 *that provide for at least 3 different sets*
16 *of conditions under which the evalua-*
17 *tion required by this subsection shall*
18 *be conducted, including baseline, ad-*
19 *verse, and severely adverse, and meth-*
20 *odologies, including models used to es-*
21 *timate losses on certain assets; and*

22 *“(II) provide copies of such regu-*
23 *lations to the Comptroller General of*
24 *the United States and the Panel of*
25 *Economic Advisors of the Congres-*

1 sional Budget Office before publishing
2 such regulations;” and

3 (2) in clause (v), by inserting before the period
4 the following: “, including any results of a resub-
5 mitted test”.

6 (b) *APPLICATION OF CCAR.*—Section 165(i)(1) of such
7 Act is further amended by adding at the end the following
8 new subparagraph:

9 “(C) *APPLICATION TO CCAR.*—The require-
10 ments of subparagraph (B) shall apply to all
11 stress tests performed under the Comprehensive
12 Capital Analysis and Review exercise established
13 by the Board of Governors.”.

14 (c) *PUBLICATION OF THE NUMBER OF SUPERVISORY*
15 *LETTERS SENT TO THE LARGEST BANK HOLDING COMPA-*
16 *NIES.*—Section 165 of such Act is further amended by add-
17 ing at the end the following new subsection:

18 “(l) *PUBLICATION OF SUPERVISORY LETTER INFOR-*
19 *MATION.*—The Board of Governors shall publicly disclose—

20 “(1) the aggregate number of supervisory letters
21 sent to bank holding companies described in sub-
22 section (a) since the date of the enactment of this sec-
23 tion, and keep such number updated; and

24 “(2) the aggregate number of such letters that are
25 designated as ‘Matters Requiring Attention’ and the

1 *aggregate number of such letters that are designated*
 2 *as ‘Matters Requiring Immediate Attention’.*”

3 **SEC. 6. FREQUENCY OF TESTIMONY OF THE CHAIRMAN OF**
 4 **THE BOARD OF GOVERNORS OF THE FED-**
 5 **ERAL RESERVE SYSTEM TO CONGRESS.**

6 (a) *IN GENERAL.*—Section 2B of the Federal Reserve
 7 Act (12 U.S.C. 225b) is amended—

8 (1) *by striking “semi-annual” each place it ap-*
 9 *pears and inserting “quarterly”; and*

10 (2) *in subsection (a)(2)—*

11 (A) *by inserting “and October 20” after*
 12 *“July 20” each place it appears; and*

13 (B) *by inserting “and May 20” after “Feb-*
 14 *ruary 20” each place it appears.*

15 (b) *CONFORMING AMENDMENT.*—Paragraph (12) of
 16 section 10 of the Federal Reserve Act (12 U.S.C. 247b(12))
 17 is amended by striking “semi-annual” and inserting “*quar-*
 18 *terly*”.

19 **SEC. 7. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**
 20 **QUIREMENT.**

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

23 (1) *by redesignating such paragraph as para-*
 24 *graph (11); and*

1 (2) *in such paragraph, by adding at the end the*
2 *following: “In each such appearance, the Vice Chair-*
3 *man for Supervision shall provide written testimony*
4 *that includes the status of all pending and antici-*
5 *ipated rulemakings that are being made by the Board*
6 *of Governors of the Federal Reserve System. If, at the*
7 *time of any appearance described in this paragraph,*
8 *the position of Vice Chairman for Supervision is va-*
9 *cant, the Vice Chairman for the Board of Governors*
10 *of the Federal Reserve System (who has the responsi-*
11 *bility to serve in the absence of the Chairman) shall*
12 *appear instead and provide the required written testi-*
13 *mony. If, at the time of any appearance described in*
14 *this paragraph, both Vice Chairman positions are va-*
15 *cant, the Chairman of the Board of Governors of the*
16 *Federal Reserve System shall appear instead and pro-*
17 *vide the required written testimony.”.*

18 **SEC. 8. ECONOMIC ANALYSIS OF REGULATIONS OF THE**
19 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
20 **SERVE SYSTEM.**

21 (a) *AMENDMENT TO FEDERAL RESERVE ACT.—Sec-*
22 *tion 11 of the Federal Reserve Act (12 U.S.C. 248) is*
23 *amended by inserting after subsection (l) the following new*
24 *subsection:*

25 “(m) *CONSIDERATION OF ECONOMIC IMPACTS.—*

1 “(1) *IN GENERAL.*—*Before issuing any regula-*
2 *tion, the Board of Governors of the Federal Reserve*
3 *System shall—*

4 “(A) *clearly identify the nature and source*
5 *of the problem that the proposed regulation is de-*
6 *signed to address and assess the significance of*
7 *that problem;*

8 “(B) *assess whether any new regulation is*
9 *warranted or, with respect to a proposed regula-*
10 *tion that the Board of Governors is required to*
11 *issue by statute and with respect to which the*
12 *Board has the authority to exempt certain per-*
13 *sons from the application of such regulation,*
14 *compare—*

