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(Original Signature of Member)

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 “Fed Oversight Reform and Modernization Act of 2015”
4 or the “FORM Act of 2015”.

5 (b) TABLE OF CONTENTS.—The table of contents for
6 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 Fed-
eral Reserve System.
- Sec. 9. Salaries, financial disclosures, and office staff of the Board of Gov-
ernors of the Federal Reserve System.
- Sec. 10. Requirements for international processes.
- Sec. 11. Amendments to powers of the Board of Governors of the Federal Re-
serve 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 Fed-
eral Reserve System.

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

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

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

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

1 “(1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term ‘appropriate congressional com-
3 mittees’ means the Committee on Financial Services
4 of the House of Representatives and the Committee
5 on Banking, Housing, and Urban Affairs of the Sen-
6 ate.

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

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

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

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

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

24 “(C) shall include, specifying whether the
25 variable or estimate is historical, current, or a

1 forecast and the method of calculation, at least
2 one of—

3 “(i) an estimate of real GDP, nominal
4 GDP, or potential GDP;

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

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

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

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

22 “(7) POLICY INSTRUMENT.—The term ‘Policy
23 Instrument’ means—

24 “(A) the nominal Federal funds rate;

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

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

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

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

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

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

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

24 “(D) Two percent.

1 “(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not
2 later than 48 hours after the end of a meeting of the Fed-
3 eral Open Market Committee, the Chairman of the Fed-
4 eral Open Market Committee shall submit to the appro-
5 priate congressional committees and the Comptroller Gen-
6 eral of the United States a Directive Policy Rule and a
7 statement that identifies the members of the Federal Open
8 Market Committee 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 Direc-
12 tive 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
16 to respond to a change in the Intermediate Policy
17 Inputs;

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

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

1 “(5) describe the procedure for adjusting the
2 supply of bank reserves to achieve the Policy Instru-
3 ment Target;

4 “(6) include a statement as to whether the Di-
5 rective Policy Rule substantially conforms to the
6 Reference 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 depart-
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
2 shall, not later than 7 days after each meeting of the Fed-
3 eral Open Market Committee, prepare and submit a com-
4 pliance report to the appropriate congressional committees
5 specifying whether the Rule submitted after that meeting
6 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
10 this Act shall be construed to require that the plans
11 with respect to the systematic quantitative adjust-
12 ment of the Policy Instrument Target described
13 under subsection (c)(2) be implemented if the Fed-
14 eral Open Market Committee determines that such
15 plans cannot or should not be achieved due to
16 changing market conditions.

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 de-
21 termination and an updated version of the Directive
22 Policy Rule to the Comptroller General of the
23 United States and the appropriate congressional
24 committees not later than 48 hours after making the
25 determination. The Comptroller General shall, not

1 later than 48 hours after receiving such updated
2 version, prepare and submit a compliance report de-
3 termining whether such updated version and the
4 Federal Open Market Committee are in compliance
5 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
9 of the United States determines that the Directive
10 Policy Rule and the Federal Open Market Com-
11 mittee are not in compliance with this section in the
12 report submitted pursuant to subsection (d), or that
13 the updated version of the Directive Policy Rule and
14 the Federal Open Market Committee are not in com-
15 pliance with this section in the report submitted pur-
16 suant to subsection (e)(2), the Chairman of the
17 Board of Governors of the Federal Reserve System
18 shall, not later than 7 legislative days after the date
19 of submission of such a report, testify before the ap-
20 propriate congressional committees as to why the
21 Directive Policy Rule, the updated version, or the
22 Federal Open Market Committee is not in compli-
23 ance.

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

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 spe-
8 cific to a data release.

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

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

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

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

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

1 errors of the Federal Reserve System from partici-
2 pating in or issuing public communications.”.

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

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

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

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

23 (3) by inserting after the second sentence the
24 following: “In odd numbered calendar years, one
25 representative shall be elected from each of the Fed-

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

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

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

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

18 (c) PUBLICATION OF THE NUMBER OF SUPERVISORY
19 LETTERS SENT TO THE LARGEST BANK HOLDING COM-
20 PANIES.—Section 165 of such Act is further amended by
21 adding at the end the following new subsection:

22 “(1) PUBLICATION OF SUPERVISORY LETTER INFOR-
23 MATION.—The Board of Governors shall publicly dis-
24 close—

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

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

10 **SEC. 6. FREQUENCY OF TESTIMONY OF THE CHAIRMAN OF**
11 **THE BOARD OF GOVERNORS OF THE FED-**
12 **ERAL RESERVE SYSTEM TO CONGRESS.**

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

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

17 (2) in subsection (a)(2)—

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

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

22 (b) CONFORMING AMENDMENT.—Paragraph (12) of
23 section 10 of the Federal Reserve Act (12 U.S.C.
24 247b(12)) is amended by striking “semi-annual” and in-
25 serting “quarterly”.

