

[DISCUSSION DRAFT]

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Federal Reserve Act to create congressional accountability for emergency lending programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Federal Reserve Act to create congressional accountability for emergency lending programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Congressional Ac-
5 countability for Emergency Lending Programs Act of
6 2017”.

1 **SEC. 2. CONGRESSIONAL ACCOUNTABILITY FOR EMER-**
2 **GENCY LENDING PROGRAMS.**

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

5 (1) in subparagraph (A)—

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

9 (B) by striking “not less than five mem-
10 bers” and inserting “not less than $\frac{2}{3}$ of the
11 members of the Federal Open Market Com-
12 mittee”;

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 the enactment of this
20 sentence, 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 on the value of the collateral
3 that the Federal reserve banks will
4 apply for purposes of calculating the
5 sufficiency of collateral under this
6 paragraph; and

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

11 (B) in clause (ii)—

12 (i) by striking the second sentence;
13 and

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

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

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

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

5 “(G) JOINT RESOLUTION OF APPROVAL.—

6 “(i) IN GENERAL.—A program or fa-
7 cility created under subparagraph (A) shall
8 terminate on the date that is 30 calendar
9 days after the date on which Congress re-
10 ceives a report described in subparagraph
11 (C) unless there is enacted into law a joint
12 resolution approving the program or facil-
13 ity not later than 30 calendar days after
14 the date on which the report is received.
15 Any loan offered through the program or
16 facility that is outstanding as of the date
17 on which the program or facility is termi-
18 nated shall be repaid in full not later than
19 30 calendar days after the date on which
20 the program or facility is terminated.

21 “(ii) CONTENTS OF JOINT RESOLU-
22 TION.—For the purpose of this subpara-
23 graph, the term ‘joint resolution’ means
24 only a joint resolution—

1 “(I) that is introduced not later
2 than 3 calendar days after the date on
3 which the report described in subpara-
4 graph (C) is received by Congress;

5 “(II) that does not have a pre-
6 amble;

7 “(III) the title of which is as fol-
8 lows: ‘Joint resolution relating to the
9 approval of a program or facility cre-
10 ated by the Board of Governors of the
11 Federal Reserve System’; and

12 “(IV) the matter after the resolv-
13 ing clause of which is as follows:
14 ‘That Congress approves the program
15 or facility created by the Board of
16 Governors of the Federal Reserve Sys-
17 tem on _____.’ (The
18 blank space being appropriately filled
19 in).

20 “(iii) FAST TRACK CONSIDERATION IN
21 HOUSE OF REPRESENTATIVES.—

22 “(I) RECONVENING.—Upon re-
23 ceipt of a report under subparagraph
24 (C), the Speaker, if the House would
25 otherwise be adjourned, shall notify

1 the Members of the House that, pur-
2 suant to this subparagraph, the
3 House shall convene not later than
4 the second calendar day after receipt
5 of such report.

6 “(II) REPORTING AND DIS-
7 CHARGE.—Any committee of the
8 House of Representatives to which a
9 joint resolution is referred shall report
10 it to the House not later than 5 cal-
11 endar days after the date of receipt of
12 the report described in subparagraph
13 (C). If a committee fails to report the
14 joint resolution within that period, the
15 committee shall be discharged from
16 further consideration of the joint reso-
17 lution and the joint resolution shall be
18 referred to the appropriate calendar.

19 “(III) PROCEEDING TO CONSID-
20 ERATION.—After each committee au-
21 thorized to consider a joint resolution
22 reports it to the House or has been
23 discharged from its consideration, it
24 shall be in order, not later than the
25 sixth day after Congress receives the

1 report described in subparagraph (C),
2 to move to proceed to consider the
3 joint resolution in the House. All
4 points of order against the motion are
5 waived. Such a motion shall not be in
6 order after the House has disposed of
7 a motion to proceed on the joint reso-
8 lution. The previous question shall be
9 considered as ordered on the motion
10 to its adoption without intervening
11 motion. The motion shall not be de-
12 batable. A motion to reconsider the
13 vote by which the motion is disposed
14 of shall not be in order.

15 “(IV) CONSIDERATION.—The
16 joint resolution shall be considered as
17 read. All points of order against the
18 joint resolution and against its consid-
19 eration are waived. The previous ques-
20 tion shall be considered as ordered on
21 the joint resolution to its passage
22 without intervening motion except 2
23 hours of debate equally divided and
24 controlled by the proponent and an
25 opponent. A motion to reconsider the

1 vote on passage of the joint resolution
2 shall not be in order.

3 “(iv) FAST TRACK CONSIDERATION IN
4 SENATE.—

5 “(I) RECONVENING.—Upon re-
6 ceipt of a report under subparagraph
7 (C), if the Senate has adjourned or
8 recessed for more than 2 days, the
9 majority leader of the Senate, after
10 consultation with the minority leader
11 of the Senate, shall notify the Mem-
12 bers of the Senate that, pursuant to
13 this subparagraph, the Senate shall
14 convene not later than the second cal-
15 endar day after receipt of such report.

16 “(II) PLACEMENT ON CAL-
17 ENDAR.—Upon introduction in the
18 Senate, the joint resolution shall be
19 placed immediately on the calendar.

