

114TH CONGRESS  
1ST SESSION

# H. R. 2913

To amend the Federal Reserve Act to improve the functioning and transparency of the Board of Governors of the Federal Reserve System and the Federal Open Market Committee, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2015

Mr. BRADY of Texas (for himself, Mr. JONES, Mr. MULLIN, Mr. BLUM, Mr. McCLINTOCK, Mr. BURGESS, Mr. LABRADOR, Mr. FARENTHOLD, Mr. PEARCE, Mr. SMITH of Texas, Mr. MULVANEY, Mr. JORDAN, Mr. COLE, Mr. WOODALL, Mr. DUNCAN of South Carolina, Mr. FLORES, Ms. JENKINS of Kansas, Mr. NEUGEBAUER, Mrs. LUMMIS, Mr. WEBER of Texas, and Mr. GOHMERT) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Reserve Act to improve the functioning and transparency of the Board of Governors of the Federal Reserve System and the Federal Open Market Committee, 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 “Sound Dollar Act of 2015”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SINGLE MANDATE FOR PRICE STABILITY ACT

Sec. 101. Findings.

Sec. 102. Price stability mandate.

TITLE II—FINANCIAL STABILITY AND MORAL HAZARD  
MITIGATION ACT

Sec. 201. Findings.

Sec. 202. Lender-of-last-resort policy.

TITLE III—DIVERSIFYING THE FEDERAL OPEN MARKET  
COMMITTEE TO REFLECT A 21ST CENTURY ECONOMY ACT

Sec. 301. Findings.

Sec. 302. Federal Open Market Committee membership.

TITLE IV—DEMYSTIFICATION OF MONETARY POLICY DECISIONS  
ACT

Sec. 401. Findings.

Sec. 402. Release of transcripts.

TITLE V—EXCHANGE RATE RESPONSIBILITY ACT

Sec. 501. Findings.

Sec. 502. Report on the effect of exchange rate policy.

Sec. 503. Renaming of Exchange Stabilization Fund.

Sec. 504. Conversion to all-SDR Fund.

TITLE VI—CREDIT ALLOCATION NEUTRALITY ACT

Sec. 601. Findings.

Sec. 602. Limitation on certain non-emergency security purchases.

TITLE VII—BUREAU OF CONSUMER FINANCIAL PROTECTION  
FUNDING ACT

Sec. 701. Findings.

Sec. 702. Bureau of Consumer Financial Protection Funding.

3 **TITLE I—SINGLE MANDATE FOR**  
4 **PRICE STABILITY ACT**

5 **SEC. 101. FINDINGS.**

6 The Congress finds the following:

1           (1) Monetary policy can only affect the level of  
2           employment in the short term because nonmonetary  
3           factors determine the level of employment in the  
4           long term. At best, the Federal Reserve may tempo-  
5           rarily increase the level of employment through mon-  
6           etary policy, but such efforts risk the possibility of  
7           price inflation and increased business cycle volatility  
8           in the future. However, the Federal Reserve can  
9           achieve price stability in the long term through mon-  
10          etary policy. Price stability is desirable because both  
11          price inflation and price deflation damage the U.S.  
12          economy. Therefore, to maximize long-term economic  
13          growth and achieve the highest sustainable level of  
14          real output and employment, price stability should  
15          be the objective of monetary policy.

16          (2) Countries whose central bank has a single  
17          mandate for price stability generally have a better  
18          record of achieving stable prices than countries  
19          whose central bank has a mandate that gives equal  
20          weight to other objectives such as maximum employ-  
21          ment or low interest rates.

22          (3) In general, an overly accommodative mone-  
23          etary policy inflates both asset prices and prices for  
24          goods and services. However, an overly accommoda-  
25          tive monetary policy may sometimes cause a misallo-

1 cation of capital that inflates asset prices dispropor-  
2 tionately, creating unsustainable bubbles in asset  
3 prices, while price indices for goods and services do  
4 not register significant price inflation. When asset  
5 bubbles burst, many investments must be liquidated  
6 at considerable cost to the U.S. economy in terms of  
7 lower real output and employment.

