

[DISCUSSION DRAFT]114TH CONGRESS
1ST SESSION**H. R.** _____

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

Mr. HUIZENGA of Michigan introduced the following bill; which was referred to the Committee on _____

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,*

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

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Federal Reserve Reform Act of 2015”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for
5 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 Governors 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 negotiations.
- 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 depository institutions established by Federal Open Market Committee.
- Sec. 13. Audit reform and transparency for the Board of Governors of the Federal Reserve System.

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

8 (a) **IN GENERAL.**—The Federal Reserve Act (12
9 U.S.C. 221 et seq.) is amended by inserting after section
10 2B the following new section:

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

13 “(a) **DEFINITIONS.**—In this section the following
14 definitions shall apply:

15 “(1) **APPROPRIATE CONGRESSIONAL COMMIT-**
16 **TEES.**—The term ‘appropriate congressional com-

1 mittees’ means the Committee on Financial Services
2 of the House of Representatives and the Committee
3 on Banking, Housing, and Urban Affairs of the Sen-
4 ate.

5 “(2) DIRECTIVE POLICY RULE.—The term ‘Di-
6 rective Policy Rule’ means a policy rule developed by
7 the Federal Open Market Committee that meets the
8 requirements of subsection (e) and that provides the
9 basis for the Open Market Operations Directive.

10 “(3) GDP.—The term ‘GDP’ means the gross
11 domestic product of the United States as computed
12 and published by the Department of Commerce.

13 “(4) INTERMEDIATE POLICY INPUT.—The term
14 ‘Intermediate Policy Input’—

15 “(A) may include any variable determined
16 by the Federal Open Market Committee as a
17 necessary input to guide open-market oper-
18 ations;

19 “(B) shall include an estimate of, and the
20 method of calculation for, the current rate of
21 inflation or current inflation expectations; and

22 “(C) shall include, specifying whether the
23 variable or estimate is historical, current, or a
24 forecast and the method of calculation, at least
25 one of—

1 “(i) an estimate of real GDP, nominal
2 GDP, or potential GDP;

3 “(ii) an estimate of the monetary ag-
4 gregate compiled by the Board of Gov-
5 ernors of the Federal Reserve System and
6 Federal reserve banks; or

7 “(iii) an interactive variable or a net
8 estimate composed of the estimates de-
9 scribed in clauses (i) and (ii).

10 “(5) LEGISLATIVE DAY.—The term ‘legislative
11 day’ means a day on which either House of Congress
12 is in session.

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

20 “(7) POLICY INSTRUMENT.—The term ‘Policy
21 Instrument’ means—

22 “(A) the nominal Federal funds rate;

23 “(B) the nominal rate of interest paid on
24 nonborrowed reserves; or

1 “(C) the discount window primary credit
2 interest rate most recently published on the
3 Federal Reserve Statistical Release on selected
4 interest rates (daily or weekly), commonly re-
5 ferred to as the H.15 release.

6 “(8) POLICY INSTRUMENT TARGET.—The term
7 ‘Policy Instrument Target’ means the target for the
8 Policy Instrument specified in the Open Market Op-
9 erations Directive.

10 “(9) REFERENCE POLICY RULE.—The term
11 ‘Reference Policy Rule’ means a calculation of the
12 nominal Federal funds rate as equal to the sum of
13 the following:

14 “(A) The rate of inflation over the pre-
15 vious four quarters.

16 “(B) One-half of the percentage deviation
17 of the real GDP from an estimate of potential
18 GDP.

19 “(C) One-half of the difference between the
20 rate of inflation over the previous four quarters
21 and two.

22 “(D) Two.

23 “(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not
24 later than 48 hours after the end of a meeting of the Fed-
25 eral Open Market Committee, the Chairman of the Fed-

1 eral Open Market Committee shall submit to the appro-
2 priate congressional committees and the Comptroller Gen-
3 eral of the United States a Directive Policy Rule and a
4 statement that identifies the members of the Federal Open
5 Market Committee who voted in favor of the Rule.

6 “(c) REQUIREMENTS FOR A DIRECTIVE POLICY
7 RULE.—A Directive Policy Rule shall—

8 “(1) identify the Policy Instrument the Direc-
9 tive Policy Rule is designed to target;

10 “(2) describe the strategy or rule of the Federal
11 Open Market Committee for the systematic quan-
12 titative adjustment of the Policy Instrument Target
13 to respond to a change in the Intermediate Policy
14 Inputs;

15 “(3) include a function that comprehensively
16 models the interactive relationship between the In-
17 termediate Policy Inputs;

18 “(4) include the coefficients of the Directive
19 Policy Rule that generate the current Policy Instru-
20 ment Target and a range of predicted future values
21 for the Policy Instrument Target if changes occur in
22 any Intermediate Policy Input;

23 “(5) describe the procedure for adjusting the
24 supply of bank reserves to achieve the Policy Instru-
25 ment Target;

1 “(6) include a statement as to whether the Di-
2 rective Policy Rule substantially conforms to the
3 Reference Policy Rule and, if applicable—

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

6 “(B) a detailed justification for that depar-
7 ture; and

8 “(C) a description of the circumstances
9 under which the Directive Policy Rule may be
10 amended in the future;

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

15 “(8) include a calculation that describes with
16 mathematical precision the expected annual inflation
17 rate over a 5-year period.