15 “(i) *the costs and benefits of the pro-*
16 *posed regulation; and*

17 “(ii) *the costs and benefits of a regula-*
18 *tion under which the Board exempts all*
19 *persons from the application of the proposed*
20 *regulation, to the extent the Board is able;*

21 “(C) *assess the qualitative and quantitative*
22 *costs and benefits of the proposed regulation and*
23 *propose or adopt a regulation only on a reasoned*
24 *determination that the benefits of the proposed*
25 *regulation outweigh the costs of the regulation;*

1 “(D) identify and assess available alter-
2 natives to the proposed regulation that were con-
3 sidered, including any alternative offered by a
4 member of the Board of Governors of the Federal
5 Reserve System or the Federal Open Market
6 Committee and including any modification of an
7 existing regulation, together with an explanation
8 of why the regulation meets the regulatory objec-
9 tives more effectively than the alternatives; and

10 “(E) ensure that any proposed regulation is
11 accessible, consistent, written in plain language,
12 and easy to understand and shall measure, and
13 seek to improve, the actual results of regulatory
14 requirements.

15 “(2) CONSIDERATIONS AND ACTIONS.—

16 “(A) REQUIRED ACTIONS.—In deciding
17 whether and how to regulate, the Board shall as-
18 sess the costs and benefits of available regulatory
19 alternatives, including the alternative of not reg-
20 ulating, and choose the approach that maximizes
21 net benefits. Specifically, the Board shall—

22 “(i) evaluate whether, consistent with
23 achieving regulatory objectives, the regula-
24 tion is tailored to impose the least impact
25 on the availability of credit and economic

1 *growth and to impose the least burden on*
2 *society, including market participants, in-*
3 *dividuals, businesses of different sizes, and*
4 *other entities (including State and local*
5 *governmental entities), taking into account,*
6 *to the extent practicable, the cumulative*
7 *costs of regulations;*

8 “(ii) *evaluate whether the regulation is*
9 *inconsistent, incompatible, or duplicative of*
10 *other Federal regulations; and*

11 “(iii) *with respect to a proposed regu-*
12 *lation that the Board is required to issue by*
13 *statute and with respect to which the Board*
14 *has the authority to exempt certain persons*
15 *from the application of such regulation,*
16 *compare—*

17 “(I) *the costs and benefits of the*
18 *proposed regulation; and*

19 “(II) *the costs and benefits of a*
20 *regulation under which the Board ex-*
21 *empts all persons from the application*
22 *of the proposed regulation, to the extent*
23 *the Board is able.*

24 “(B) *ADDITIONAL CONSIDERATIONS.—In*
25 *addition, in making a reasoned determination of*

1 *the costs and benefits of a proposed regulation,*
2 *the Board shall, to the extent that each is rel-*
3 *evant to the particular proposed regulation, take*
4 *into consideration the impact of the regulation,*
5 *including secondary costs such as an increase in*
6 *the cost or a reduction in the availability of*
7 *credit or investment services or products, on—*

8 *“(i) the safety and soundness of the*
9 *United States banking system;*

10 *“(ii) market liquidity in securities*
11 *markets;*

12 *“(iii) small businesses;*

13 *“(iv) community banks;*

14 *“(v) economic growth;*

15 *“(vi) cost and access to capital;*

16 *“(vii) market stability;*

17 *“(viii) global competitiveness;*

18 *“(ix) job creation;*

19 *“(x) the effectiveness of the monetary*
20 *policy transmission mechanism; and*

21 *“(xi) employment levels.*

22 *“(3) EXPLANATION AND COMMENTS.—The Board*
23 *shall explain in its final rule the nature of comments*
24 *that it received and shall provide a response to those*
25 *comments in its final rule, including an explanation*

1 of any changes that were made in response to those
2 comments and the reasons that the Board did not in-
3 corporate concerns related to the potential costs or
4 benefits in the final rule.

5 “(4) POSTADOPTION IMPACT ASSESSMENT.—

6 “(A) IN GENERAL.—Whenever the Board
7 adopts or amends a regulation designated as a
8 ‘major rule’ within the meaning of section
9 804(2) of title 5, United States Code, it shall
10 state, in its adopting release, the following:

11 “(i) The purposes and intended con-
12 sequences of the regulation.

13 “(ii) The assessment plan that will be
14 used, consistent with the requirements of
15 subparagraph (B), to assess whether the reg-
16 ulation has achieved the stated purposes.

17 “(iii) Appropriate postimplementation
18 quantitative and qualitative metrics to
19 measure the economic impact of the regula-
20 tion and the extent to which the regulation
21 has accomplished the stated purpose of the
22 regulation.

23 “(iv) Any reasonably foreseeable indi-
24 rect effects that may result from the regula-
25 tion.