8 (4) Price stability cannot always be measured  
9 solely through price indices for goods and services  
10 since such indices exclude changes in asset prices.  
11 Therefore, the Federal Reserve should monitor (A)  
12 the prices of, and the expected returns from, major  
13 asset classes (including equities, residential real es-  
14 tate, commercial and industrial real estate, agricul-  
15 tural real estate, gold and other commodities, cor-  
16 porate bonds, U.S. Government bonds, State and  
17 local government bonds, and other securities), (B)  
18 the value of the U.S. dollar relative to other cur-  
19 rencies, and (C) the value of the United States dol-  
20 lar relative to gold, as metrics to determine whether  
21 the Federal Reserve's monetary policy is consistent  
22 with long-term price stability.

23 **SEC. 102. PRICE STABILITY MANDATE.**

24 (a) IN GENERAL.—Section 2A of the Federal Reserve  
25 Act is amended—

1           (1) by striking “maintain long run growth of  
2           the monetary and credit aggregates commensurate  
3           with the economy’s long run potential to increase  
4           production, so as to promote effectively the goals of  
5           maximum employment, stable prices, and moderate  
6           long-term interest rates” and inserting “pursue the  
7           goal of long-term price stability, in order to achieve  
8           the maximum sustainable rate of output growth and  
9           the maximum level of employment through time”;

10           (2) by striking “The Board of Governors” and  
11           inserting the following:

12           “(a) IN GENERAL.—The Board of Governors”; and

13           (3) by adding at the end the following:

14           “(b) PRICE STABILITY METRICS.—

15           “(1) IN GENERAL.—The Board of Governors of  
16           the Federal Reserve System and the Federal Open  
17           Market Committee shall—

18           “(A) define the term ‘long-term price sta-  
19           bility’ for purposes of subsection (a); and

20           “(B) establish metrics that the Board and  
21           the Committee will use to evaluate whether  
22           long-term price stability is being achieved.

23           “(2) ESTABLISHMENT OF METRICS.—In estab-  
24           lishing the metrics described under paragraph  
25           (1)(B), the Board and Committee shall—

1           “(A) take into consideration price indices  
2 of goods and services; and

3           “(B) evaluate, on an ongoing basis—

4                 “(i) whether such metrics are com-  
5 prehensively reflecting price movements in  
6 the economy; and

7                 “(ii) whether any price movements not  
8 captured by the price indices of goods and  
9 services are causing a significant misalloca-  
10 tion of capital in the United States econ-  
11 omy.

12           “(3) METRIC EVALUATION.—The Board and  
13 Committee shall, with respect to the evaluation proc-  
14 ess required pursuant to paragraph (2)(B), mon-  
15 itor—

16                 “(A) the prices of, and the expected re-  
17 turns from, major asset classes (including equi-  
18 ties, residential real estate, commercial and in-  
19 dustrial real estate, agricultural real estate,  
20 commodities, corporate bonds, State and local  
21 government bonds, and other securities) and  
22 the allocation of capital in financial markets  
23 and the broader economy;

24                 “(B) the value of the United States dollar  
25 relative to other currencies; and

1           “(C) the value of the United States dollar  
2           relative to gold.

3           “(4) PUBLIC DISCLOSURE; REPORT TO THE  
4           CONGRESS.—The Board and the Committee shall,  
5           with respect to the definition of long-term price sta-  
6           bility and the establishment of metrics set pursuant  
7           to paragraph (1)—

8                   “(A) make such definition and metrics  
9                   available to the public on a website maintained  
10                  by the Board or the Committee; and

11                   “(B) each time such definition and metrics  
12                  are set or revised, issue a report to the Con-  
13                  gress stating such definition and metrics.”.