18 “(d) GAO REPORT.—The Comptroller General of the
19 United States shall compare the Directive Policy Rule sub-
20 mitted under subsection (b) with the rule that was most
21 recently submitted to determine whether the Directive Pol-
22 icy Rule has materially changed. If the Directive Policy
23 Rule has materially changed, the Comptroller General
24 shall, not later than 7 days after each meeting of the Fed-
25 eral Open Market Committee, prepare and submit a com-

1 pliance report to the appropriate congressional committees
2 specifying whether the Rule submitted after that meeting
3 and the Federal Open Market Committee are in compli-
4 ance with this section.

5 “(e) CHANGING MARKET CONDITIONS.—

6 “(1) RULE OF CONSTRUCTION.—Nothing in
7 this Act shall be construed to require that the plans
8 with respect to the systematic quantitative adjust-
9 ment of the Policy Instrument Target described
10 under subsection (c)(2) be implemented if the Fed-
11 eral Open Market Committee determines that such
12 plans cannot or should not be achieved due to
13 changing market conditions.

14 “(2) GAO APPROVAL OF UPDATE.—Upon deter-
15 mining that plans described in paragraph (1) cannot
16 or should not be achieved, the Federal Open Market
17 Committee shall submit an explanation for that de-
18 termination and an updated version of the Directive
19 Policy Rule to the Comptroller General of the
20 United States and the appropriate congressional
21 committees not later than 48 hours after making the
22 determination. The Comptroller General shall, not
23 later than 48 hours after receiving such updated
24 version, prepare and submit a compliance report de-
25 termining whether such updated version and the

1 Federal Open Market Committee are in compliance
2 with this section.

3 “(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN
4 MARKET COMMITTEE NOT IN COMPLIANCE.—

5 “(1) IN GENERAL.—If the Comptroller General
6 of the United States determines that the Directive
7 Policy Rule and the Federal Open Market Com-
8 mittee are not in compliance with this section in the
9 report submitted pursuant to subsection (d), or that
10 the updated version of the Directive Policy Rule and
11 the Federal Open Market Committee are not in com-
12 pliance with this section in the report submitted pur-
13 suant to subsection (e)(2), the Chairman of the
14 Board of Governors of the Federal Reserve System
15 shall, not later than 7 legislative days after the date
16 of submission of such a report, testify before the ap-
17 propriate congressional committees as to why the
18 Directive Policy Rule, the updated version, or the
19 Federal Open Market Committee is not in compli-
20 ance.

21 “(2) GAO AUDIT.—Notwithstanding subsection
22 (b) of section 714 of title 31, United States Code,
23 upon submitting a report of noncompliance pursuant
24 to subsection (d) or subsection (e)(2) and after the
25 period of 7 legislative days described in paragraph

1 (1), the Comptroller General shall audit the conduct
2 of monetary policy by the Board of Governors of the
3 Federal Reserve System and the Federal Open Mar-
4 ket Committee upon request of the appropriate con-
5 gressional committee. Such committee may specify
6 the parameters of such audit.

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

13 (b) CONFORMING AMENDMENT.—The second sen-
14 tence of subsection (b) of section 714 of title 31, United
15 States Code, is amended by striking “Audits” and insert-
16 ing “Except as provided in section 2C(f) of the Federal
17 Reserve Act, audits”.

18 **SEC. 3. FEDERAL OPEN MARKET COMMITTEE BLACKOUT**
19 **PERIOD.**

20 Section 12A of the Federal Reserve Act (12 U.S.C.
21 263) is amended by adding at the end the following new
22 subsection:

23 “(d) BLACKOUT PERIOD.—

24 “(1) IN GENERAL.—During a blackout period,
25 the only public communications that may be made

1 by members and staff of the Committee with respect
2 to macroeconomic or financial developments or about
3 current or prospective monetary policy issues are the
4 following:

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

9 “(B) Answers to technical questions spe-
10 cific to a data release.

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

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

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

22 “(B) ends at midnight on the day after the
23 date on which such meeting takes place.

24 “(3) EXEMPTION FOR CHAIRMAN OF THE
25 BOARD OF GOVERNORS.—Nothing in this section

1 shall prohibit the Chairman of the Board of Gov-
2 ernors of the Federal Reserve System from partici-
3 pating in or issuing public communications.”.