1 “(B) *REQUIREMENTS OF ASSESSMENT PLAN*
2 *AND REPORT.*—

3 “(i) *REQUIREMENTS OF PLAN.*—*The*
4 *assessment plan required under this para-*
5 *graph shall consider the costs, benefits, and*
6 *intended and unintended consequences of*
7 *the regulation. The plan shall specify the*
8 *data to be collected, the methods for collec-*
9 *tion and analysis of the data, and a date*
10 *for completion of the assessment. The assess-*
11 *ment plan shall include an analysis of any*
12 *jobs added or lost as a result of the regula-*
13 *tion, differentiating between public and pri-*
14 *vate sector jobs.*

15 “(ii) *SUBMISSION AND PUBLICATION*
16 *OF REPORT.*—*The Board shall, not later*
17 *than 2 years after the publication of the*
18 *adopting release, publish the assessment*
19 *plan in the Federal Register for notice and*
20 *comment. If the Board determines, at least*
21 *90 days before the deadline for publication*
22 *of the assessment plan, that an extension is*
23 *necessary, the Board shall publish a notice*
24 *of such extension and the specific reasons*
25 *why the extension is necessary in the Fed-*

1 *eral Register. Any material modification of*
2 *the assessment plan, as necessary to assess*
3 *unforeseen aspects or consequences of the*
4 *regulation, shall be promptly published in*
5 *the Federal Register for notice and com-*
6 *ment.*

7 *“(iii) DATA COLLECTION NOT SUBJECT*
8 *TO NOTICE AND COMMENT REQUIRE-*
9 *MENTS.—If the Board has published the as-*
10 *essment plan for notice and comment at*
11 *least 30 days before the adoption of a regu-*
12 *lation designated as a major rule, the collec-*
13 *tion of data under the assessment plan shall*
14 *not be subject to the notice and comment re-*
15 *quirements in section 3506(c) of title 44,*
16 *United States Code (commonly referred to*
17 *as the Paperwork Reduction Act). Any ma-*
18 *terial modification of the plan that requires*
19 *collection of data not previously published*
20 *for notice and comment shall also be exempt*
21 *from such requirements if the Board has*
22 *published notice in the Federal Register for*
23 *comment on the additional data to be col-*
24 *lected, at least 30 days before the initiation*
25 *of data collection.*

1 “(iv) *FINAL ACTION*.—Not later than
2 180 days after publication of the assessment
3 plan in the *Federal Register*, the Board
4 shall issue for notice and comment a pro-
5 posal to amend or rescind the regulation, or
6 shall publish a notice that the Board has
7 determined that no action will be taken on
8 the regulation. Such a notice will be deemed
9 a final agency action.

10 “(5) *COVERED REGULATIONS AND OTHER AC-*
11 *TIONS*.—Solely as used in this subsection, the term
12 ‘regulation’—

13 “(A) means a statement of general applica-
14 bility and future effect that is designed to imple-
15 ment, interpret, or prescribe law or policy, or to
16 describe the procedure or practice requirements
17 of the Board of Governors, including rules, or-
18 ders of general applicability, interpretive re-
19 leases, and other statements of general applica-
20 bility that the Board of Governors intends to
21 have the force and effect of law; and

22 “(B) does not include—

23 “(i) a regulation issued in accordance
24 with the formal rulemaking provisions of

1 *section 556 or 557 of title 5, United States*
2 *Code;*

3 “(ii) a regulation that is limited to the
4 *organization, management, or personnel*
5 *matters of the Board of Governors;*

6 “(iii) a regulation promulgated pursu-
7 *ant to statutory authority that expressly*
8 *prohibits compliance with this provision; or*

9 “(iv) a regulation that is certified by
10 *the Board of Governors to be an emergency*
11 *action, if such certification is published in*
12 *the Federal Register.”.*

13 (b) *RULE OF CONSTRUCTION.*—*Nothing in this section*
14 *shall apply to the requirements regarding the conduct of*
15 *monetary policy described in section 2.*

16 **SEC. 9. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE**
17 **STAFF OF THE BOARD OF GOVERNORS OF**
18 **THE FEDERAL RESERVE SYSTEM.**

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

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

24 (2) *by adding at the end the following new sub-*
25 *sections:*

1 “(u) *ETHICS STANDARDS FOR MEMBERS AND EM-*
2 *PLOYEES.—*

3 “(1) *PROHIBITED AND RESTRICTED FINANCIAL*
4 *INTERESTS AND TRANSACTIONS.—The members and*
5 *employees of the Board of Governors of the Federal*
6 *Reserve System shall be subject to the provisions*
7 *under section 4401.102 of title 5, Code of Federal*
8 *Regulations, to the same extent as such provisions*
9 *apply to an employee of the Securities and Exchange*
10 *Commission.*

11 “(2) *TREATMENT OF BROKERAGE ACCOUNTS AND*
12 *AVAILABILITY OF ACCOUNT STATEMENTS.—The mem-*
13 *bers and employees of the Board of Governors of the*
14 *Federal Reserve System shall—*

15 “(A) *disclose all brokerage accounts that*
16 *they maintain, as well as those in which they*
17 *control trading or have a financial interest (in-*
18 *cluding managed accounts, trust accounts, in-*
19 *vestment club accounts, and the accounts of*
20 *spouses or minor children who live with the*
21 *member or employee); and*

22 “(B) *with respect to any securities account*
23 *that the member or employee is required to dis-*
24 *close to the Board of Governors, authorize their*