14           (b) ADDITIONAL EVALUATIONS AND DETERMINA-  
15           TIONS INCLUDED IN SEMI-ANNUAL REPORT TO CON-  
16           GRESS.—Section 2B(b) of the Federal Reserve Act is  
17           amended—

18                   (1) by striking “containing a discussion” and  
19                   inserting the following:

20           “containing—

21                   “(1) a discussion”;

22                   (2) by striking the period and inserting a semi-  
23                   colon; and

24                   (3) by adding at the end the following:

1           “(2) the results of the evaluation process con-  
2           ducted pursuant to section 2A(b)(2)(B);

3           “(3) a determination of whether the goal of  
4           long-term price stability is being met and, if such  
5           goal is not being met, an explanation of why the goal  
6           is not being met and the steps that the Board and  
7           the Federal Open Market Committee will take to en-  
8           sure that the goal is met in the future; and

9           “(4) a description of the main monetary policy  
10          instruments used by the Board and the Federal  
11          Open Market Committee and a description of the  
12          strategy of the Board and the Committee with re-  
13          spect to using such instruments to achieve the goal  
14          of long-term price stability.”.

15 **TITLE II—FINANCIAL STABILITY**  
16 **AND MORAL HAZARD MITIGA-**  
17 **TION ACT**

18 **SEC. 201. FINDINGS.**

19           The Congress finds the following:

20           (1) The Federal Reserve performs an essential  
21           function for financial stability by serving as lender  
22           of last resort in order to—

23           (A) prevent the unnecessary failures of  
24           otherwise solvent United States banks and  
25           other financial institutions;

1 (B) reduce the likelihood of financial con-  
2 tagion and disruptions in United States finan-  
3 cial markets; and

4 (C) minimize any adverse effects on real  
5 output and employment in the United States  
6 economy.

7 (2) In acting as the lender of last resort, the  
8 Federal Reserve, may—

9 (A) buy debt securities at fair market  
10 value; or

11 (B) provide short-term credit, secured by  
12 appropriate collateral in proper margin, to oth-  
13 erwise solvent banks and other financial institu-  
14 tions that encounter funding difficulties during  
15 a financial crisis.

16 (3) Nevertheless, in its nearly 100-year history,  
17 the Federal Reserve has never clearly articulated its  
18 lender-of-last-resort policy.

19 (4) The absence of an official lender-of-last-re-  
20 sort policy has led to—

21 (A) increased economic uncertainty be-  
22 cause no one knows with certainty how the Fed-  
23 eral Reserve may behave;

24 (B) financially distressed firms seeking po-  
25 litical solutions in the form of pressure from

1 Congress or the Administration being placed on  
2 the Federal Reserve to act to save them; and

3 (C) a moral hazard problem from financial  
4 institutions taking greater risks and increasing  
5 leverage based upon assumptions of how the  
6 Federal Reserve will act, though there is no for-  
7 mal statement assuring how the Federal Re-  
8 serve will act.

9 (5) By establishing a formal lender-of-last-re-  
10 sort policy, the Federal Reserve would decrease un-  
11 certainty in the market during times of financial cri-  
12 sis and mitigate the moral hazards created by recent  
13 bailouts.

14 (6) An official lender-of-last-resort policy should  
15 provide that once a financial crisis has dissipated,  
16 the Federal Reserve should, in an orderly way, sell  
17 any debt securities that—

18 (A) the Federal Reserve acquired acting as  
19 lender of last resort; and

20 (B) the Federal Reserve does not normally  
21 own for its System Account.

22 (7) Further, to reduce moral hazard, the Fed-  
23 eral Reserve's lender-of-last-resort policy should  
24 make clear that credit in any form will not be pro-

1 vided to insolvent banks or other financial institu-  
2 tion.

3 **SEC. 202. LENDER-OF-LAST-RESORT POLICY.**

4 (a) IN GENERAL.—Not later than the end of the 1-  
5 year period beginning on the date of the enactment of this  
6 Act, the Board of Governors of the Federal Reserve Sys-  
7 tem shall clearly articulate the Board’s lender-of-last-re-  
8 sort policy.