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

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

8 (1) in the first sentence, by striking “five” and
9 inserting “six”;

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

24 (3) by inserting after the second sentence the
25 following: “In odd numbered calendar years, one

1 representative shall be elected from each of the Fed-
2 eral Reserve Banks of Boston, Philadelphia, Rich-
3 mond, Chicago, Minneapolis, and Dallas. In even-
4 numbered calendar years, one representative shall be
5 elected from each of the Federal Reserve Banks of
6 New York, Cleveland, Atlanta, St. Louis, Kansas
7 City, and San Francisco.”.

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

11 (a) STRESS TEST RULEMAKING, GAO REVIEW, AND
12 PUBLICATION OF RESULTS.—Section 165(i)(1)(B) of the
13 Dodd-Frank Wall Street Reform and Consumer Protec-
14 tion Act (12 U.S.C. 5365(i)(1)(B)) is amended—

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

16 “(i) shall—

17 “(I) issue regulations, after pro-
18 viding for public notice and comment,
19 that provide for at least 3 different
20 sets of conditions under which the
21 evaluation required by this subsection
22 shall be conducted, including baseline,
23 adverse, and severely adverse, and
24 methodologies, including models used

1 to estimate losses on certain assets;
2 and

3 “(II) provide copies of such regu-
4 lations to the Comptroller General of
5 the United States and the Panel of
6 Economic Advisors of the Congres-
7 sional Budget Office before publishing
8 such regulations;”; and

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

12 (b) APPLICATION OF CCAR.—Section 165(i)(1) of
13 such Act is further amended by adding at the end the fol-
14 lowing new subparagraph:

15 “(C) APPLICATION TO CCAR.—The require-
16 ments of subparagraph (B) shall apply to all
17 stress tests performed under the Comprehensive
18 Capital Analysis and Review exercise estab-
19 lished by the Board of Governors.”.

20 (c) PUBLICATION OF THE NUMBER OF SUPERVISORY
21 LETTERS SENT TO THE LARGEST BANK HOLDING COM-
22 PANIES.—Section 165 of the Dodd-Frank Wall Street Re-
23 form and Consumer Protection Act (12 U.S.C. 5365) is
24 further amended by adding at the end the following new
25 subsection:

1 “(l) PUBLICATION OF SUPERVISORY LETTER INFOR-
2 MATION.—The Board of Governors shall publicly dis-
3 close—

4 “(1) the aggregate number of supervisory let-
5 ters sent to bank holding companies described in
6 subsection (a) since the date of the enactment of
7 this section, and keep such number updated; and

8 “(2) the aggregate number of such letters that
9 are designated as ‘Matters Requiring Attention’ and
10 the aggregate number of such letters that are des-
11 ignated as ‘Matters Requiring Immediate Atten-
12 tion’.”.

13 **SEC. 6. FREQUENCY OF TESTIMONY OF THE CHAIRMAN OF**
14 **THE BOARD OF GOVERNORS OF THE FED-**
15 **ERAL RESERVE SYSTEM TO CONGRESS.**

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

18 (1) by striking “semi-annual” each place it ap-
19 pears and inserting “quarterly”; and

20 (2) in subsection (a)(2)—

21 (A) by inserting “and October 20” after
22 “July 20” each place it appears; and

23 (B) by inserting “and May 20” after
24 “February 20” each place it appears.

1 (b) CONFORMING AMENDMENT.—Paragraph (12) of
2 section 10 of the Federal Reserve Act (12 U.S.C.
3 247b(12)) is amended by striking “semi-annual” and in-
4 serting “quarterly”.

5 **SEC. 7. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**
6 **QUIREMENT.**

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

9 (1) by redesignating such paragraph as para-
10 graph (11); and

11 (2) in such paragraph, by adding at the end the
12 following: “In each such appearance, the Vice Chair-
13 man for Supervision shall provide written testimony
14 that includes the status of all pending and antici-
15 pated rulemakings that are being made by the
16 Board of Governors of the Federal Reserve System.
17 If, at the time of any appearance described in this
18 paragraph, the position of Vice Chairman for Super-
19 vision is vacant, the Vice Chairman for the Board of
20 Governors of the Federal Reserve System (who has
21 the responsibility to serve in the absence of the
22 Chairman) shall appear instead and provide the re-
23 quired written testimony. If, at the time of any ap-
24 pearance described in this paragraph, both Vice
25 Chairman positions are vacant, the Chairman of the

1 Board of Governors of the Federal Reserve System
2 shall appear instead and provide the required writ-
3 ten testimony.”.