1 *brokers and dealers to send duplicate account*
2 *statements directly to Board of Governors.*

3 “(3) *PROHIBITIONS RELATED TO OUTSIDE EM-*
4 *PLOYMENT AND ACTIVITIES.—The members and em-*
5 *ployees of the Board of Governors of the Federal Re-*
6 *serve System shall be subject to the prohibitions re-*
7 *lated to outside employment and activities described*
8 *under section 4401.103(c) of title 5, Code of Federal*
9 *Regulations, to the same extent as such prohibitions*
10 *apply to an employee of the Securities and Exchange*
11 *Commission.*

12 “(4) *ADDITIONAL ETHICS STANDARDS.—The*
13 *members and employees of the Board of Governors of*
14 *the Federal Reserve System shall be subject to—*

15 “(A) *the employee responsibilities and con-*
16 *duct regulations of the Office of Personnel Man-*
17 *agement under part 735 of title 5, Code of Fed-*
18 *eral Regulations;*

19 “(B) *the canons of ethics contained in sub-*
20 *part C of part 200 of title 17, Code of Federal*
21 *Regulations, to the same extent as such subpart*
22 *applies to the employees of the Securities and*
23 *Exchange Commission; and*

24 “(C) *the regulations concerning the conduct*
25 *of members and employees and former members*

1 *and employees contained in subpart M of part*
2 *200 of title 17, Code of Federal Regulations, to*
3 *the same extent as such subpart applies to the*
4 *employees of the Securities and Exchange Com-*
5 *mission.*

6 “(v) *DISCLOSURE OF STAFF SALARIES AND FINANCIAL*
7 *INFORMATION.—The Board of Governors of the Federal Re-*
8 *serve System shall make publicly available, on the website*
9 *of the Board of Governors, a searchable database that con-*
10 *tains the names of all members, officers, and employees of*
11 *the Board of Governors who receive an annual salary in*
12 *excess of the annual rate of basic pay for GS–15 of the Gen-*
13 *eral Schedule, and—*

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

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

19 “(b) *OFFICE STAFF FOR EACH MEMBER OF THE BOARD*
20 *OF GOVERNORS.—Subsection (l) of section 11 of the Federal*
21 *Reserve Act (12 U.S.C. 248) is amended by adding at the*
22 *end the following: “Each member of the Board of Governors*
23 *of the Federal Reserve System may employ, at a minimum,*
24 *2 individuals, with such individuals selected by such mem-*
25 *ber and the salaries of such individuals set by such member.*

1 *A member may employ additional individuals as deter-*
2 *mined necessary by the Board of Governors.”.*

3 **SEC. 10. REQUIREMENTS FOR INTERNATIONAL PROCESSES.**

4 *(a) BOARD OF GOVERNORS REQUIREMENTS.—Section*
5 *11 of the Federal Reserve Act (12 U.S.C. 248), as amended*
6 *by section 9 of this Act, is further amended by adding at*
7 *the end the following new subsection:*

8 *“(w) INTERNATIONAL PROCESSES.—*

9 *“(1) NOTICE OF PROCESS; CONSULTATION.—At*
10 *least 30 calendar days before any member or em-*
11 *ployee of the Board of Governors of the Federal Re-*
12 *serve System participates in a process of setting fi-*
13 *nancial standards as a part of any foreign or multi-*
14 *national entity, the Board of Governors shall—*

15 *“(A) issue a notice of the process, including*
16 *the subject matter, scope, and goals of the proc-*
17 *ess, to the Committee on Financial Services of*
18 *the House of Representatives and the Committee*
19 *on Banking, Housing, and Urban Affairs of the*
20 *Senate;*

21 *“(B) make such notice available to the pub-*
22 *lic, including on the website of the Board of Gov-*
23 *ernors; and*

24 *“(C) solicit public comment, and consult*
25 *with the committees described under subpara-*

1 *graph (A), with respect to the subject matter,*
2 *scope, and goals of the process.*

3 “(2) *PUBLIC REPORTS ON PROCESS.*—*After the*
4 *end of any process described under paragraph (1), the*
5 *Board of Governors shall issue a public report on the*
6 *topics that were discussed during the process and any*
7 *new or revised rulemakings or policy changes that the*
8 *Board of Governors believes should be implemented as*
9 *a result of the process.*

10 “(3) *NOTICE OF AGREEMENTS; CONSULTATION.*—
11 *At least 90 calendar days before any member or em-*
12 *ployee of the Board of Governors of the Federal Re-*
13 *serve System participates in a process of setting fi-*
14 *nancial standards as a part of any foreign or multi-*
15 *national entity, the Board of Governors shall—*

16 “(A) *issue a notice of agreement to the Com-*
17 *mittee on Financial Services of the House of*
18 *Representatives and the Committee on Banking,*
19 *Housing, and Urban Affairs of the Senate;*

20 “(B) *make such notice available to the pub-*
21 *lic, including on the website of the Board of Gov-*
22 *ernors; and*

23 “(C) *consult with the committees described*
24 *under subparagraph (A) with respect to the na-*

1 *ture of the agreement and any anticipated effects*
2 *such agreement will have on the economy.*