9 (b) CONSULTATION.—In articulating the policy re-  
10 quired under subsection (a), the Board of Governors shall  
11 consult with—

12 (1) the Federal Reserve bank presidents;

13 (2) the Comptroller of the Currency;

14 (3) the Chairperson of the Federal Deposit In-  
15 surance Corporation;

16 (4) the Securities and Exchange Commission;

17 (5) the Commodity Futures Trading Commis-  
18 sion; and

19 (6) such other persons with expertise in finan-  
20 cial services regulation and monetary policy as the  
21 Board of Governors may determine appropriate.

1 **TITLE III—DIVERSIFYING THE**  
2 **FEDERAL OPEN MARKET**  
3 **COMMITTEE TO REFLECT A**  
4 **21ST CENTURY ECONOMY ACT**

5 **SEC. 301. FINDINGS.**

6 The Congress finds the following:

7 (1) The Federal Reserve Act delineates specific  
8 requirements for the seven governors charged with  
9 oversight of the Federal Reserve System.

10 (2) In a reflection of the Federal Reserve Sys-  
11 tem’s decentralized structure that broadly distrib-  
12 utes power and responsibility across the Nation, the  
13 Act mandates that the presidentially appointed gov-  
14 ernors come from a wide range of geographic loca-  
15 tions and professional backgrounds. Specifically, the  
16 first undesignated paragraph under section 10 of the  
17 Federal Reserve Act states that “In selecting the  
18 members of the Board, not more than one of whom  
19 shall be selected from any one Federal Reserve Dis-  
20 trict, the President shall have due regard to a fair  
21 representation of the financial, agricultural, indus-  
22 trial, and commercial interests and geographical di-  
23 visions of the country.”.

24 (3) The Federal Open Monetary Committee  
25 consists of members of the Board of Governors and

1 the President or Vice President of the Federal Re-  
2 serve Bank of New York on a permanent basis and  
3 rotates voting membership among the remaining Re-  
4 gional Reserve Banks.

5 (4) The existing structure of the Federal Open  
6 Market Committee places too much authority in the  
7 hands of Washington and New York at the expense  
8 of the remainder of the United States.

9 (5) Monetary policy should be conducted in the  
10 interest of all Americans and that policy goal is best  
11 achieved by a Federal Open Market Committee that  
12 provides greater representation and voice in policy  
13 decisions to the entire Nation as represented by the  
14 Regional Reserve Banks. This objective is best  
15 achieved by reforming the voting membership of the  
16 Federal Open Market Committee to include all Re-  
17 gional Reserve Banks on a permanent basis.

18 **SEC. 302. FEDERAL OPEN MARKET COMMITTEE MEMBER-**  
19 **SHIP.**

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

22 (1) by striking “five representatives of the Fed-  
23 eral Reserve banks to be selected as hereinafter pro-  
24 vided.” and inserting “1 representative from each of  
25 the Federal Reserve banks.”; and

1           (2) by striking “and, beginning with the elec-  
2           tion for the term commencing March 1, 1943, shall  
3           be elected annually as follows: One by the board of  
4           directors of the Federal Reserve Bank of New York,  
5           one by the boards of directors of the Federal Re-  
6           serve Banks of Boston, Philadelphia, and Richmond,  
7           one by the boards of directors of the Federal Re-  
8           serve Banks of Cleveland and Chicago, one by the  
9           boards of directors of the Federal Reserve Banks of  
10          Atlanta, Dallas, and St. Louis, and one by the  
11          boards of directors of the Federal Reserve Banks of  
12          Minneapolis, Kansas City, and San Francisco. In  
13          such elections each board of directors shall have one  
14          vote; and the details of such elections may be gov-  
15          erned by regulations prescribed by the committee,  
16          which may be amended from time to time.” and in-  
17          serting “and shall be elected by the board of direc-  
18          tors of the Federal Reserve bank that they are to  
19          represent.”.