1 **SEC. 7. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**
2 **QUIREMENT.**

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

5 (1) by redesignating such paragraph as para-
6 graph (11); and

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

1 **SEC. 8. ECONOMIC ANALYSIS OF REGULATIONS OF THE**
2 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
3 **SERVE SYSTEM.**

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

8 “(m) CONSIDERATION OF ECONOMIC IMPACTS.—

9 “(1) IN GENERAL.—Before issuing any regula-
10 tion, the Board of Governors of the Federal Reserve
11 System shall—

12 “(A) clearly identify the nature and source
13 of the problem that the proposed regulation is
14 designed to address and assess the significance
15 of that problem;

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

23 “(i) the costs and benefits of the pro-
24 posed regulation; and

25 “(ii) the costs and benefits of a regu-
26 lation under which the Board exempts all

1 persons from the application of the pro-
2 posed regulation, to the extent the Board
3 is able;

4 “(C) assess the qualitative and quan-
5 titative costs and benefits of the proposed regu-
6 lation and propose or adopt a regulation only
7 on a reasoned determination that the benefits
8 of the proposed regulation outweigh the costs of
9 the regulation;

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

20 “(E) ensure that any proposed regulation
21 is accessible, consistent, written in plain lan-
22 guage, and easy to understand and shall meas-
23 ure, and seek to improve, the actual results of
24 regulatory requirements.

25 “(2) CONSIDERATIONS AND ACTIONS.—

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

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

19 “(ii) evaluate whether the regulation
20 is inconsistent, incompatible, or duplicative
21 of other Federal regulations; and

22 “(iii) with respect to a proposed regu-
23 lation that the Board is required to issue
24 by statute and with respect to which the
25 Board has the authority to exempt certain

1 persons from the application of such regu-
2 lation, compare—

3 “(I) the costs and benefits of the
4 proposed regulation; and

5 “(II) the costs and benefits of a
6 regulation under which the Board ex-
7 empts all persons from the application
8 of the proposed regulation, to the ex-
9 tent the Board is able.

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

20 “(i) the safety and soundness of the
21 United States banking system;

22 “(ii) market liquidity in securities
23 markets;

24 “(iii) small businesses;

25 “(iv) community banks;

- 1 “(v) economic growth;
- 2 “(vi) cost and access to capital;
- 3 “(vii) market stability;
- 4 “(viii) global competitiveness;
- 5 “(ix) job creation;
- 6 “(x) the effectiveness of the monetary
- 7 policy transmission mechanism; and
- 8 “(xi) employment levels.

9 “(3) EXPLANATION AND COMMENTS.—The

10 Board shall explain in its final rule the nature of

11 comments that it received and shall provide a re-

12 sponse to those comments in its final rule, including

13 an explanation of any changes that were made in re-

14 sponse to those comments and the reasons that the

15 Board did not incorporate concerns related to the

16 potential costs or benefits in the final rule.

17 “(4) POSTADOPTION IMPACT ASSESSMENT.—

18 “(A) IN GENERAL.—Whenever the Board

19 adopts or amends a regulation designated as a

20 ‘major rule’ within the meaning of section

21 804(2) of title 5, United States Code, it shall

22 state, in its adopting release, the following:

23 “(i) The purposes and intended con-

24 sequences of the regulation.

1 “(ii) The assessment plan that will be
2 used, consistent with the requirements of
3 subparagraph (B), to assess whether the
4 regulation has achieved the stated pur-
5 poses.

6 “(iii) Appropriate postimplementation
7 quantitative and qualitative metrics to
8 measure the economic impact of the regu-
9 lation and the extent to which the regula-
10 tion has accomplished the stated purpose
11 of the regulation.

12 “(iv) Any reasonably foreseeable indi-
13 rect effects that may result from the regu-
14 lation.