4 **SEC. 8. ECONOMIC ANALYSIS OF REGULATIONS OF THE**
5 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
6 **SERVE SYSTEM.**

7 (a) AMENDMENT TO FEDERAL RESERVE ACT.—Sec-
8 tion 11 of the Federal Reserve Act (12 U.S.C. 248) is
9 amended by inserting after subsection (l) the following
10 new subsection:

11 “(m) CONSIDERATION OF ECONOMIC IMPACTS.—

12 “(1) IN GENERAL.—Before issuing any regula-
13 tion, the Board of Governors of the Federal Reserve
14 System shall—

15 “(A) clearly identify the nature and source
16 of the problem that the proposed regulation is
17 designed to address and assess the significance
18 of that problem;

19 “(B) assess whether any new regulation is
20 warranted or, with respect to a proposed regu-
21 lation that the Board of Governors is required
22 to issue by statute and with respect to which
23 the Board has the authority to exempt certain
24 persons from the application of such regulation,
25 compare—

1 “(i) the costs and benefits of the pro-
2 posed regulation; and

3 “(ii) the costs and benefits of a regu-
4 lation under which the Board exempts all
5 persons from the application of the pro-
6 posed regulation, to the extent the Board
7 is able;

8 “(C) assess the qualitative and quan-
9 titative costs and benefits of the proposed regu-
10 lation and propose or adopt a regulation only
11 on a reasoned determination that the benefits
12 of the proposed regulation outweigh the costs of
13 the regulation;

14 “(D) identify and assess available alter-
15 natives to the proposed regulation that were
16 considered, including any alternative offered by
17 a member of the Board of Governors of the
18 Federal Reserve System or the Federal Open
19 Market Committee and including any modifica-
20 tion of an existing regulation, together with an
21 explanation of why the regulation meets the
22 regulatory objectives more effectively than the
23 alternatives; and

24 “(E) ensure that any proposed regulation
25 is accessible, consistent, written in plain lan-

1 guage, and easy to understand and shall meas-
2 ure, and seek to improve, the actual results of
3 regulatory requirements.

4 “(2) CONSIDERATIONS AND ACTIONS.—

5 “(A) REQUIRED ACTIONS.—In deciding
6 whether and how to regulate, the Board shall
7 assess the costs and benefits of available regu-
8 latory alternatives, including the alternative of
9 not regulating, and choose the approach that
10 maximizes net benefits. Specifically, the Board
11 shall—

12 “(i) evaluate whether, consistent with
13 achieving regulatory objectives, the regula-
14 tion is tailored to impose the least impact
15 on the availability of credit and economic
16 growth and to impose the least burden on
17 society, including market participants, in-
18 dividuals, businesses of different sizes, and
19 other entities (including State and local
20 governmental entities), taking into ac-
21 count, to the extent practicable, the cumu-
22 lative costs of regulations;

23 “(ii) evaluate whether the regulation
24 is inconsistent, incompatible, or duplicative
25 of other Federal regulations; and

1 “(iii) with respect to a proposed regu-
2 lation that the Board is required to issue
3 by statute and with respect to which the
4 Board has the authority to exempt certain
5 persons from the application of such regu-
6 lation, compare—

7 “(I) the costs and benefits of the
8 proposed regulation; and

9 “(II) the costs and benefits of a
10 regulation under which the Board ex-
11 empts all persons from the application
12 of the proposed regulation, to the ex-
13 tent the Board is able.

14 “(B) ADDITIONAL CONSIDERATIONS.—In
15 addition, in making a reasoned determination of
16 the costs and benefits of a proposed regulation,
17 the Board shall, to the extent that each is rel-
18 evant to the particular proposed regulation,
19 take into consideration the impact of the regu-
20 lation, including secondary costs such as an in-
21 crease in the cost or a reduction in the avail-
22 ability of credit or investment services or prod-
23 ucts, on—

24 “(i) the safety and soundness of the
25 United States banking system;

- 1 “(ii) market liquidity in securities
2 markets;
3 “(iii) small businesses;
4 “(iv) community banks;
5 “(v) economic growth;
6 “(vi) cost and access to capital;
7 “(vii) market stability;
8 “(viii) global competitiveness;
9 “(ix) job creation;
10 “(x) the effectiveness of the monetary
11 policy transmission mechanism; and
12 “(xi) employment levels.

13 “(3) EXPLANATION AND COMMENTS.—The
14 Board shall explain in its final rule the nature of
15 comments that it received and shall provide a re-
16 sponse to those comments in its final rule, including
17 an explanation of any changes that were made in re-
18 sponse to those comments and the reasons that the
19 Board did not incorporate concerns related to the
20 potential costs or benefits in the final rule.

21 “(4) POSTADOPTION IMPACT ASSESSMENT.—

22 “(A) IN GENERAL.—Whenever the Board
23 adopts or amends a regulation designated as a
24 ‘major rule’ within the meaning of section

1 804(2) of title 5, United States Code, it shall
2 state, in its adopting release, the following:

3 “(i) The purposes and intended con-
4 sequences of the regulation.

5 “(ii) The assessment plan that will be
6 used, consistent with the requirements of
7 subparagraph (B), to assess whether the
8 regulation has achieved the stated pur-
9 poses.

10 “(iii) Appropriate postimplementation
11 quantitative and qualitative metrics to
12 measure the economic impact of the regu-
13 lation and the extent to which the regula-
14 tion has accomplished the stated purpose
15 of the regulation.

16 “(iv) Any reasonably foreseeable indi-
17 rect effects that may result from the regu-
18 lation.