3 “(4) *DEFINITION.*—*For purposes of this sub-*
4 *section, the term ‘process’ shall include any official*
5 *proceeding or meeting on financial regulation of a*
6 *recognized international organization with authority*
7 *to set financial standards on a global or regional*
8 *level, including the Financial Stability Board, the*
9 *Basel Committee on Banking Supervision (or a simi-*
10 *lar organization), and the International Association*
11 *of Insurance Supervisors (or a similar organiza-*
12 *tion).”.*

13 “(b) *FDIC REQUIREMENTS.*—*The Federal Deposit In-*
14 *surance Act (12 U.S.C. 1811 et seq.) is amended by adding*
15 *at the end the following new section:*

16 “**SEC. 51. INTERNATIONAL PROCESSES.**

17 “(a) *NOTICE OF PROCESS; CONSULTATION.*—*At least*
18 *30 calendar days before the Board of Directors participates*
19 *in a process of setting financial standards as a part of any*
20 *foreign or multinational entity, the Board of Directors*
21 *shall—*

22 “(1) *issue a notice of the process, including the*
23 *subject matter, scope, and goals of the process, to the*
24 *Committee on Financial Services of the House of Rep-*

1 *representatives and the Committee on Banking, Housing,*
2 *and Urban Affairs of the Senate;*

3 *“(2) make such notice available to the public, in-*
4 *cluding on the website of the Corporation; and*

5 *“(3) solicit public comment, and consult with the*
6 *committees described under paragraph (1), with re-*
7 *spect to the subject matter, scope, and goals of the*
8 *process.*

9 *“(b) PUBLIC REPORTS ON PROCESS.—After the end of*
10 *any process described under subsection (a), the Board of*
11 *Directors shall issue a public report on the topics that were*
12 *discussed at the process and any new or revised rulemakings*
13 *or policy changes that the Board of Directors believes should*
14 *be implemented as a result of the process.*

15 *“(c) NOTICE OF AGREEMENTS; CONSULTATION.—At*
16 *least 90 calendar days before the Board of Directors partici-*
17 *pates in a process of setting financial standards as a part*
18 *of any foreign or multinational entity, the Board of Direc-*
19 *tors shall—*

20 *“(1) issue a notice of agreement to the Committee*
21 *on Financial Services of the House of Representatives*
22 *and the Committee on Banking, Housing, and Urban*
23 *Affairs of the Senate;*

24 *“(2) make such notice available to the public, in-*
25 *cluding on the website of the Corporation; and*

1 “(3) *consult with the committees described under*
2 *paragraph (1) with respect to the nature of the agree-*
3 *ment and any anticipated effects such agreement will*
4 *have on the economy.*”

5 “(d) *DEFINITION.—For purposes of this section, the*
6 *term ‘process’ shall include any official proceeding or meet-*
7 *ing on financial regulation of a recognized international*
8 *organization with authority to set financial standards on*
9 *a global or regional level, including the Financial Stability*
10 *Board, the Basel Committee on Banking Supervision (or*
11 *a similar organization), and the International Association*
12 *of Insurance Supervisors (or a similar organization).”.*”

13 “(c) *TREASURY REQUIREMENTS.—Section 325 of title*
14 *31, United States Code, is amended by adding at the end*
15 *the following new subsection:*

16 “(d) *INTERNATIONAL PROCESSES.—*

17 “(1) *NOTICE OF PROCESS; CONSULTATION.—At*
18 *least 30 calendar days before the Secretary partici-*
19 *pates in a process of setting financial standards as a*
20 *part of any foreign or multinational entity, the Sec-*
21 *retary shall—*

22 “(A) *issue a notice of the process, including*
23 *the subject matter, scope, and goals of the proc-*
24 *ess, to the Committee on Financial Services of*
25 *the House of Representatives and the Committee*

1 *on Banking, Housing, and Urban Affairs of the*
2 *Senate;*

3 “(B) *make such notice available to the pub-*
4 *lic, including on the website of the Department*
5 *of the Treasury; and*

6 “(C) *solicit public comment, and consult*
7 *with the committees described under subpara-*
8 *graph (A), with respect to the subject matter,*
9 *scope, and goals of the process.*

10 “(2) *PUBLIC REPORTS ON PROCESS.—After the*
11 *end of any process described under paragraph (1), the*
12 *Secretary shall issue a public report on the topics*
13 *that were discussed at the process and any new or re-*
14 *vised rulemakings or policy changes that the Sec-*
15 *retary believes should be implemented as a result of*
16 *the process.*

17 “(3) *NOTICE OF AGREEMENTS; CONSULTATION.—*
18 *At least 90 calendar days before the Secretary partici-*
19 *pates in a process of setting financial standards as a*
20 *part of any foreign or multinational entity, the Sec-*
21 *retary shall—*

22 “(A) *issue a notice of agreement to the Com-*
23 *mittee on Financial Services of the House of*
24 *Representatives and the Committee on Banking,*
25 *Housing, and Urban Affairs of the Senate;*

1 “(B) make such notice available to the pub-
 2 lic, including on the website of the Department
 3 of the Treasury; and

4 “(C) consult with the committees described
 5 under subparagraph (A) with respect to the na-
 6 ture of the agreement and any anticipated effects
 7 such agreement will have on the economy.

