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118TH CONGRESS
2D SESSION

H. R. 8288

To require the Board of Governors of the Federal Reserve System to carry out a review of discount window operations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2024

Mr. BARR introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require the Board of Governors of the Federal Reserve System to carry out a review of discount window operations, and for other purposes.

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 ‘‘Bringing the Discount Window into the 21st Century Act’’.

SEC. 2. REVIEW OF DISCOUNT WINDOW OPERATIONS.

Section 10 of the Federal Reserve Act (12 U.S.C. 241 et seq.) is amended—

(1) by redesignating paragraph (12) as paragraph (11); and

(2) by adding at the end the following:

"(12) REVIEW OF DISCOUNT WINDOW OPERATIONS.—

"(A) IN GENERAL.—Not later than 60 days after the date of enactment of this paragraph, the Board of Governors shall commence a review of the discount window lending programs of the Federal reserve banks (the 'discount window'), and shall complete such review not later than 240 days after the date of enactment of this paragraph.

"(B) CONTENTS.—The review required by subparagraph (A) shall include a consideration of—

"(i) the effectiveness of the discount window in providing liquidity to financial institutions, including in times of financial stress;

"(ii) whether the technology infrastructure, including means of communications, are sufficient to support the timely provision of liquidity, including in times of financial stress;

"(iii) the effectiveness of cybersecurity measures;

''(iv) the effectiveness of communications between Federal reserve banks regarding discount window operations;

''(v) the effectiveness of the Board of Governors in providing oversight of the discount window;

''(vi) how the discount window interacts with other providers of liquidity, including the Federal Home Loan Banks, during both normal operations and times of financial distress; and

''(vii) the effectiveness of existing discount window operating hours and whether such hours should be expanded, taking into account the interaction between discount window operating hours and the operating hours of payment systems of the Board of Governors and Federal reserve banks, such as FedWire and FedNow.

''(C) PUBLIC COMMENT.—In carrying out the review required by subparagraph (A), the Board of Governors shall provide the public with an opportunity to comment on the effectiveness of discount window operations and to offer suggestions for improving operations.

"(D) REMEDIATION PLAN.—After completing the review required by subparagraph (A) and considering any public comments received pursuant to subparagraph (C), the Board of Governors shall develop, and approve by a vote of the Board of Governors, a written plan to remediate any identified deficiencies or areas for enhancing effectiveness of the discount window, which shall include—

"(i) an identification of actions that the Board of Governors will take to remediate those deficiencies;

"(ii) timelines and milestones for implementing the plan and measures to demonstrate how the Board of Governors will maintain implemented improvements on an ongoing basis; and

"(iii) measures of managing and controlling deficiencies until the plan is implemented in full.

"(E) REPORT TO CONGRESS ON REVIEW AND PLAN.—

"(i) IN GENERAL.—Not later than 365 days after the date of enactment of this paragraph, the Board of Governors shall, after approval by a vote of the Board of Governors, submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

"(I) the findings of the review required by subparagraph (A);

"(II) the remediation plan required by subparagraph (D);

"(ii) CONSULTATION.—Before submitting the report required by clause (i), the Board of Governors shall—

"(I) provide a copy of the proposed report to the Comptroller General of the United States and the Inspector General of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection; and

"(II) provide the Comptroller General and Inspector General with an opportunity to provide feedback on the report.

"(iii) TESTIMONY.—The Chairman of the Board of Governors shall testify before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with respect to the contents of the report required under this subparagraph.

"(F) ANNUAL REPORTS TO CONGRESS.—

"(i) REPORTS BY THE BOARD.—The Board of Governors shall submit an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing a review of the effectiveness of discount window operations.

"(ii) REPORTS BY THE INSPECTOR GENERAL.—The Inspector General of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection shall submit an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and

Urban Affairs of the Senate containing a report on the progress of the Board of Governors in implementing the remediation plan required by subparagraph (D).

"(G) CONFIDENTIAL REPORT INFORMATION.—Any report required under this paragraph may contain a confidential annex containing information that details any cybersecurity deficiencies or any deficiencies which, if made public, could cause financial instability.".

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