19 “(B) REQUIREMENTS OF ASSESSMENT
20 PLAN AND REPORT.—

21 “(i) REQUIREMENTS OF PLAN.—The
22 assessment plan required under this para-
23 graph shall consider the costs, benefits,
24 and intended and unintended consequences
25 of the regulation. The plan shall specify

1 the data to be collected, the methods for
2 collection and analysis of the data, and a
3 date for completion of the assessment. The
4 assessment plan shall include an analysis
5 of any jobs added or lost as a result of the
6 regulation, differentiating between public
7 and private sector jobs.

8 “(ii) SUBMISSION AND PUBLICATION
9 OF REPORT.—The Board shall, not later
10 than 2 years after the publication of the
11 adopting release, publish the assessment
12 plan in the Federal Register for notice and
13 comment. If the Board determines, at least
14 90 days before the deadline for publication
15 of the assessment plan, that an extension
16 is necessary, the Board shall publish a no-
17 tice of such extension and the specific rea-
18 sons why the extension is necessary in the
19 Federal Register. Any material modifica-
20 tion of the assessment plan, as necessary
21 to assess unforeseen aspects or con-
22 sequences of the regulation, shall be
23 promptly published in the Federal Register
24 for notice and comment.

1 “(iii) DATA COLLECTION NOT SUB-
2 JECT TO NOTICE AND COMMENT REQUIRE-
3 MENTS.—If the Board has published the
4 assessment plan for notice and comment at
5 least 30 days before the adoption of a reg-
6 ulation designated as a major rule, the col-
7 lection of data under the assessment plan
8 shall not be subject to the notice and com-
9 ment requirements in section 3506(c) of
10 title 44, United States Code (commonly re-
11 ferred to as the Paperwork Reduction Act).
12 Any material modification of the plan that
13 requires collection of data not previously
14 published for notice and comment shall
15 also be exempt from such requirements if
16 the Board has published notice in the Fed-
17 eral Register for comment on the addi-
18 tional data to be collected, at least 30 days
19 before the initiation of data collection.

20 “(iv) FINAL ACTION.—Not later than
21 180 days after publication of the assess-
22 ment plan in the Federal Register, the
23 Board shall issue for notice and comment
24 a proposal to amend or rescind the regula-
25 tion, or shall publish a notice that the

1 Board has determined that no action will
2 be taken on the regulation. Such a notice
3 will be deemed a final agency action.

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

7 “(A) means a statement of general applica-
8 bility and future effect that is designed to im-
9 plement, interpret, or prescribe law or policy, or
10 to describe the procedure or practice require-
11 ments of the Board of Governors, including
12 rules, orders of general applicability, interpre-
13 tive releases, and other statements of general
14 applicability that the Board of Governors in-
15 tends to have the force and effect of law; and

16 “(B) does not include—

17 “(i) a regulation issued in accordance
18 with the formal rulemaking provisions of
19 section 556 or 557 of title 5, United States
20 Code;

21 “(ii) a regulation that is limited to the
22 organization, management, or personnel
23 matters of the Board of Governors;

1 “(iii) a regulation promulgated pursu-
2 ant to statutory authority that expressly
3 prohibits compliance with this provision; or

4 “(iv) a regulation that is certified by
5 the Board of Governors to be an emer-
6 gency action, if such certification is pub-
7 lished in the Federal Register.”.

8 (b) **RULE OF CONSTRUCTION.**—Nothing in this sec-
9 tion shall apply to the requirements regarding the conduct
10 of monetary policy described in section 2.

11 **SEC. 9. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE**
12 **STAFF OF THE BOARD OF GOVERNORS OF**
13 **THE FEDERAL RESERVE SYSTEM.**

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

16 (1) by redesignating the second subsection (s)
17 (relating to assessments, fees, and other charges for
18 certain companies) as subsection (t); and

19 (2) by adding at the end the following new sub-
20 sections:

21 “(u) **ETHICS STANDARDS FOR MEMBERS AND EM-**
22 **PLOYEES.**—

23 “(1) **PROHIBITED AND RESTRICTED FINANCIAL**
24 **INTERESTS AND TRANSACTIONS.**—The members and
25 employees of the Board of Governors of the Federal

1 Reserve System shall be subject to the provisions
2 under section 4401.102 of title 5, Code of Federal
3 Regulations, to the same extent as such provisions
4 apply to an employee of the Securities and Exchange
5 Commission.

6 “(2) TREATMENT OF BROKERAGE ACCOUNTS
7 AND AVAILABILITY OF ACCOUNT STATEMENTS.—The
8 members and employees of the Board of Governors
9 of the Federal Reserve System shall—

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

17 “(B) with respect to any securities account
18 that the member or employee is required to dis-
19 close to the Board of Governors, authorize their
20 brokers and dealers to send duplicate account
21 statements directly to Board of Governors.