15 “(B) REQUIREMENTS OF ASSESSMENT
16 PLAN AND REPORT.—

17 “(i) REQUIREMENTS OF PLAN.—The
18 assessment plan required under this para-
19 graph shall consider the costs, benefits,
20 and intended and unintended consequences
21 of the regulation. The plan shall specify
22 the data to be collected, the methods for
23 collection and analysis of the data, and a
24 date for completion of the assessment. The
25 assessment plan shall include an analysis

1 of any jobs added or lost as a result of the
2 regulation, differentiating between public
3 and private sector jobs.

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

21 “(iii) DATA COLLECTION NOT SUB-
22 JECT TO NOTICE AND COMMENT REQUIRE-
23 MENTS.—If the Board has published the
24 assessment plan for notice and comment at
25 least 30 days before the adoption of a reg-

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

15 “(iv) FINAL ACTION.—Not later than
16 180 days after publication of the assess-
17 ment plan in the Federal Register, the
18 Board shall issue for notice and comment
19 a proposal to amend or rescind the regula-
20 tion, or shall publish a notice that the
21 Board has determined that no action will
22 be taken on the regulation. Such a notice
23 will be deemed a final agency action.

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

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

13 “(B) does not include—

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

18 “(ii) a regulation that is limited to the
19 organization, management, or personnel
20 matters of the Board of Governors;

21 “(iii) a regulation promulgated pursu-
22 ant to statutory authority that expressly
23 prohibits compliance with this provision; or

24 “(iv) a regulation that is certified by
25 the Board of Governors to be an emer-

1 agency action, if such certification is pub-
2 lished in the Federal Register.”.

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

6 **SEC. 9. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE**
7 **STAFF OF THE BOARD OF GOVERNORS OF**
8 **THE FEDERAL RESERVE SYSTEM.**

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

11 (1) by redesignating the second subsection (s)
12 (relating to “Assessments, Fees, and Other Charges
13 for Certain Companies”) as subsection (t); and

14 (2) by adding at the end the following new sub-
15 sections:

16 “(u) **ETHICS STANDARDS FOR MEMBERS AND EM-**
17 **PLOYEES.**—

18 “(1) **PROHIBITED AND RESTRICTED FINANCIAL**
19 **INTERESTS AND TRANSACTIONS.**—The members and
20 employees of the Board of Governors of the Federal
21 Reserve System shall be subject to the provisions
22 under section 4401.102 of title 5, Code of Federal
23 Regulations, to the same extent as such provisions
24 apply to an employee of the Securities and Exchange
25 Commission.

1 “(2) TREATMENT OF BROKERAGE ACCOUNTS
2 AND AVAILABILITY OF ACCOUNT STATEMENTS.—The
3 members and employees of the Board of Governors
4 of the Federal Reserve System shall—

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

12 “(B) with respect to any securities account
13 that the member or employee is required to dis-
14 close to the Board of Governors, authorize their
15 brokers and dealers to send duplicate account
16 statements directly to Board of Governors.

17 “(3) PROHIBITIONS RELATED TO OUTSIDE EM-
18 PLOYMENT AND ACTIVITIES.—The members and em-
19 ployees of the Board of Governors of the Federal
20 Reserve System shall be subject to the prohibitions
21 related to outside employment and activities de-
22 scribed under section 4401.103(c) of title 5, Code of
23 Federal Regulations, to the same extent as such pro-
24 hibitions apply to an employee of the Securities and
25 Exchange Commission.

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

4 “(A) the employee responsibilities and con-
5 duct regulations of the Office of Personnel
6 Management under part 735 of title 5, Code of
7 Federal Regulations;

8 “(B) the canons of ethics contained in sub-
9 part C of part 200 of title 17, Code of Federal
10 Regulations, to the same extent as such subpart
11 applies to the employees of the Securities and
12 Exchange Commission; and

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

20 “(v) DISCLOSURE OF STAFF SALARIES AND FINAN-
21 CIAL INFORMATION.—The Board of Governors of the Fed-
22 eral Reserve System shall make publicly available, on the
23 website of the Board of Governors, a searchable database
24 that contains the names of all members, officers, and em-
25 ployees of the Board of Governors who receive an annual

1 salary in excess of the annual rate of basic pay for GS—
2 15 of the General Schedule, and—

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

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

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

18 **SEC. 10. REQUIREMENTS FOR INTERNATIONAL PROC-**
19 **ESSES.**

20 (a) BOARD OF GOVERNORS REQUIREMENTS.—Sec-
21 tion 11 of the Federal Reserve Act (12 U.S.C. 248), as
22 amended by section 9 of this Act, is further amended by
23 adding at the end the following new subsection:

24 “(w) INTERNATIONAL PROCESSES.—

1 “(1) NOTICE OF PROCESS; CONSULTATION.—At
2 least 30 calendar days before any member or em-
3 ployee of the Board of Governors of the Federal Re-
4 serve System participates in a process of setting fi-
5 nancial standards as a part of any foreign or multi-
6 national entity, the Board of Governors shall—

7 “(A) issue a notice of the process, includ-
8 ing the subject matter, scope, and goals of the
9 process, to the Committee on Financial Services
10 of the House of Representatives and the Com-
11 mittee on Banking, Housing, and Urban Affairs
12 of the Senate;

13 “(B) make such notice available to the
14 public, including on the website of the Board of
15 Governors; and

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

20 “(2) PUBLIC REPORTS ON PROCESS.—After the
21 end of any process described under paragraph (1),
22 the Board of Governors shall issue a public report
23 on the topics that were discussed during the process
24 and any new or revised rulemakings or policy

1 changes that the Board of Governors believes should
2 be implemented as a result of the process.

3 “(3) NOTICE OF AGREEMENTS; CONSULTA-
4 TION.—At least 90 calendar days before any mem-
5 ber or employee of the Board of Governors of the
6 Federal Reserve System participates in a process of
7 setting financial standards as a part of any foreign
8 or multinational entity, the Board of Governors
9 shall—

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

14 “(B) make such notice available to the
15 public, including on the website of the Board of
16 Governors; and

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

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

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

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

9 **“SEC. 51. INTERNATIONAL PROCESSES.**

10 “(a) NOTICE OF PROCESS; CONSULTATION.—At least
11 30 calendar days before the Board of Directors partici-
12 pates in a process of setting financial standards as a part
13 of any foreign or multinational entity, the Board of Direc-
14 tors shall—

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

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

22 “(3) solicit public comment, and consult with
23 the committees described under paragraph (1), with
24 respect to the subject matter, scope, and goals of the
25 process.

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

7 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
8 least 90 calendar days before the Board of Directors par-
9 ticipates in a process of setting financial standards as a
10 part of any foreign or multinational entity, the Board of
11 Directors shall—

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

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

18 “(3) consult with the committees described
19 under paragraph (1) with respect to the nature of
20 the agreement and any anticipated effects such
21 agreement will have on the economy.

22 “(d) DEFINITION.—For purposes of this section, the
23 term ‘process’ shall include any official proceeding or
24 meeting on financial regulation of a recognized inter-
25 national organization with authority to set financial stand-

1 ards on a global or regional level, including the Financial
2 Stability Board, the Basel Committee on Banking Super-
3 vision (or a similar organization), and the International
4 Association of Insurance Supervisors (or a similar organi-
5 zation).”.

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

9 “(d) INTERNATIONAL PROCESSES.—

10 “(1) NOTICE OF PROCESS; CONSULTATION.—At
11 least 30 calendar days before the Secretary partici-
12 pates in a process of setting financial standards as
13 a part of any foreign or multinational entity, the
14 Secretary shall—

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

21 “(B) make such notice available to the
22 public, including on the website of the Depart-
23 ment of the Treasury; 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),
5 the Secretary shall issue a public report on the top-
6 ics that were discussed at the process and any new
7 or revised rulemakings or policy changes that the
8 Secretary believes should be implemented as a result
9 of the process.

10 “(3) NOTICE OF AGREEMENTS; CONSULTA-
11 TION.—At least 90 calendar days before the Sec-
12 retary participates in a process of setting financial
13 standards as a part of any foreign or multinational
14 entity, the Secretary shall—

15 “(A) issue a notice of agreement 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) consult with the committees described
23 under subparagraph (A) with respect to the na-
24 ture of the agreement and any anticipated ef-
25 fects such agreement will have on the economy.

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

11 (d) OCC REQUIREMENTS.—Chapter one of title LXII
12 of the Revised Statutes of the United States (12 U.S.C.
13 21 et seq.) is amended—

14 (1) by adding at the end the following new sec-
15 tion:

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

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

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

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

3 “(2) make such notice available to the public,
4 including on the website of the Office of the Comp-
5 troller of the Currency; and

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

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

17 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
18 least 90 calendar days before the Comptroller of the Cur-
19 rency participates in a process of setting financial stand-
20 ards as a part of any foreign or multinational entity, the
21 Board of Directors shall—

22 “(1) issue a notice of agreement to the Com-
23 mittee on Financial Services of the House of Rep-
24 resentatives and the Committee on Banking, Hous-
25 ing, and Urban Affairs of the Senate;

1 “(2) make such notice available to the public,
2 including on the website of the Office of the Comp-
3 troller of the Currency; and

4 “(3) consult with the committees described
5 under paragraph (1) with respect to the nature of
6 the agreement and any anticipated effects such
7 agreement will have on the economy.

