

111TH CONGRESS  
1ST SESSION

# H. R. 3858

To amend the Federal Reserve Act to alter the terms and conditions applicable to members of the Board of Governors of the Federal Reserve System, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 2009

Ms. KAPTUR introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To amend the Federal Reserve Act to alter the terms and conditions applicable to members 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 “Democratizing the  
5       Federal Reserve System Act of 2009”.

6       **SEC. 2. AMENDMENTS TO FEDERAL RESERVE ACT.**

7       (a) REDUCTION IN LENGTH OF TERMS.—

1           (1) The first sentence of the first undesignated  
2           paragraph of section 10 of the Federal Reserve Act  
3           (12 U.S.C. 241) is amended by striking “fourteen  
4           years” and inserting “7 years”.

5           (2) The 2nd sentence of the 2nd undesignated  
6           paragraph of section 10 of the Federal Reserve Act  
7           (12 U.S.C. 242) is amended by striking “fourteen  
8           years” the 2nd place such term appears and insert-  
9           ing “7 years”.

10          (3) The ultimate sentence of the 2nd undesign-  
11          ated paragraph of section 10 of the Federal Re-  
12          serve Act (12 U.S.C. 242) is amended by striking  
13          “fourteen years” and inserting “7 years”.

14          (b) INCREASE IN POST-SERVICE RESTRICTION.—The  
15          first sentence of the 2nd undesignated paragraph of sec-  
16          tion 10 of the Federal Reserve Act (12 U.S.C. 242) is  
17          amended by striking “two years” and inserting “4 years”.

18          (c) ONGOING SERVICE ON BOARD REQUIREMENT  
19          FOR CHAIRMAN AND VICE CHAIRMAN.—

20               (1) CHAIRMAN.—The 3rd sentence of the 2nd  
21               undesignated paragraph of section 10 of the Federal  
22               Reserve Act (12 U.S.C. 242) is amended by striking  
23               “one shall be designated” the 1st place such term  
24               appears and inserting “a member who is currently  
25               serving on the Board and has already served at least

1       2 consecutive years on the Board shall be des-  
2       ignated”.

3               (2) VICE CHAIRMAN.—The 3rd sentence of the  
4       2nd undesignated paragraph of section 10 of the  
5       Federal Reserve Act (12 U.S.C. 242) is amended by  
6       striking “one shall be designated” the 2nd place  
7       such term appears and inserting “a member who is  
8       currently serving on the Board and has already  
9       served at least 1 year on the Board, shall be des-  
10      ignated”.

11       (d) LIMITATION ON CONTINUING VACANCIES.—The  
12      4th undesignated paragraph of section 10 of the Federal  
13      Reserve Act (12 U.S.C. 244) is amended—

14              (1) in the ultimate sentence, by inserting “, be-  
15      fore the end of the 90-day period beginning on the  
16      date such vacancy occurs,” after “shall be ap-  
17      pointed”; and

18              (2) by adding at the end the following new sen-  
19      tences: “If, as of 30 days after the end of such 90-  
20      day period, no nomination has been made by the  
21      President, the chairperson and ranking Member of  
22      the Committees of the House of Representatives and  
23      the Senate which have jurisdiction over this Act,  
24      under the rules of the respective House, the Speaker  
25      and the minority leader of the House of Representa-

1       tives, and the majority leader and minority leader of  
2       the Senate shall jointly create a list of 5 candidates  
3       in rank order to present to the President for consid-  
4       eration for the vacancy. Not later than 30 days after  
5       the transmittal of such list to the President, the  
6       President shall nominate a person, whether from  
7       such list or another person, to fill the vacancy.”.

8       (e) AMENDMENTS RELATING TO FEDERAL OPEN  
9       MARKET COMMITTEE.—

10           (1) INCREASE IN FEDERAL RESERVE BANK  
11       REPRESENTATION.—The 1st sentence of section  
12       12A(a) of the Federal Reserve Act (12 U.S.C. 263)  
13       is amended by striking “five” and inserting “6”.

14           (2) DISTRIBUTION OF FEDERAL RESERVE BANK  
15       MEMBERSHIP.—Section 12A(a) of the Federal Re-  
16       serve Act (12 U.S.C. 263) is amended by striking  
17       the 2nd sentence and inserting the following: “Such  
18       representatives shall be presidents or first vice presi-  
19       dents of Federal reserve banks and shall be elected  
20       annually as follows: In even numbered calendar  
21       years, from among the presidents and first vice  
22       presidents of the Federal Reserve Banks of Boston,  
23       Kansas City, Philadelphia, San Francisco, Rich-  
24       mond, and St. Louis and in odd numbered calendar  
25       years from among the presidents and first vice presi-

1       dents of the Federal Reserve Banks of New York,  
2       Dallas, Chicago, Cleveland, Atlanta, and Min-  
3       neapolis.”.

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