20 **TITLE IV—DEMYSTIFICATION OF**  
21 **MONETARY POLICY DECI-**  
22 **SIONS ACT**

23 **SEC. 401. FINDINGS.**

24           The Congress finds the following:

1           (1) A more efficient release of transcripts from  
2 the Federal Reserve would result in better guidance  
3 for market participants, and hence more economi-  
4 cally efficient decisionmaking.

5           (2) According to Federal Reserve Chairman  
6 Ben Bernanke, “when the monetary policy com-  
7 mittee regularly provides information about objec-  
8 tives, economic outlook, and policy plans, two bene-  
9 fits result: (1) markets will price assets more effi-  
10 ciently, and (2) a closer alignment between market  
11 participants’ expectations about the course of future  
12 short-term interest rates and” the views of policy-  
13 makers.

14           (3) The Federal Reserve is able to release tran-  
15 scripts more efficiently without compromising their  
16 decisionmaking process.

17 **SEC. 402. RELEASE OF TRANSCRIPTS.**

18           Section 12A(a) of the Federal Reserve Act (12  
19 U.S.C. 263(a)) is amended by adding at the end the fol-  
20 lowing:

21           “(d) **RELEASE OF TRANSCRIPTS.**—The Committee  
22 shall release meeting transcripts to the public not later  
23 than the end of the 3-year period following each meeting.”.

1           **TITLE V—EXCHANGE RATE**  
2                   **RESPONSIBILITY ACT**

3 **SEC. 501. FINDINGS.**

4           The Congress finds as follows:

5                   (1) The Board of Governors of the Federal Re-  
6           serve System and the Federal Open Market Com-  
7           mittee exercise control over the supply of U.S. dol-  
8           lars, which is a major factor affecting the foreign ex-  
9           change rate value of the United States dollar. There-  
10          fore, the Board of Governors and Federal Open  
11          Market Committee should report to Congress on the  
12          impact of monetary policy on the foreign exchange  
13          rate value of the United States dollar.

14                  (2) Over the last several decades, Secretaries of  
15          the Treasury have repeatedly used the Exchange  
16          Stabilization Fund for purposes that were not envi-  
17          sioned by Congress. To prevent further abuses, the  
18          Exchange Stabilization Fund should be renamed as  
19          the Special Drawing Rights Fund. The Special  
20          Drawing Rights Fund should hold the Special Draw-  
21          ing Rights that the International Monetary Fund  
22          provided to the United States. Any other assets cur-  
23          rently in the Exchange Stabilization Fund should be  
24          liquidated, and the proceeds used to reduce the pub-  
25          lic debt.

1 **SEC. 502. REPORT ON THE EFFECT OF EXCHANGE RATE**  
2 **POLICY.**

3 Section 2B(b) of the Federal Reserve Act, as amend-  
4 ed by section 102(b), is further amended by adding at the  
5 end the following:

6 “(5) an analysis of how the policies of the  
7 Board and the Federal Open Market Committee are  
8 affecting the foreign exchange rate value of the  
9 United States dollar.”.

10 **SEC. 503. RENAMING OF EXCHANGE STABILIZATION FUND.**

11 (a) IN GENERAL.—Section 5302 of title 31, United  
12 States Code, is amended by striking “stabilization fund”  
13 each place such term appears and inserting “Special  
14 Drawing Rights Fund”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) BALANCED BUDGET AND EMERGENCY DEF-  
17 ICIT CONTROL ACT OF 1985.—Section 255(g)(1)(A)  
18 of the Balanced Budget and Emergency Deficit Con-  
19 trol Act of 1985 (2 U.S.C. 905(g)(1)(A)) is amended  
20 by striking “Exchange Stabilization Fund” and in-  
21 serting “Special Drawing Rights Fund”.