22 “(3) PROHIBITIONS RELATED TO OUTSIDE EM-
23 PLOYMENT AND ACTIVITIES.—The members and em-
24 ployees of the Board of Governors of the Federal
25 Reserve System shall be subject to the prohibitions

1 related to outside employment and activities de-
2 scribed under section 4401.103(c) of title 5, Code of
3 Federal Regulations, to the same extent as such pro-
4 hibitions apply to an employee of the Securities and
5 Exchange Commission.

6 “(4) ADDITIONAL ETHICS STANDARDS.—The
7 members and employees of the Board of Governors
8 of the Federal Reserve System shall be subject to—

9 “(A) the employee responsibilities and con-
10 duct regulations of the Office of Personnel
11 Management under part 735 of title 5, Code of
12 Federal Regulations;

13 “(B) the canons of ethics contained in sub-
14 part C of part 200 of title 17, Code of Federal
15 Regulations, to the same extent as such subpart
16 applies to the employees of the Securities and
17 Exchange Commission; and

18 “(C) the regulations concerning the con-
19 duct of members and employees and former
20 members and employees contained in subpart M
21 of part 200 of title 17, Code of Federal Regula-
22 tions, to the same extent as such subpart ap-
23 plies to the employees of the Securities and Ex-
24 change Commission.

1 “(v) DISCLOSURE OF STAFF SALARIES AND FINAN-
2 CIAL INFORMATION.—The Board of Governors of the Fed-
3 eral Reserve System shall make publicly available, on the
4 website of the Board of Governors, a searchable database
5 that contains the names of all members, officers, and em-
6 ployees of the Board of Governors and each Federal re-
7 serve bank who receive an annual salary in excess of the
8 annual rate of basic pay for GS–15 of the General Sched-
9 ule, and—

10 “(1) the yearly salary information for such indi-
11 viduals, along with any nonsalary compensation re-
12 ceived by such individuals; and

13 “(2) any financial disclosures required to be
14 made by such individuals.”.

15 (b) OFFICE STAFF FOR EACH MEMBER OF THE
16 BOARD OF GOVERNORS.—Subsection (l) of section 11 of
17 the Federal Reserve Act (12 U.S.C. 248) is amended by
18 adding at the end the following: “Each member of the
19 Board of Governors of the Federal Reserve System may
20 employ, at a minimum, 2 individuals, with such individuals
21 selected by such member and the salaries of such individ-
22 uals set by such member. A member may employ addi-
23 tional individuals as determined necessary by the Board
24 of Governors.”.

1 **SEC. 10. REQUIREMENTS FOR INTERNATIONAL NEGOTIA-**
2 **TIONS.**

3 (a) BOARD OF GOVERNORS REQUIREMENTS.—Sec-
4 tion 11 of the Federal Reserve Act (12 U.S.C. 248), as
5 amended by section 8 of this Act, is further amended by
6 adding at the end the following new subsection:

7 “(w) INTERNATIONAL NEGOTIATIONS.—

8 “(1) NOTICE OF NEGOTIATIONS; CONSULTA-
9 TION.—At least 30 calendar days before any mem-
10 ber or employee of the Board of Governors of the
11 Federal Reserve System enters into negotiations
12 with any foreign or multinational entity, the Board
13 of Governors shall—

14 “(A) issue a notice of negotiations to the
15 Committee on Financial Services of the House
16 of Representatives and the Committee on Bank-
17 ing, Housing, and Urban Affairs of the Senate;

18 “(B) make such notice available to the
19 public, including on the website of the Board of
20 Governors; and

21 “(C) solicit public comment, and consult
22 with the committees described under subpara-
23 graph (A), with respect to the topic matter,
24 scope, and goals of the negotiations.

25 “(2) PUBLIC REPORTS ON NEGOTIATIONS.—
26 After the end of any negotiation described under

1 paragraph (1), the Board of Governors shall issue a
2 public report on the topics that were discussed at
3 the negotiation and any new or revised rulemakings
4 or policy changes that the Board of Governors be-
5 lieves should be implemented as a result of the nego-
6 tiations.

7 “(3) NOTICE OF AGREEMENTS; CONSULTA-
8 TION.—At least 90 calendar days before any mem-
9 ber or employee of the Board of Governors of the
10 Federal Reserve System enters into any agreement
11 with any foreign or multinational entity, the Board
12 of Governors shall—

13 “(A) issue a notice of agreement to the
14 Committee on Financial Services of the House
15 of Representatives and the Committee on Bank-
16 ing, Housing, and Urban Affairs of the Senate;

17 “(B) make such notice available to the
18 public, including on the website of the Board of
19 Governors; and

20 “(C) consult with such committees with re-
21 spect to the nature of the agreement and any
22 anticipated effects such agreement will have on
23 the economy.

24 “(4) DEFINITION.—For purposes of this sub-
25 section, the term ‘negotiation’ shall include any offi-

1 cial proceeding or meeting on financial regulation of
2 a recognized international organization with author-
3 ity to coordinate financial regulation on a global or
4 regional level, including the Financial Stability
5 Board, the Basel Committee on Banking Supervision
6 (or a similar organization), and the International
7 Association of Insurance Supervisors (or a similar
8 organization).”.