8 “(4) *DEFINITION.*—For purposes of this sub-
 9 section, the term ‘process’ shall include any official
 10 proceeding or meeting on financial regulation of a
 11 recognized international organization with authority
 12 to set financial standards on a global or regional
 13 level, including the Financial Stability Board, the
 14 Basel Committee on Banking Supervision (or a simi-
 15 lar organization), and the International Association
 16 of Insurance Supervisors (or a similar organiza-
 17 tion).”.

18 (d) *OCC REQUIREMENTS.*—Chapter 1 of title LXII of
 19 the Revised Statutes of the United States (12 U.S.C. 21 et
 20 seq.) is amended—

21 (1) by adding at the end the following new sec-
 22 tion:

23 **“SEC. 5156B. INTERNATIONAL PROCESSES.**

24 “(a) *NOTICE OF PROCESS; CONSULTATION.*—At least
 25 30 calendar days before the Comptroller of the Currency

1 *participates in a process of setting financial standards as*
2 *a part of any foreign or multinational entity, the Comp-*
3 *troller of the Currency shall—*

4 “(1) *issue a notice of the process, including the*
5 *subject matter, scope, and goals of the process, to the*
6 *Committee on Financial Services of the House of Rep-*
7 *resentatives and the Committee on Banking, Housing,*
8 *and Urban Affairs of the Senate;*

9 “(2) *make such notice available to the public, in-*
10 *cluding on the website of the Office of the Comptroller*
11 *of the Currency; and*

12 “(3) *solicit public comment, and consult with the*
13 *committees described under paragraph (1), with re-*
14 *spect to the subject matter, scope, and goals of the*
15 *process.*

16 “(b) *PUBLIC REPORTS ON PROCESS.—After the end of*
17 *any process described under subsection (a), the Comptroller*
18 *of the Currency shall issue a public report on the topics*
19 *that were discussed at the process and any new or revised*
20 *rulemakings or policy changes that the Comptroller of the*
21 *Currency believes should be implemented as a result of the*
22 *process.*

23 “(c) *NOTICE OF AGREEMENTS; CONSULTATION.—At*
24 *least 90 calendar days before the Comptroller of the Cur-*
25 *rency participates in a process of setting financial stand-*

1 *ards as a part of any foreign or multinational entity, the*
 2 *Board of Directors shall—*

3 “(1) *issue a notice of agreement to the Committee*
 4 *on Financial Services of the House of Representatives*
 5 *and the Committee on Banking, Housing, and Urban*
 6 *Affairs of the Senate;*

7 “(2) *make such notice available to the public, in-*
 8 *cluding on the website of the Office of the Comptroller*
 9 *of the Currency; and*

10 “(3) *consult with the committees described under*
 11 *paragraph (1) with respect to the nature of the agree-*
 12 *ment and any anticipated effects such agreement will*
 13 *have on the economy.*

14 “(d) *DEFINITION.—For purposes of this section, the*
 15 *term ‘process’ shall include any official proceeding or meet-*
 16 *ing on financial regulation of a recognized international*
 17 *organization with authority to set financial standards on*
 18 *a global or regional level, including the Financial Stability*
 19 *Board, the Basel Committee on Banking Supervision (or*
 20 *a similar organization), and the International Association*
 21 *of Insurance Supervisors (or a similar organization).”;* and

22 (2) *in the table of contents for such chapter, by*
 23 *adding at the end the following new item:*

“5156B. *International processes.*”.

24 (e) *SECURITIES AND EXCHANGE COMMISSION RE-*
 25 *QUIREMENTS.—Section 4 of the Securities Exchange Act of*

1 1934 (15 U.S.C. 78d) is amended by adding at the end the
2 following new subsection:

3 “(j) *INTERNATIONAL PROCESSES.*—

4 “(1) *NOTICE OF PROCESS; CONSULTATION.*—At
5 least 30 calendar days before the Commission partici-
6 pates in a process of setting financial standards as a
7 part of any foreign or multinational entity, the Com-
8 mission shall—

9 “(A) issue a notice of the process, including
10 the subject matter, scope, and goals of the proc-
11 ess, to the Committee on Financial Services of
12 the House of Representatives and the Committee
13 on Banking, Housing, and Urban Affairs of the
14 Senate;

15 “(B) make such notice available to the pub-
16 lic, including on the website of the Commission;
17 and

18 “(C) solicit public comment, and consult
19 with the committees described under subpara-
20 graph (A), with respect to the subject matter,
21 scope, and goals of the process.

