

**[DISCUSSION DRAFT]**

115TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Federal Reserve Act to ensure transparency in the conduct of monetary policy, 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 ensure transparency in the conduct of monetary policy, 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 “Monetary Policy  
5 Transparency and Accountability Act of 2017”.

6 **SEC. 2. MONETARY POLICY TRANSPARENCY AND ACCOUNT-**  
7 **ABILITY.**

8 Section 12A of the Federal Reserve Act (12 U.S.C.  
9 263) is amended—

1           (1) by redesignating subsections (b) and (c) as  
2 subsections (d) and (e), respectively; and

3           (2) by inserting after subsection (a) the fol-  
4 lowing new subsections:

5           “(b) POLICY TRANSPARENCY.—

6           “(1) MONETARY POLICY STRATEGY.—

7           “(A) IN GENERAL.—The Committee shall  
8 annually establish exactly 1 monetary policy  
9 strategy, which shall serve as a non-technical  
10 public communication of the Committee’s con-  
11 sensus expectation for the conduct of monetary  
12 policy during that calendar year.

13           “(B) REQUIREMENTS.—Each monetary  
14 policy strategy of the Committee shall include  
15 the following:

16           “(i) A plain English description of  
17 how the Committee would adjust each of  
18 the following monetary policy instruments  
19 in reaction to changes in a small and well-  
20 defined set of publicly available economic  
21 indicators:

22           “(I) Short-term interest rate tar-  
23 gets established by the Committee.

24           “(II) Open-market operations au-  
25 thorized under section 14.

1                   “(III) Earnings on balances  
2                   maintained at a Federal reserve bank  
3                   by or on behalf of a depository institu-  
4                   tion under section 19(b)(12).

5                   “(ii) An identification of one mone-  
6                   etary policy instrument from the list in  
7                   clause (i) that the Committee expects to  
8                   use as the primary instrument for imple-  
9                   menting the monetary policy strategy de-  
10                  scribed under subparagraph (A).

11                  “(2) REFERENCE MONETARY POLICY RULES.—  
12                  In addition to the monetary policy strategy required  
13                  under paragraph (1), the Committee shall annually  
14                  adopt at least 1 and not more than 3 reference mon-  
15                  etary policy rules, each of which shall mathemati-  
16                  cally express how the primary monetary policy in-  
17                  strument identified under paragraph (1)(B)(ii) re-  
18                  acts to changes in a small and well-defined set of  
19                  publicly available economic indicators.

20                  “(3) DEVIATIONS.—Nothing in this subsection  
21                  shall be construed to prevent the Committee from  
22                  setting short-term interest rate targets, conducting  
23                  open-market operations, or paying earnings on bal-  
24                  ances pursuant to section 19(b)(12) in a manner  
25                  that deviates from a monetary policy strategy or any

1 reference monetary policy rules established under  
2 this subsection.

3 “(c) POLICY ACCOUNTABILITY.—

4 “(1) TESTIMONY AND REPORTS OF THE CHAIR-  
5 MAN.—The Chairman shall, concurrent with each  
6 semi-annual hearing required under section 2B, sub-  
7 mit a report to the Committee on Banking, Housing,  
8 and Urban Affairs of the Senate and the Committee  
9 on Banking and Financial Services of the House of  
10 Representatives, containing—

11 “(A) a statement as to whether the mone-  
12 tary policy strategy established under sub-  
13 section (b)(1) qualitatively differs from any of  
14 the reference monetary policy rules required  
15 under subsection (b)(2) and, if applicable, a full  
16 and non-technical explanation of any such dif-  
17 ference;

18 “(B) a statement as to whether the Com-  
19 mittee’s conduct of monetary policy since the  
20 previous report quantitatively differs from any  
21 reference monetary policy rule and, if applica-  
22 ble, a full and non-technical explanation of any  
23 such differences; and

24 “(C) a description of—

1                   “(i) the circumstances under which  
2                   the Committee’s monetary policy strategy  
3                   may be amended from year to year; and

4                   “(ii) a full and non-technical expla-  
5                   nation of any such actual amendment.

6                   “(2) MEMBER DISSENT.—A member of the  
7                   Committee may—

8                   “(A) dissent from the report submitted  
9                   under paragraph (1) in whole or in part;

10                   “(B) publish a dissent expressing the views  
11                   of the member, which shall be included in the  
12                   report submitted under paragraph (1); or

13                   “(C) join a dissent written by another  
14                   member of the Committee.”.