22 (2) EMERGENCY ECONOMIC STABILIZATION ACT  
23 OF 2008.—The Emergency Economic Stabilization  
24 Act of 2008 (12 U.S.C. 5211 et seq.) is amended—

25 (A) in section 131, by striking “Exchange  
26 Stabilization Fund” each place such term ap-

1           appears in headings and text and inserting “Spe-  
2           cial Drawing Rights Fund”; and

3                   (B) in the item relating to section 131 in  
4           the table of contents of such Act, by striking  
5           “Exchange Stabilization Fund” and inserting  
6           “Special Drawing Rights Fund”.

7           (3) INTERNATIONAL FINANCIAL INSTITUTIONS  
8           ACT.—Section 1704 of the International Financial  
9           Institutions Act (22 U.S.C. 262r-3) is amended by  
10          striking “stabilization fund” each place such term  
11          appears and inserting “Special Drawing Rights  
12          Fund”.

13          (4) SPECIAL DRAWING RIGHTS ACT.—The Spe-  
14          cial Drawing Rights Act (22 U.S.C. 286n et seq.) is  
15          amended by striking “Exchange Stabilization Fund”  
16          each place such term appears and inserting “Special  
17          Drawing Rights Fund”.

18          (c) REFERENCES.—Any reference in a law, regula-  
19          tion, document, paper, or other record of the United  
20          States to the “Exchange Stabilization Fund” shall be  
21          deemed a reference to the “Special Drawing Rights  
22          Fund”.

23   **SEC. 504. CONVERSION TO ALL-SDR FUND.**

24          (a) FUNDS USED TO REDUCE THE DEBT.—The Sec-  
25          retary of the Treasury shall liquidate all property in the

1 Special Drawing Rights Fund (as so renamed under sec-  
2 tion 503), other than Special Drawing Rights, and use all  
3 such amounts to reduce the public debt.

4 (b) LIMITATION ON FUND.—Section 5302 of title 31,  
5 United States Code, is amended—

6 (1) in subsection (a)(1)—

7 (A) by striking “is available to carry out”  
8 and inserting “is only available to carry out”;  
9 and

10 (B) by striking “, and for investing in obli-  
11 gations of the United States Government those  
12 amounts in the fund the Secretary of the Treas-  
13 ury, with the approval of the President, decides  
14 are not required at the time to carry out this  
15 section. Proceeds of sales and investments,  
16 earnings, and interest shall be paid into the  
17 fund and are available to carry out this section.  
18 However, the fund is not available to pay ad-  
19 ministrative expenses”; and

20 (2) by striking subsection (b) and inserting the  
21 following:

22 “(b) FUND ONLY TO HOLD SPECIAL DRAWING  
23 RIGHTS.—Notwithstanding any other provision of law,  
24 only Special Drawing Rights may be deposited into the  
25 Special Drawing Rights Fund.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) BRETTON WOODS AGREEMENTS ACT.—Sec-  
3 tion 18 of the Bretton Woods Agreements Act (22  
4 U.S.C. 286e–3) is hereby repealed.

5 (2) SUPPORT FOR EAST EUROPEAN DEMOCRACY  
6 (SEED) ACT OF 1989.—The Support for East Euro-  
7 pean Democracy (SEED) Act of 1989 (22 U.S.C.  
8 5401 et seq.) is amended—

9 (A) in section 101(b)(1), by striking “such  
10 as—” and all that follows through the end of  
11 the paragraph and inserting “such as the au-  
12 thority provided in section 102(c) of this Act.”;  
13 and

14 (B) in section 102(a), by striking “section  
15 101(b)—” and all that follows through the end  
16 of the subsection and inserting “section 101(b),  
17 should work closely with the European Commu-  
18 nity and international financial institutions to  
19 determine the extent of emergency assistance  
20 required by Poland for the fourth quarter of  
21 1989.”.

22 (d) TREATMENT OF CERTAIN FUNDS.—Funds that  
23 would otherwise have been deposited into the Special  
24 Drawing Rights Fund (as so renamed under subsection  
25 (a)), but for the amendments made by this section, shall

1 instead be paid to the Secretary of the Treasury, and the  
2 Secretary of the Treasury shall use such funds to reduce  
3 the public debt.