8 “(d) DEFINITION.—For purposes of this section, the
9 term ‘process’ shall include any official proceeding or
10 meeting on financial regulation of a recognized inter-
11 national organization with authority to set financial stand-
12 ards on a global or regional level, including the Financial
13 Stability Board, the Basel Committee on Banking Super-
14 vision (or a similar organization), and the International
15 Association of Insurance Supervisors (or a similar organi-
16 zation).”; and

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

5156B. International processes.

19 (e) SECURITIES AND EXCHANGE COMMISSION RE-
20 QUIREMENTS.—Section 4 of the Securities Exchange Act
21 of 1934 (15 U.S.C. 78d) is amended by adding at the end
22 the following new subsection:

23 “(j) INTERNATIONAL PROCESSES.—

24 “(1) NOTICE OF PROCESS; CONSULTATION.—At
25 least 30 calendar days before the Commission par-

1 participates in a process of setting financial standards
2 as a part of any foreign or multinational entity, the
3 Commission shall—

4 “(A) issue a notice of the process, includ-
5 ing the subject matter, scope, and goals of the
6 process, to the Committee on Financial Services
7 of the House of Representatives and the Com-
8 mittee on Banking, Housing, and Urban Affairs
9 of the Senate;

10 “(B) make such notice available to the
11 public, including on the website of the Commis-
12 sion; and

13 “(C) solicit public comment, and consult
14 with the committees described under subpara-
15 graph (A), with respect to the subject matter,
16 scope, and goals of the process.

17 “(2) PUBLIC REPORTS ON PROCESS.—After the
18 end of any process described under paragraph (1),
19 the Commission shall issue a public report on the
20 topics that were discussed at the process and any
21 new or revised rulemakings or policy changes that
22 the Commission believes should be implemented as a
23 result of the process.

24 “(3) NOTICE OF AGREEMENTS; CONSULTA-
25 TION.—At least 90 calendar days before the Com-

1 mission participates in a process of setting financial
2 standards as a part of any foreign or multinational
3 entity, the Commission shall—

4 “(A) issue a notice of agreement to the
5 Committee on Financial Services of the House
6 of Representatives and the Committee on Bank-
7 ing, Housing, and Urban Affairs of the Senate;

8 “(B) make such notice available to the
9 public, including on the website of the Commis-
10 sion; and

11 “(C) consult with the committees described
12 under subparagraph (A) with respect to the na-
13 ture of the agreement and any anticipated ef-
14 fects such agreement will have on the economy.

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

1 **SECTION 11. AMENDMENTS TO POWERS OF THE BOARD OF**
2 **GOVERNORS OF THE FEDERAL RESERVE SYS-**
3 **TEM.**

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

6 (1) in subparagraph (A)—

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

10 (B) by inserting “and by the affirmative
11 vote of not less than nine presidents of the Fed-
12 eral reserve banks” after “five members”;

13 (2) in subparagraph (B)—

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

21 “(I) a method for determining
22 the sufficiency of the collateral re-
23 quired under this paragraph;

24 “(II) acceptable classes of collat-
25 eral;

1 “(III) the amount of any dis-
2 count of such value that the Federal
3 reserve banks will apply for purposes
4 of calculating the sufficiency of collat-
5 eral under this paragraph; and

6 “(IV) a method for obtaining
7 independent appraisals of the value of
8 collateral the Federal reserve banks
9 receive.”; and

10 (B) in clause (ii)—

11 (i) by striking the second sentence;

12 and

13 (ii) by inserting after the first sen-
14 tence the following: “A borrower shall not
15 be eligible to borrow from any emergency
16 lending program or facility unless the
17 Board and all federal banking regulators
18 with jurisdiction over the borrower certify
19 that, at the time the borrower initially bor-
20 rows under the program or facility, the
21 borrower is not insolvent.”.