22 “(2) *PUBLIC REPORTS ON PROCESS.*—After the
23 end of any process described under paragraph (1), the
24 Commission shall issue a public report on the topics
25 that were discussed at the process and any new or re-

1 *vised rulemakings or policy changes that the Commis-*
2 *sion believes should be implemented as a result of the*
3 *process.*

4 “(3) *NOTICE OF AGREEMENTS; CONSULTATION.—*
5 *At least 90 calendar days before the Commission par-*
6 *ticipates in a process of setting financial standards as*
7 *a part of any foreign or multinational entity, the*
8 *Commission shall—*

9 “(A) *issue a notice of agreement to the Com-*
10 *mittee on Financial Services of the House of*
11 *Representatives and the Committee on Banking,*
12 *Housing, and Urban Affairs of the Senate;*

13 “(B) *make such notice available to the pub-*
14 *lic, including on the website of the Commission;*
15 *and*

16 “(C) *consult with the committees described*
17 *under subparagraph (A) with respect to the na-*
18 *ture of the agreement and any anticipated effects*
19 *such agreement will have on the economy.*

20 “(4) *DEFINITION.—For purposes of this sub-*
21 *section, the term ‘process’ shall include any official*
22 *proceeding or meeting on financial regulation of a*
23 *recognized international organization with authority*
24 *to set financial standards on a global or regional*
25 *level, including the Financial Stability Board, the*

1 *Basel Committee on Banking Supervision (or a simi-*
2 *lar organization), and the International Association*
3 *of Insurance Supervisors (or a similar organiza-*
4 *tion).”.*

5 **SEC. 11. AMENDMENTS TO POWERS OF THE BOARD OF GOV-**
6 **ERNORS OF THE FEDERAL RESERVE SYSTEM.**

7 *(a) IN GENERAL.—Section 13(3) of the Federal Re-*
8 *serve Act (12 U.S.C. 343(3)) is amended—*

9 *(1) in subparagraph (A)—*

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

13 *(B) by inserting “and by the affirmative*
14 *vote of not less than nine presidents of the Fed-*
15 *eral reserve banks” after “five members”;*

16 *(2) in subparagraph (B)—*

17 *(A) in clause (i), by inserting at the end the*
18 *following: “Federal reserve banks may not accept*
19 *equity securities issued by the recipient of any*
20 *loan or other financial assistance under this*
21 *paragraph as collateral. Not later than 6 months*
22 *after the date of enactment of this sentence, the*
23 *Board shall, by rule, establish—*

1 “(I) a method for determining the
2 sufficiency of the collateral required
3 under this paragraph;

4 “(II) acceptable classes of collat-
5 eral;

6 “(III) the amount of any discount
7 of such value that the Federal reserve
8 banks will apply for purposes of calcu-
9 lating the sufficiency of collateral
10 under this paragraph; and

11 “(IV) a method for obtaining
12 independent appraisals of the value of
13 collateral the Federal reserve banks re-
14 ceive.”; and

15 (B) in clause (i)—

16 (i) by striking the second sentence; and

17 (ii) by inserting after the first sentence
18 the following: “A borrower shall not be eligi-
19 ble to borrow from any emergency lending
20 program or facility unless the Board and
21 all federal banking regulators with jurisdic-
22 tion over the borrower certify that, at the
23 time the borrower initially borrows under
24 the program or facility, the borrower is not
25 insolvent.”;

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

3 (4) in subparagraph (D)(i), by inserting “financial
4 institution” before “participants”; and

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

7 “(F) PENALTY RATE.—

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

16 “(ii) MINIMUM INTEREST RATE DE-
17 FINED.—In this subparagraph, the term
18 ‘minimum interest rate’ shall mean the sum
19 of—

20 “(I) the average of the secondary
21 discount rate of all Federal Reserve
22 banks over the most recent 90-day pe-
23 riod; and

24 “(II) the average of the difference
25 between a distressed corporate bond

1 *yield index (as defined by rule of the*
2 *Board) and a bond yield index of debt*
3 *issued by the United States (as defined*
4 *by rule of the Board) over the most re-*
5 *cent 90-day period.*

6 “(G) *FINANCIAL INSTITUTION PARTICIPANT*
7 *DEFINED.—For purposes of this paragraph, the*
8 *term ‘financial institution participant’—*

9 *“(i) means a company that is pre-*
10 *dominantly engaged in financial activities*
11 *(as defined in section 102(a) of the Dodd-*
12 *Frank Wall Street Reform and Consumer*
13 *Protection Act (12 U.S.C. 5311(a)); and*

14 *“(ii) does not include an agency de-*
15 *scribed in subparagraph (W) of section*
16 *5312(a)(2) of title 31, United States Code,*
17 *or an entity controlled or sponsored by such*
18 *an agency.”.*

19 (b) *CONFORMING AMENDMENT.—Section 11(r)(2)(A)*
20 *of such Act is amended—*

21 (1) *in clause (ii)(IV), by striking “; and” and*
22 *inserting a semicolon;*

23 (2) *in clause (iii), by striking the period at the*
24 *end and inserting “; and”; and*

1 (3) by adding at the end the following new
2 clause:

3 “(iv) the available members secure the affirma-
4 tive vote of not less than nine presidents of the Fed-
5 eral reserve banks.”.