4 (e) WIND DOWN PERIOD FOR CERTAIN TRANS-  
5 ACTIONS.—Notwithstanding any other provision of this  
6 section, during the 3-year period beginning on the date  
7 of the enactment of this Act, property other than Special  
8 Drawing Rights may be deposited, and maintained, in the  
9 Special Drawing Rights Fund as needed to fulfill any out-  
10 standing obligations on the Fund.

## 11 **TITLE VI—CREDIT ALLOCATION** 12 **NEUTRALITY ACT**

### 13 **SEC. 601. FINDINGS.**

14 The Congress finds the following:

15 (1) In conducting open market operations, the  
16 Federal Open Market Committee should not allocate  
17 credit among households, firms, and sectors of the  
18 United States economy.

19 (2) To assure the credit allocation neutrality of  
20 open market operations among households, firms,  
21 and sectors of the United States economy, the Fed-  
22 eral Open Market Committee should conduct open  
23 market operations in United States Government se-  
24 curities, and repurchase and reverse repurchase

1 agreements that have a term of 1 year or less, ex-  
2 cept in unusual and exigent circumstances.

3 **SEC. 602. LIMITATION ON CERTAIN NON-EMERGENCY SECUR-**  
4 **RITY PURCHASES.**

5 (a) IN GENERAL.—The Federal Reserve Act is  
6 amended—

7 (1) in section 12A, by adding at the end the fol-  
8 lowing:

9 “(d) EMERGENCY PURCHASING AUTHORITY.—

10 “(1) IN GENERAL.—In unusual and exigent cir-  
11 cumstances, the Committee, by the affirmative vote  
12 of at least  $\frac{2}{3}$  of the members of the Committee, may  
13 authorize any Federal reserve bank, during such pe-  
14 riod as the Committee may determine—

15 “(A) to buy and sell, at home or abroad,  
16 bills, notes, revenue bonds, and warrants with a  
17 maturity from date of purchase of not exceed-  
18 ing six months, issued in anticipation of the col-  
19 lection of taxes or in anticipation of the receipt  
20 of assured revenues by any State, county, dis-  
21 trict, political subdivision, or municipality in the  
22 continental United States, including irrigation,  
23 drainage and reclamation districts, and obliga-  
24 tions of, or fully guaranteed as to principal and

1 interest by, a foreign government or agency  
2 thereof; and

3 “(B) to buy and sell in the open market,  
4 under the direction and regulations of the Com-  
5 mittee, any obligation which is a direct obliga-  
6 tion of, or fully guaranteed as to principal and  
7 interest by, any agency of the United States.

8 “(2) MAXIMUM HOLDING PERIOD.—Any bond,  
9 bill, note, revenue bond, warrant, or other obligation  
10 purchased by a Federal reserve bank pursuant to  
11 paragraph (1) shall be disposed of before the end of  
12 the 5-year period beginning on the end of the period  
13 determined by the Committee under paragraph (1).

14 “(3) REPORT.—The Committee shall provide to  
15 the Committee on Banking, Housing, and Urban Af-  
16 fairs of the Senate and the Committee on Financial  
17 Services of the House of Representatives, not later  
18 than 7 days after the Committee makes an author-  
19 ization under this subsection, a report that in-  
20 cludes—

21 “(A) the justification for the exercise of  
22 authority to provide;

23 “(B) the identity of the person to or from  
24 which purchases or sales were made;

1           “(C) the date and amount of the purchases  
2 or sales; and

3           “(D) the material terms of the purchases  
4 or sales.”; and  
5           (2) in section 14(b)—