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

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

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

3 “(F) PENALTY RATE.—

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

12 “(ii) MINIMUM INTEREST RATE DE-
13 FINED.—In this subparagraph, the term
14 ‘minimum interest rate’ shall mean the
15 sum of—

16 “(I) the average of the discount
17 rate of all Federal Reserve banks over
18 the most recent 90-day period; and

19 “(II) the average of the dif-
20 ference between a corporate bond
21 yield index (as defined by rule of the
22 Board) and a bond yield index of debt
23 issued by the United States (as de-
24 fined by rule of the Board) over the
25 most recent 90-day period.

1 “(G) FINANCIAL INSTITUTION PARTICI-
2 PANT DEFINED.—For purposes of this para-
3 graph, the term ‘financial institution partici-
4 pant’—

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

10 “(ii) does not include an agency de-
11 scribed in subparagraph (W) of section
12 5312(a)(2) of title 31, United States Code,
13 or an entity controlled or sponsored by
14 such an agency.”.

15 (b) CONFORMING AMENDMENT.—Section
16 11(r)(2)(A) of such Act is amended—

17 (1) in clause (ii)(IV), by striking “; and” and
18 inserting a semicolon;

19 (2) in clause (iii), by striking the period at the
20 end and inserting “; and”; and

21 (3) by adding at the end the following new
22 clause:

23 “(iv) the available members secure the af-
24 firmative vote of not less than nine presidents
25 of the Federal reserve banks.”.

1 **SEC. 12. INTEREST RATES ON BALANCES MAINTAINED AT A**
2 **FEDERAL RESERVE BANK BY DEPOSITORY**
3 **INSTITUTIONS ESTABLISHED BY FEDERAL**
4 **OPEN MARKET COMMITTEE.**

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

9 **SEC. 13. AUDIT REFORM AND TRANSPARENCY FOR THE**
10 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
11 **SERVE SYSTEM.**

12 (a) IN GENERAL.—Notwithstanding section 714 of
13 title 31, United States Code, or any other provision of law,
14 the Comptroller General of the United States shall com-
15 plete an audit of the Board of Governors of the Federal
16 Reserve System and the Federal reserve banks under sub-
17 section (b) of such section 714 within 12 months after
18 the date of the enactment of this Act.

19 (b) REPORT.—

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

23 (A) shall submit to Congress a report on
24 such audit; and

25 (B) shall make such report available to the
26 Speaker of the House, the majority and minor-

1 ity leaders of the House of Representatives, the
2 majority and minority leaders of the Senate, the
3 Chairman and Ranking Member of the com-
4 mittee and each subcommittee of jurisdiction in
5 the House of Representatives and the Senate,
6 and any other Member of Congress who re-
7 quests the report.

8 (2) CONTENTS.—The report under paragraph
9 (1) shall include a detailed description of the find-
10 ings and conclusion of the Comptroller General with
11 respect to the audit that is the subject of the report,
12 together with such recommendations for legislative
13 or administrative action as the Comptroller General
14 may determine to be appropriate.

15 (c) REPEAL OF CERTAIN LIMITATIONS.—Subsection
16 (b) of section 714 of title 31, United States Code, is
17 amended by striking the second sentence.

18 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

23 (B) in subsection (e), by striking “the
24 third undesignated paragraph of section 13”
25 and inserting “section 13(3)”;

1 (C) by striking subsection (f).

2 (2) FEDERAL RESERVE ACT.—Subsection (s)
3 (relating to “Federal Reserve Transparency and Re-
4 lease of Information”) of section 11 of the Federal
5 Reserve Act (12 U.S.C. 248) is amended—

6 (A) in paragraph (4)(A), by striking “has
7 the same meaning as in section 714(f)(1)(A) of
8 title 31, United States Code” and inserting
9 “means a program or facility, including any
10 special purpose vehicle or other entity estab-
11 lished by or on behalf of the Board of Gov-
12 ernors of the Federal Reserve System or a Fed-
13 eral reserve bank, authorized by the Board of
14 Governors under section 13(3), that is not sub-
15 ject to audit under section 712(e) of title 31,
16 United States Code”;

17 (B) in paragraph (6), by striking “or in
18 section 714(f)(3)(C) of title 31, United States
19 Code, the information described in paragraph
20 (1) and information concerning the transactions
21 described in section 714(f) of such title,” and
22 inserting “the information described in para-
23 graph (1)”;

24 (C) in paragraph (7), by striking “and sec-
25 tion 13(3)(C), section 714(f)(3)(C) of title 31,

- 1 United States Code, and” and inserting “, sec-
- 2 tion 13(3)(C), and”; and