6 **SEC. 12. INTEREST RATES ON BALANCES MAINTAINED AT A**
7 **FEDERAL RESERVE BANK BY DEPOSITORY IN-**
8 **STITUTIONS ESTABLISHED BY FEDERAL**
9 **OPEN MARKET COMMITTEE.**

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

14 **SEC. 13. AUDIT REFORM AND TRANSPARENCY FOR THE**
15 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
16 **SERVE SYSTEM.**

17 (a) *IN GENERAL.*—Notwithstanding section 714 of title
18 31, United States Code, or any other provision of law, the
19 Comptroller General of the United States shall complete an
20 audit of the Board of Governors of the Federal Reserve Sys-
21 tem and the Federal reserve banks under subsection (b) of
22 such section 714 within 12 months after the date of the en-
23 actment of this Act.

24 (b) *REPORT.*—

1 (1) *IN GENERAL.*—Not later than 90 days after
2 the audit required pursuant to subsection (a) is com-
3 pleted, the Comptroller General—

4 (A) shall submit to Congress a report on
5 such audit; and

6 (B) shall make such report available to the
7 Speaker of the House, the majority and minority
8 leaders of the House of Representatives, the ma-
9 jority and minority leaders of the Senate, the
10 Chairman and Ranking Member of the com-
11 mittee and each subcommittee of jurisdiction in
12 the House of Representatives and the Senate, and
13 any other Member of Congress who requests the
14 report.

15 (2) *CONTENTS.*—The report under paragraph (1)
16 shall include a detailed description of the findings
17 and conclusion of the Comptroller General with re-
18 spect to the audit that is the subject of the report, to-
19 gether with such recommendations for legislative or
20 administrative action as the Comptroller General
21 may determine to be appropriate.

22 (c) *REPEAL OF CERTAIN LIMITATIONS.*—Subsection
23 (b) of section 714 of title 31, United States Code, is amend-
24 ed by striking the second sentence.

25 (d) *TECHNICAL AND CONFORMING AMENDMENTS.*—

1 (1) *IN GENERAL.*—Section 714 of title 31,
2 *United States Code*, is amended—

3 (A) in subsection (d)(3), by striking “or (f)”
4 each place such term appears;

5 (B) in subsection (e), by striking “the third
6 undesignated paragraph of section 13” and in-
7 serting “section 13(3)”; and

8 (C) by striking subsection (f).

9 (2) *FEDERAL RESERVE ACT.*—Subsection (s) (re-
10 lating to “Federal Reserve Transparency and Release
11 of Information”) of section 11 of the *Federal Reserve*
12 *Act* (12 U.S.C. 248) is amended—

13 (A) in paragraph (4)(A), by striking “has
14 the same meaning as in section 714(f)(1)(A) of
15 title 31, *United States Code*” and inserting
16 “means a program or facility, including any
17 special purpose vehicle or other entity established
18 by or on behalf of the Board of Governors of the
19 *Federal Reserve System* or a *Federal reserve*
20 *bank*, authorized by the Board of Governors
21 under section 13(3), that is not subject to audit
22 under section 714(e) of title 31, *United States*
23 *Code*”;

24 (B) in paragraph (6), by striking “or in
25 section 714(f)(3)(C) of title 31, *United States*

1 Code, the information described in paragraph
2 (1) and information concerning the transactions
3 described in section 714(f) of such title,” and in-
4 serting “the information described in paragraph
5 (1)”;

6 (C) in paragraph (7), by striking “and sec-
7 tion 13(3)(C), section 714(f)(3)(C) of title 31,
8 United States Code, and” and inserting “, sec-
9 tion 13(3)(C), and”.

10 **SEC. 14. REPORTING REQUIREMENT FOR EXPORT-IMPORT**
11 **BANK.**

12 The Board of Governors of the Federal Reserve System
13 shall include, as part of the monthly Federal Reserve statis-
14 tical release titled “Industrial Production or Capacity Uti-
15 lization” (or any successor release), an analysis of—

16 (1) the impact on the index described in the sta-
17 tistical release due to the operation of the Export-Im-
18 port Bank; and

19 (2) the amount of foreign industrial production
20 supported by foreign export credit agencies, using the
21 same method used to measure industrial production
22 in the statistical release and scaled to be comparable
23 to the industrial production measurement for the
24 United States.

1 **SEC. 15. MEMBERSHIP OF BOARD OF DIRECTORS OF THE**
2 **FEDERAL RESERVE BANKS.**

3 *Section 4 of the Federal Reserve Act (12 U.S.C. 302)*
4 *is amended—*

5 *(1) in the eleventh undesignated paragraph (re-*
6 *lating to Class B), by striking “and consumers” and*
7 *inserting “consumers, and traditionally underserved*
8 *communities and populations”; and*

9 *(2) in the twelfth undesignated paragraph (relat-*
10 *ing to Class C), by striking “and consumers” and in-*
11 *serting “consumers, and traditionally underserved*
12 *communities and populations”.*

Union Calendar No. 253

114TH CONGRESS
1ST Session

H. R. 3189

[Report No. 114-332, Part I]

A BILL

To amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes.

NOVEMBER 16, 2015

Reported from the Committee on Financial Services with
an amendment

NOVEMBER 16, 2015

The Committee on Oversight and Government Reform discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed