To amend the Federal Reserve Act to reform the Federal Reserve System.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2015

Mr. GARRETT (for himself and Mr. CAPUANO) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Rules and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To amend the Federal Reserve Act to reform the Federal Reserve System.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Bailout Prevention Act of 2015”.

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SEC. 2. DISCOUNTS FOR INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS.

Section 13(3)(B) of the Federal Reserve Act (12 U.S.C. 343(3)(B)) is amended by striking clauses (ii) and (iii) and inserting the following:

“(ii)(I) The Board shall establish procedures to prohibit borrowing from programs and facilities by borrowers that are insolvent. A borrower shall not be eligible to borrow from any emergency lending program or facility unless the Board and all Federal banking regulators with jurisdiction over the borrower certify that, at the time the borrower initially borrows under the program or facility, the borrower is not insolvent. Solvency shall be assessed by examining the last 4 months of relevant financial data and determining whether the fair value of the borrower’s assets exceeds the fair value of the borrower’s liabilities, with appropriate adjustment for temporary illiquidity in relevant markets.

“(II) A borrower shall be considered insolvent for purposes of this subparagraph if the borrower is—

“(aa) in bankruptcy, resolution under title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12
U.S.C. 5381 et seq.), or any other Federal
or State insolvency proceeding; or

“(bb) a bridge financial company (as
defined in section 201(a) of the Dodd-
Frank Wall Street Reform and Consumer
Protection Act (12 U.S.C. 5381(a))) or a
bridge depository institution (as defined in
section 3 of the Federal Deposit Insurance
Act (12 U.S.C. 1813)).

“(III) If the Board or any other banking
regulator makes a certification of solvency, the
Board or banking regulator, as applicable, shall
issue a contemporaneous public statement pro-
viding a detailed explanation of the certification
decision.

“(iii) A program or facility shall be consid-
ered a program or facility with broad-based eli-
gibility only if not fewer than 5 companies are
eligible to participate in the program or facility
in a significant manner.”.

SEC. 3. PENALTY RATE REQUIREMENT; CONGRESSIONAL
APPROVAL REQUIREMENT.

Section 13(3) of the Federal Reserve Act (12 U.S.C.
343(3)) is amended by adding at the end the following:
“(F) Any emergency lending under this paragraph shall be provided at an annual interest rate not less than 500 basis points greater than the cost of borrowing for the United States Treasury for a commensurate loan term.

“(G)(i) If the Board determines that the Board shall create an emergency lending program or facility that does not comply with the broad-based eligibility requirement described in subparagraph (B)(iii) or the penalty rate requirement described in subparagraph (F), the Board—

“(I) may create such a program or facility; and

“(II) not later than 3 days after the date on which a program or facility is created under clause (i), shall submit to Congress a report that describes the reasons why the Board is unable to comply with any requirement described in the matter preceding subclause (I).

“(ii)(I) A program or facility created under clause (i)(I) shall terminate on the date that is 30 calendar days after the date on which Congress receives a report described in clause
(i)(II) unless there is enacted into law a joint resolution approving the program or facility not later than 30 calendar days after the date on which the report is received. Any loan offered through the program or facility that are outstanding as of the date on which the facility is terminated shall be repaid in full not later than 30 calendar days after the date on which the program or facility is terminated.

“(II) For the purpose of this section, the term ‘joint resolution’ means only a joint resolution—

“(aa) that is introduced not later than 3 calendar days after the date on which the report referred to in clause (i)(I) is received by Congress;

“(bb) that does not have a preamble;

“(cc) the title of which is as follows: ‘Joint resolution relating to the approval of a program or facility created by the Board of Governors of the Federal Reserve System’; and

“(dd) the matter after the resolving clause of which is as follows: ‘That Congress approves the program or facility cree-
ated by the Board of Governors of the Federal Reserve System on ________________.’ (The blank space being appropriately filled in).

“(III)(aa) Upon receipt of a report under subsection (a)(3), the Speaker, if the House would otherwise be adjourned, shall notify the Members of the House that, pursuant to this section, the House shall convene not later than the second calendar day after receipt of such report.

“(bb) Any committee of the House of Representatives to which a joint resolution is referred shall report it to the House not later than 5 calendar days after the date of receipt of the report described in clause (i)(II). If a committee fails to report the joint resolution within that period, the committee shall be discharged from further consideration of the joint resolution and the joint resolution shall be referred to the appropriate calendar.