20 “(III) FLOOR CONSIDERATION.—

21 “(aa) IN GENERAL.—Not-
22 withstanding Rule XXII of the
23 Standing Rules of the Senate, it
24 is in order at any time during the
25 period beginning on the fourth

1 day after the date on which Con-
2 gress receives a report described
3 in subparagraph (C) and ending
4 on the sixth day after the date on
5 which Congress receives the re-
6 port (even though a previous mo-
7 tion to the same effect has been
8 disagreed to) to move to proceed
9 to the consideration of the joint
10 resolution, and all points of order
11 against the joint resolution (and
12 against consideration of the joint
13 resolution) are waived. The mo-
14 tion to proceed is not debatable.
15 The motion is not subject to a
16 motion to postpone. A motion to
17 reconsider the vote by which the
18 motion is agreed to or disagreed
19 to shall not be in order. If a mo-
20 tion to proceed to the consider-
21 ation of the resolution is agreed
22 to, the joint resolution shall re-
23 main the unfinished business
24 until disposed of.

1 “(bb) DEBATE.—Debate on
2 the joint resolution, and on all
3 debatable motions and appeals in
4 connection therewith, shall be
5 limited to not more than 10
6 hours, which shall be divided
7 equally between the majority and
8 minority leaders or their des-
9 ignees. A motion further to limit
10 debate is in order and not debat-
11 able. An amendment to, or a mo-
12 tion to postpone, or a motion to
13 proceed to the consideration of
14 other business, or a motion to re-
15 commit the joint resolution is not
16 in order.

17 “(cc) VOTE ON PASSAGE.—
18 The vote on passage shall occur
19 immediately following the conclu-
20 sion of the debate on a joint reso-
21 lution, and a single quorum call
22 at the conclusion of the debate if
23 requested in accordance with the
24 rules of the Senate.

1 “(dd) RULINGS OF THE
2 CHAIR ON PROCEDURE.—Appeals
3 from the decisions of the Chair
4 relating to the application of the
5 rules of the Senate, as the case
6 may be, to the procedure relating
7 to a joint resolution shall be de-
8 cided without debate.

9 “(v) COORDINATION WITH ACTION BY
10 OTHER HOUSE.—

11 “(I) IN GENERAL.—If, before the
12 passage by one House of a joint reso-
13 lution of that House, that House re-
14 ceives from the other House a joint
15 resolution, then the following proce-
16 dures shall apply:

17 “(aa) The joint resolution of
18 the other House shall not be re-
19 ferred to a committee.

20 “(bb) With respect to a joint
21 resolution of the House receiving
22 the resolution—

23 “(AA) the procedure in
24 that House shall be the
25 same as if no joint resolu-

1 tion had been received from
2 the other House, but

3 “(BB) the vote on pas-
4 sage shall be on the joint
5 resolution of the other
6 House.

7 “(II) TREATMENT OF JOINT RES-
8 OLUTION OF OTHER HOUSE.—If one
9 House fails to introduce or consider a
10 joint resolution under this section, the
11 joint resolution of the other House
12 shall be entitled to expedited floor
13 procedures under this section.

14 “(III) CONSIDERATION AFTER
15 PASSAGE.—If, following passage of
16 the joint resolution in the Senate, the
17 Senate then receives the companion
18 measure from the House of Rep-
19 resentatives, the companion measure
20 shall not be debatable.

21 “(IV) VETOES.—If the President
22 vetoes the joint resolution, the period
23 beginning on the date the President
24 vetoes the joint resolution and ending
25 on the date the Congress receives the

1 veto message with respect to the joint
2 resolution shall be disregarded in com-
3 puting the 30-calendar day period de-
4 scribed in clause (i) and debate on a
5 veto message in the Senate under this
6 section shall be 1 hour equally divided
7 between the majority and minority
8 leaders or their designees.

9 “(V) RULES OF HOUSE OF REP-
10 REPRESENTATIVES AND SENATE.—This
11 subparagraph is enacted by Con-
12 gress—

13 “(aa) as an exercise of the
14 rulemaking power of the Senate
15 and House of Representatives,
16 respectively, and as such it is
17 deemed a part of the rules of
18 each House, respectively, but ap-
19 plicable only with respect to the
20 procedure to be followed in that
21 House in the case of a joint reso-
22 lution, and it supersedes other
23 rules only to the extent that it is
24 inconsistent with such rules; and

1 “(bb) with full recognition of
2 the constitutional right of either
3 House to change the rules (so far
4 as relating to the procedure of
5 that House) at any time, in the
6 same manner, and to the same
7 extent as in the case of any other
8 rule of that House.

9 “(H) PENALTY RATE.—

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

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

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

1 “(II) the average of the dif-
2 ference between a distressed corporate
3 bond yield index (as defined by rule of
4 the Board) and a bond yield index of
5 debt issued by the United States (as
6 defined by rule of the Board) over the
7 most recent 90-day period.

8 “(I) FINANCIAL INSTITUTION PARTICIPANT
9 DEFINED.—For purposes of this paragraph, the
10 term ‘financial institution participant’—

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

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

21 (b) CONFORMING AMENDMENT.—Section
22 11(r)(2)(A) of the Federal Reserve Act (12 U.S.C.
23 248(r)(2)(A)) is amended—

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

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

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

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