

104TH CONGRESS
1ST SESSION

S. 663

To modernize the Federal Reserve System, to provide for a Federal Open Market Advisory Committee, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 4 (legislative day, MARCH 27), 1995

Mr. DORGAN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To modernize the Federal Reserve System, to provide for a Federal Open Market Advisory Committee, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Reserve Re-
5 form Act of 1995”.

6 **SEC. 2. MEMBERSHIP OF THE FEDERAL OPEN MARKET**
7 **ADVISORY COMMITTEE.**

8 (a) IN GENERAL.—Section 12A(a) of the Federal
9 Reserve Act (12 U.S.C. 263(a)) is amended to read as
10 follows:

1 “(a) ESTABLISHMENT OF ADVISORY COMMITTEE.—

2 “(1) IN GENERAL.—There is established a Fed-
3 eral Open Market Advisory Committee (hereafter in
4 this section referred to as the ‘Advisory Committee’),
5 which shall consist of the presidents of the Federal
6 Reserve banks.

7 “(2) CHAIRPERSON.—The president of the Fed-
8 eral Reserve Bank of New York shall serve as the
9 chairperson of the Advisory Committee.

10 “(3) MEETINGS.—The meetings of the Advisory
11 Committee shall be held in Washington, District of
12 Columbia, not less than 4 times each year upon the
13 call of the Board.

14 “(4) DUTIES.—The Advisory Committee shall
15 advise the Board on the conduct of open-market op-
16 erations.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) FEDERAL RESERVE ACT.—The Federal Re-
19 serve Act (12 U.S.C. 221 et seq.) is amended—

20 (A) in section 2A (12 U.S.C. 225a)—

21 (i) by striking “and the Federal Open
22 Market Committee” each place it appears;
23 and

24 (ii) in the sixth sentence, by striking
25 “determine” and inserting “determines”;

1 (B) in the tenth undesignated paragraph
2 of section 10 (12 U.S.C. 247a)—

3 (i) by striking “and by the Federal
4 Open Market Committee”; and

5 (ii) by striking “and the Committee”;

6 (C) in section 12A (12 U.S.C. 263)—

7 (i) in subsection (b)—

8 (I) by striking “Committee” each
9 place it appears and inserting
10 “Board”; and

11 (II) by inserting “REGULA-
12 TIONS.—” before “No Federal Re-
13 serve”; and

14 (ii) in subsection (c), by inserting
15 “ACCOMMODATION OF COMMERCE AND
16 BUSINESS.—” before “The time”; and

17 (D) in section 14(b)(2) (12 U.S.C.
18 355(2)), by striking “Federal Open Market
19 Committee” and inserting “Board”.

20 (2) INTERNATIONAL LENDING SUPERVISION
21 ACT OF 1983.—Section 911(a)(3)(C) of the Inter-
22 national Lending Supervision Act of 1983 (12
23 U.S.C. 3910(a)(3)(C)) is amended by striking “Fed-
24 eral Open Market Committee” and inserting “Board
25 of Governors of the Federal Reserve System”.

1 **SEC. 3. CONSULTATION BETWEEN THE BOARD OF GOV-**
2 **ERNORS AND THE SECRETARY OF THE**
3 **TREASURY, THE DIRECTOR OF THE OMB, AND**
4 **THE CHAIRMAN OF THE CEA.**

5 Section 2A of the Federal Reserve Act (12 U.S.C.
6 225a) (as amended by section 2(b)(1)(A)) is amended—

7 (1) in the first sentence, by striking “The
8 Board of Governors” and inserting the following:

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

10 (2) by adding at the end the following new sub-
11 section:

12 “(b) CONSULTATION REQUIRED.—The Board of Gov-
13 ernors shall meet and consult with the Secretary of the
14 Treasury, the Director of the Office of Management and
15 Budget, and the chairman of the Council of Economic
16 Advisors—

17 “(1) during the 30-day period immediately pre-
18 ceding the date on which each report required under
19 the second sentence of subsection (a) is submitted to
20 the Congress by the Board of Governors; and

21 “(2) during the 30-day period beginning on the
22 date which is 100 days immediately preceding the
23 date by which the President is required to submit
24 the budget under section 1105(a) of title 31, United
25 States Code.”.