9 (b) FDIC REQUIREMENTS.—The Federal Deposit
10 Insurance Act (12 U.S.C. 1811 et seq.) is amended by
11 adding at the end the following new section:

12 **“SEC. 51. INTERNATIONAL NEGOTIATIONS.**

13 “(a) NOTICE OF NEGOTIATIONS; CONSULTATION.—
14 At least 30 calendar days before the Board of Directors
15 enters into negotiations with any foreign or multinational
16 entity, the Board of Directors shall—

17 “(1) issue a notice of negotiations to the Com-
18 mittee on Financial Services of the House of Rep-
19 resentatives and the Committee on Banking, Hous-
20 ing, and Urban Affairs of the Senate;

21 “(2) make such notice available to the public,
22 including on the website of the Corporation; and

23 “(3) solicit public comment, and consult with
24 the committees described under paragraph (1), with

1 respect to the topic matter, scope, and goals of the
2 negotiations.

3 “(b) PUBLIC REPORTS ON NEGOTIATIONS.—After
4 the end of any negotiation described under subsection (a),
5 the Board of Directors shall issue a public report on the
6 topics that were discussed at the negotiation and any new
7 or revised rulemakings or policy changes that the Board
8 of Directors believes should be implemented as a result
9 of the negotiations.

10 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
11 least 90 calendar days before the Board of Directors en-
12 ters into any agreement with any foreign or multinational
13 entity, the Board of Directors shall—

14 “(1) issue a notice of agreement to the Com-
15 mittee on Financial Services of the House of Rep-
16 resentatives and the Committee on Banking, Hous-
17 ing, and Urban Affairs of the Senate;

18 “(2) make such notice available to the public,
19 including on the website of the Corporation; and

20 “(3) consult with such committees with respect
21 to the nature of the agreement and any anticipated
22 effects such agreement will have on the economy.

23 “(d) DEFINITION.—For purposes of this section, the
24 term ‘negotiation’ shall include any official proceeding or
25 meeting on financial regulation of a recognized inter-

1 national organization with authority to coordinate finan-
2 cial regulation on a global or regional level, including the
3 Financial Stability Board, the Basel Committee on Bank-
4 ing Supervision (or a similar organization), and the Inter-
5 national Association of Insurance Supervisors (or a similar
6 organization).”.

7 (c) TREASURY REQUIREMENTS.—Section 325 of title
8 31, United States Code, is amended by adding at the end
9 the following new subsection:

10 “(d) INTERNATIONAL NEGOTIATIONS.—

11 “(1) NOTICE OF NEGOTIATIONS; CONSULTA-
12 TION.—At least 30 calendar days before the Sec-
13 retary enters into negotiations with any foreign or
14 multinational entity, the Secretary shall—

15 “(A) issue a notice of negotiations to the
16 Committee on Financial Services of the House
17 of Representatives and the Committee on Bank-
18 ing, Housing, and Urban Affairs of the Senate;

19 “(B) make such notice available to the
20 public, including on the website of the Depart-
21 ment of the Treasury; and

22 “(C) solicit public comment, and consult
23 with the committees described under subpara-
24 graph (A), with respect to the topic matter,
25 scope, and goals of the negotiations.

1 “(2) PUBLIC REPORTS ON NEGOTIATIONS.—
2 After the end of any negotiation described under
3 paragraph (1), the Secretary shall issue a public re-
4 port on the topics that were discussed at the nego-
5 tiation and any new or revised rulemakings or policy
6 changes that the Secretary believes should be imple-
7 mented as a result of the negotiations.

8 “(3) NOTICE OF AGREEMENTS; CONSULTA-
9 TION.—At least 90 calendar days before the Sec-
10 retary enters into any agreement with any foreign or
11 multinational entity, the Secretary shall—

12 “(A) issue a notice of agreement to the
13 Committee on Financial Services of the House
14 of Representatives and the Committee on Bank-
15 ing, Housing, and Urban Affairs of the Senate;

16 “(B) make such notice available to the
17 public, including on the website of the Depart-
18 ment of the Treasury; and

19 “(C) consult with such committees with re-
20 spect to the nature of the agreement and any
21 anticipated effects such agreement will have on
22 the economy.

23 “(4) DEFINITION.—For purposes of this sub-
24 section, the term ‘negotiation’ shall include any offi-
25 cial proceeding or meeting on financial regulation of

1 a recognized international organization with author-
2 ity to coordinate financial regulation on a global or
3 regional level, including the Financial Stability
4 Board, the Basel Committee on Banking Supervision
5 (or a similar organization), and the International
6 Association of Insurance Supervisors (or a similar
7 organization).”.