6           (A) in paragraph (1), by striking “bonds  
7 issued under the provisions of subsection (c) of  
8 section 4 of the Home Owners’ Loan Act of  
9 1933, as amended, and having maturities from  
10 date of purchase of not exceeding six months,  
11 and bills, notes, revenue bonds, and warrants  
12 with a maturity from date of purchase of not  
13 exceeding six months, issued in anticipation of  
14 the collection of taxes or in anticipation of the  
15 receipt of assured revenues by any State, coun-  
16 ty, district, political subdivision, or municipality  
17 in the continental United States, including irri-  
18 gation, drainage and reclamation districts, and  
19 obligations of, or fully guaranteed as to prin-  
20 cipal and interest by, a foreign government or  
21 agency thereof,”; and

22           (B) by amending paragraph (2) to read as  
23 follows:

24           “(2) To enter into security repurchase agreements  
25 and reverse repurchase agreements that have a term of

1 1 year or less, in accordance with rules and regulations  
2 prescribed by the Board of Governors of the Federal Re-  
3 serve System.”.

4 (b) TRANSITION PROVISION.—Each Federal reserve  
5 bank that holds bonds, bills, notes, revenue bonds, war-  
6 rants, or other obligations purchased under the authority  
7 granted by a provision struck under subsection (a)(2) shall  
8 dispose of such obligations not later than the end of the  
9 5-year period beginning on the date of the enactment of  
10 this Act.

11 **TITLE VII—BUREAU OF CON-**  
12 **SUMER FINANCIAL PROTEC-**  
13 **TION FUNDING ACT**

14 **SEC. 701. FINDINGS.**

15 The Congress finds the following:

16 (1) As our Nation’s central bank, the Federal  
17 Reserve conducts United States monetary policy and  
18 necessarily exercises broad oversight responsibility to  
19 ensure the safety, soundness, and smooth func-  
20 tioning of the Nation’s banking and payments sys-  
21 tems.

22 (2) There exists a broad consensus among pol-  
23 icymakers, academics, and most informed com-  
24 mentators that central bank independence is nec-  
25 essary to the proper and effective conduct of mone-

1 tary policy and those regulatory activities necessary  
2 for the implementation of such monetary policy.

3 (3) In order to preserve the independence of its  
4 activities, the Federal Reserve should remain oper-  
5 ationally and financially autonomous within the  
6 United States Government.

7 (4) However, those activities that do not relate  
8 to the functions listed in paragraph (1) should not  
9 occur outside of the constitutionally granted author-  
10 ity of Congress to authorize and oversee the expendi-  
11 ture of public funds.

12 (5) Therefore, the Bureau of Consumer Finan-  
13 cial Protection should be subject to the Federal ap-  
14 propriations process to ensure effective Congres-  
15 sional oversight over its activities and use of public  
16 funds.

17 **SEC. 702. BUREAU OF CONSUMER FINANCIAL PROTECTION**  
18 **FUNDING.**

19 (a) IN GENERAL.—Section 1017 of the Consumer Fi-  
20 nancial Protection Act of 2010 is amended—

21 (1) in subsection (a)—

22 (A) by amending the heading of such sub-  
23 section to read as follows: “BUDGET, FINAN-  
24 CIAL MANAGEMENT, AND AUDIT.—”;

1 (B) by striking paragraphs (1), (2), and  
2 (3);

3 (C) by redesignating paragraphs (4) and  
4 (5) as paragraphs (1) and (2), respectively; and

5 (D) in paragraph (1), as so redesignated—

6 (i) by striking subparagraph (E); and

7 (ii) by redesignating subparagraph  
8 (F) as subparagraph (E);

9 (2) by striking subsections (b) and (c);

10 (3) by redesignating subsections (d) and (e) as  
11 subsections (b) and (c), respectively; and

12 (4) in subsection (c), as so redesignated—

13 (A) by striking paragraphs (1), (2), and  
14 (3) and inserting the following:

15 “(1) AUTHORIZATION OF APPROPRIATIONS.—

16 There is authorized to be appropriated such funds as  
17 may be necessary to carry out this title.”; and

18 (B) by redesignating paragraph (4) as  
19 paragraph (2).

20 (b) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect on October 1, 2015.

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