

105TH CONGRESS
1ST SESSION

H. R. 703

To refocus the mission of the Federal Reserve System on stabilization of the currency and provide greater public scrutiny of the operations of the Board of Governors of the Federal Reserve System, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1997

Mr. BUNNING introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To refocus the mission of the Federal Reserve System on stabilization of the currency and provide greater public scrutiny of the operations of the Board of Governors of the Federal Reserve System, 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 Sys-
5 tem Accountability Act of 1997”.

1 **SEC. 2. FINANCIAL AND MANAGERIAL AUDITS OF THE FED**
2 **ON AN ANNUAL BASIS.**

3 Section 714(b) of title 31, United States Code, is
4 amended to read as follows:

5 “(b) IN GENERAL.—

6 “(1) AUDITS.—Under regulations prescribed by
7 the Comptroller General, the Comptroller General
8 shall audit each agency.

9 “(2) FEDERAL RESERVE SYSTEM.—The audits
10 of the Board of Governors of the Federal Reserve
11 System and the Federal reserve banks—

12 “(A) shall be conducted annually;

13 “(B) shall include a full financial and man-
14 agerial audit; and

15 “(C) may not include transactions for or
16 with a foreign central bank, government of a
17 foreign country, or nonprivate international fi-
18 nancing organization or any part of any discus-
19 sion or communication among or between mem-
20 bers of the Board of Governors of the Federal
21 Reserve System or officers or employees of such
22 Board which is related to any such trans-
23 action.”.

1 **SEC. 3. APPLICABILITY OF GOVERNMENT IN THE SUN-**
2 **SHINE ACT TO FED.**

3 Section 552b(a)(1) of title 5, United States Code, is
4 amended by inserting “including the Board of Governors
5 of the Federal Reserve System,” after “advice and consent
6 of the Senate.”.

7 **SEC. 4. PRIMARY MISSION OF FED IS TO MAINTAIN STABLE**
8 **CURRENCY WITH MINIMAL FLUCTUATION IN**
9 **INTEREST RATES.**

10 Section 10 of the Federal Reserve Act (12 U.S.C.
11 247a) is amended by adding at the end the following new
12 subsection:

13 “(k) PRIMARY MISSION.—The primary mission of the
14 Board is to regulate the money supply so as to maintain
15 a stable currency with minimal fluctuation in interest
16 rates.”.

17 **SEC. 5. TRANSFER OF ADMINISTRATION OF BANK HOLDING**
18 **COMPANY ACT OF 1956 FROM FED TO FDIC.**

19 (a) IN GENERAL.—The Bank Holding Company Act
20 of 1956 (12 U.S.C. 1841 et seq.) is amended by striking
21 “Board” each place such term appears and inserting
22 “Corporation”.

23 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

24 (1) Section 2(f) of the Bank Holding Company
25 Act of 1956 (12 U.S.C. 1841(f)) is amended to read
26 as follows:

1 “(f) CORPORATION.—The term ‘Corporation’ means
2 the Federal Deposit Insurance Corporation.”.

3 (2) Section 3(q) of the Federal Deposit Insur-
4 ance Act (12 U.S.C. 1813(q)) is amended—

5 (A) in paragraph (2)—

6 (i) by inserting “and” after the semi-
7 colon at the end of subparagraph (D);

8 (ii) by striking “and” at the end of
9 subparagraph (E); and

10 (iii) by striking subparagraph (F);

11 and

12 (B) in paragraph (3)—

13 (i) by striking “or” after “District
14 bank),”; and

15 (ii) by inserting “, or any bank hold-
16 ing company and any subsidiary of any
17 bank holding company (other than a
18 bank)” before the semicolon at the end.

19 (3) Section 8(b)(3) of the Federal Deposit In-
20 surance Act (12 U.S.C. 1818(b)(3)) is amended by
21 striking “Board of Governors of the Federal Reserve
22 System” and inserting “Corporation”.

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