8 **SECTION 11. AMENDMENTS TO POWERS OF THE BOARD OF**
9 **GOVERNORS OF THE FEDERAL RESERVE SYS-**
10 **TEM.**

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

13 (1) in subparagraph (A)—

14 (A) by inserting “that pose a threat to the
15 financial stability of the United States” after
16 “unusual and exigent circumstances”; and

17 (B) by inserting “and by the affirmative
18 vote of not less than nine presidents of the Fed-
19 eral reserve banks,” after “five members”;

20 (2) in subparagraph (B)—

21 (A) in clause (i), by inserting at the end
22 the following: “The Board may not accept eq-
23 uity securities issued by the recipient of any
24 loan or other financial assistance under this
25 paragraph as collateral. Not later than 6

1 months after the date of enactment of this sen-
2 tence, the Board shall, by rule, establish—

3 “(I) a method for determining
4 the sufficiency of the collateral re-
5 quired under this paragraph;

6 “(II) acceptable classes of collat-
7 eral;

8 “(III) the amount of any dis-
9 count of such value that the Board
10 will apply for purposes of calculating
11 the sufficiency of collateral under this
12 paragraph; and

13 “(IV) a method for obtaining
14 independent appraisals of the value of
15 collateral the Board receives.”; and

16 (B) in clause (ii), by inserting after the
17 second sentence the following: “A financial in-
18 stitution participant with a primary financial
19 regulatory agency (as defined in section 2 of
20 the Dodd-Frank Wall Street Reform and Con-
21 sumer Protection Act) may not borrow from
22 programs or facilities until such agency has cer-
23 tified in writing to the Board that the person
24 is not insolvent.”.

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

3 (4) in subparagraph (D)(i), by inserting “finan-
4 cial 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 re-
11 spect to a recipient of any loan or other fi-
12 nancial assistance under this paragraph,
13 establish by rule a minimum interest rate
14 on the principal amount of any loan or
15 other financial assistance.

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

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

23 “(II) the average of the dif-
24 ference between a corporate bond
25 yield index (as defined by rule of the

1 Board) and a bond yield index of debt
2 issued by the United States (as de-
3 fined by rule of the Board) over the
4 most recent 90-day period.

5 “(G) FINANCIAL INSTITUTION PARTICI-
6 PANT DEFINED.—For purposes of this para-
7 graph, the term ‘financial institution partici-
8 pant’—

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
18 such an agency.”.

19 (b) CONFORMING AMENDMENT.—Section
20 11(r)(2)(A) 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
4 affirmative vote of not less than nine presi-
5 dents of the Federal reserve banks.”.

6 **SEC. 12. INTEREST RATES ON BALANCES MAINTAINED AT A**
7 **FEDERAL RESERVE BANK BY DEPOSITORY**
8 **INSTITUTIONS 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
18 title 31, United States Code, or any other provision of law,
19 the Comptroller General of the United States shall com-
20 plete an audit of the Board of Governors of the Federal
21 Reserve System and the Federal reserve banks under sub-
22 section (b) of such section 714 within 12 months after
23 the date of the enactment 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 minor-
8 ity leaders of the House of Representatives, the
9 majority 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,
13 and any other Member of Congress who re-
14 quests the report.

15 (2) CONTENTS.—The report under paragraph
16 (1) shall include a detailed description of the find-
17 ings and conclusion of the Comptroller General with
18 respect to the audit that is the subject of the report,
19 together with such recommendations for legislative
20 or 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
24 amended 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
4 (f)” each place such term appears;

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

8 (C) by striking subsection (f).

9 **[(2) FEDERAL RESERVE ACT.—Section 11 of**
10 the Federal Reserve Act (12 U.S.C. 248) is amend-
11 ed—**]**

12 **[(A) in the first subsection (s) (relating to**
13 “Federal Reserve Transparency and Release of
14 Information”)—**]**

15 **[(i) in paragraph (4)(A), by striking**
16 “has the same meaning as in section
17 714(f)(1)(A) of title 31, United States
18 Code” and inserting “means a program or
19 facility, including any special purpose vehi-
20 cle or other entity established by or on be-
21 half of the Board of Governors of the Fed-
22 eral Reserve System or a Federal reserve
23 bank, authorized by the Board of Gov-
24 ernors under section 13(3) of the Federal
25 Reserve Act (12 U.S.C. 343), **[that is not**

1 subject to audit under section 714(e) of
2 title 31, United States Code】~~】~~】;

3 【(ii) in paragraph (6), by striking “or
4 in section 714(f)(3)(C) of title 31, United
5 States Code, the information described in
6 paragraph (1) and information concerning
7 the transactions described in section 714(f)
8 of such title,” and inserting “the informa-
9 tion described in paragraph (1)”】;

10 【(iii) in paragraph (7), by striking
11 “and section 13(3)(C), section
12 714(f)(3)(C) of title 31, United States
13 Code, and” and inserting “, section
14 13(3)(C), and”】;

15 【(B) by redesignating the second sub-
16 section (s) (relating to “Assessments, Fees, and
17 Other Charges for Certain Companies”) as sub-
18 section (t).】