1 **SEC. 4. APPOINTMENT OF THE CHAIRMAN AND VICE**
2 **CHAIRMAN.**

3 (a) APPOINTMENT OF THE CHAIRMAN AND VICE
4 CHAIRMAN.—The second undesignated paragraph of sec-
5 tion 10 of the Federal Reserve Act (12 U.S.C. 242) is
6 amended by striking the third sentence and inserting the
7 following: “The President shall appoint, by and with the
8 advice and consent of the Senate, one member of the
9 Board to serve as Chairman. The term of such member
10 as Chairman shall expire on January 31 of the first cal-
11 endar year beginning after the end of the term of the
12 President who appointed such member as Chairman. If
13 a member appointed as Chairman does not complete the
14 term of such office as established in the preceding sen-
15 tence, the President shall appoint, by and with the advice
16 and consent of the Senate, another member to complete
17 the unexpired portion of such term. The President shall
18 also appoint, by and with the advice and consent of the
19 Senate, one member of the Board to serve as Vice Chair-
20 man for a term of 4 years. The Chairman and the Vice
21 Chairman may each serve after the end of their respective
22 terms until a successor has taken office.”.

23 (b) PERFORMANCE OF DUTIES.—The second undes-
24 ignated paragraph of section 10 of the Federal Reserve
25 Act (12 U.S.C. 242) (as amended by subsection (a) of this
26 section) is amended by inserting after the seventh sentence

1 the following: “In the event of the absence or unavail-
2 ability of the Chairman, the Vice Chairman or (in the Vice
3 Chairman’s absence) another member of the Board may
4 be designated by the Chairman to perform the duties of
5 the office of the Chairman. If a vacancy occurs in the of-
6 fice of the Chairman, the Vice Chairman shall perform the
7 duties of the Chairman until a successor takes office. If
8 a vacancy occurs in the office of the Vice Chairman while
9 the office of the Chairman is vacant, the member of the
10 Board with the most years of service on the Board shall
11 perform the duties of the Chairman until a successor takes
12 office.”.

13 (c) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by this section
16 shall take effect on the date of enactment of this
17 Act.

18 (2) CURRENT CHAIRMAN TO COMPLETE
19 TERM.—Notwithstanding the amendment made by
20 subsection (a), any member who holds the office of
21 Chairman of the Board of Governors of the Federal
22 Reserve System on the date of enactment of this Act
23 shall continue in such office during the remainder of
24 the term to which such member was appointed.

1 **SEC. 5. DISCLOSURE OF INTERMEDIATE TARGETS.**

2 Section 12A(b) of the Federal Reserve Act (12
3 U.S.C. 263(b)) (as amended by section 2(b)(1)(C)(i)) is
4 amended by adding at the end the following: “Notwith-
5 standing any other provision of law, each change, of any
6 nature whatsoever, in the intermediate targets for mone-
7 tary policy, which change is adopted by the Board, shall
8 be disclosed to the public on the date on which such
9 change is adopted. For purposes of this subsection, the
10 term ‘intermediate targets’ means any policy objectives re-
11 garding monetary aggregates, credit aggregates, prices,
12 interest rates, or bank reserves.”.

13 **SEC. 6. AUDIT OF FINANCIAL TRANSACTIONS BY COMP-**
14 **TROLLER GENERAL.**

15 Section 714(b) of title 31, United States Code, is
16 amended—

17 (1) in paragraph (1), by inserting “or” at the
18 end; and

19 (2) by striking paragraphs (2) through (4) and
20 inserting the following:

21 “(2) memoranda, letters, or other written com-
22 munications between or among members of the
23 Board of Governors of the Federal Reserve System
24 or officers or employees of the Federal Reserve Sys-
25 tem relating to any transaction described in para-
26 graph (1).”.

1 **SEC. 7. BOARD SUBJECT TO BUDGET PROCESS.**

2 Section 1105 of title 31, United States Code, is
3 amended by adding at the end the following new sub-
4 section:

5 “(h) FEDERAL RESERVE BOARD BUDGET TREAT-
6 MENT.—Not later than October 16 of each year, the esti-
7 mated receipts and proposed expenditures of the Board
8 of Governors of the Federal Reserve System and all Fed-
9 eral Reserve banks for the current year and the next 2
10 succeeding years shall be transmitted by the Board to the
11 President. The President shall transmit to the Congress
12 the information received in accordance with this sub-
13 section, without change, together with the budget trans-
14 mitted to the Congress under subsection (a).”.

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