“(cc) After each committee authorized to consider a joint resolution reports it to the House or has been discharged from its consideration, it shall be in order, not later than the
sixth day after Congress receives the report de-
scribed in clause (i)(II), to move to proceed to
consider the joint resolution in the House. All
points of order against the motion are waived.
Such a motion shall not be in order after the
House has disposed of a motion to proceed on
the joint resolution. The previous question shall
be considered as ordered on the motion to its
adoption without intervening motion. The mo-
tion shall not be debatable. A motion to recon-
sider the vote by which the motion is disposed
of shall not be in order.

“(dd) The joint resolution shall be consid-
ered as read. All points of order against the
joint resolution and against its consideration
are waived. The previous question shall be con-
sidered as ordered on the joint resolution to its
passage without intervening motion except 2
hours of debate equally divided and controlled
by the proponent and an opponent. A motion to
reconsider the vote on passage of the joint reso-
lution shall not be in order.

“(IV)(aa) Upon receipt of a report under
clause (i)(II), if the Senate has adjourned or re-
cessed for more than 2 days, the majority lead-
er of the Senate, after consultation with the mi-
nority leader of the Senate, shall notify the
Members of the Senate that, pursuant to this
subparagraph, the Senate shall convene not
later than the second calendar day after receipt
of such message.

“(bb) Upon introduction in the Senate, the
joint resolution shall be placed immediately on
the calendar.

“(cc)(AA) Notwithstanding Rule XXII of
the Standing Rules of the Senate, it is in order
at any time during the period beginning on the
fourth day after the date on which Congress re-
ceives a report described in clause (i)(II) and
ending on the sixth day after the date on which
Congress receives the report (even though a
previous motion to the same effect has been dis-
agreed to) to move to proceed to the consider-
ation of the joint resolution, and all points of
order against the joint resolution (and against
consideration of the joint resolution) are
waived. The motion to proceed is not debatable.
The motion is not subject to a motion to post-
pone. A motion to reconsider the vote by which
the motion is agreed to or disagreed to shall not
be in order. If a motion to proceed to the considera-
tion of the resolution is agreed to, the joint resolution shall remain the unfinished business until disposed of.

“(BB) Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority leaders or their designees. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order.

“(CC) The vote on passage shall occur immediately following the conclusion of the debate on a joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate.

“(DD) Appeals from the decisions of the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure relating to a joint resolution shall be decided without debate.
“(V)(aa) If, before the passage by one House of a joint resolution of that House, that House receives from the other House a joint resolution, then the following procedures shall apply:

“(AA) The joint resolution of the other House shall not be referred to a committee.

“(BB) With respect to a joint resolution of the House receiving the resolution—

“(CC) the procedure in that House shall be the same as if no joint resolution had been received from the other House; but

“(DD) the vote on passage shall be on the joint resolution of the other House.

“(bb) If one House fails to introduce or consider a joint resolution under this section, the joint resolution of the other House shall be entitled to expedited floor procedures under this section.

“(ee) If, following passage of the joint resolution in the Senate, the Senate then receives the companion measure from the House of Rep-
resentatives, the companion measure shall not be debatable.

“(dd) If the President vetoes the joint resolution, the period beginning on the date the President vetoes the joint resolution and ending on the date the Congress receives the veto message with respect to the joint resolution shall be disregarded in computing the 30-calendar-day period described in subclause (I) and debate on a veto message in the Senate under this section shall be 1 hour equally divided between the majority and minority leaders or their designees.

“(ee) This subclause and subclauses (II), (III), and (IV) are enacted by Congress—

“(AA) as an exercise of the rule-making power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution, and it supersedes other rules only to the extent that it is inconsistent with such rules; and
“(BB) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.”

SEC. 4. PUBLIC DISCLOSURE OF INFORMATION RELATED TO CREDIT FACILITIES.

(a) REPORTS ON GAO AUDITS.—Section 714(f)(3)(C)(iii) of title 31, United States Code, is amended—

(1) by striking “1 year” and inserting “60 days”; and

(2) by striking “24 months” and inserting “60 days”.

(b) PUBLIC DISCLOSURES BY THE BOARD OF GOVERNORS.—Section 11 of the Federal Reserve Act (12 U.S.C. 248(s)) is amended—

(1) in the first subsection (s) (relating to transparency and the release of information)—

(A) in paragraph (2)—

(i) in subparagraph (A), by striking “1 year” and inserting “60 days”; and
(ii) in subparagraph (B), by striking “the last day of the eighth calendar quarter following the calendar quarter in which” and inserting “the date that is 60 days after the date on which”; and

(B) in paragraph (5), by striking “24-month” and inserting “60 days”; and

(2) by redesignating the second subsection (s) (relating to assessments, fees, and other charges) as subsection (t).