



(Original Signature of Member)

118TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

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

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IN THE HOUSE OF REPRESENTATIVES

Mr. BARR introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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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.

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 “Bringing the Discount  
5 Window into the 21st Century Act”.

6 **SEC. 2. REVIEW OF DISCOUNT WINDOW OPERATIONS.**

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

1 (1) by redesignating paragraph (12) as para-  
2 graph (11); and

3 (2) by adding at the end the following:

4 “(12) REVIEW OF DISCOUNT WINDOW OPER-  
5 ATIONS.—

6 “(A) IN GENERAL.—Not later than 60  
7 days after the date of enactment of this para-  
8 graph, the Board of Governors shall commence  
9 a review of the discount window lending pro-  
10 grams of the Federal reserve banks (the ‘dis-  
11 count window’), and shall complete such review  
12 not later than 240 days after the date of enact-  
13 ment of this paragraph.

14 “(B) CONTENTS.—The review required by  
15 subparagraph (A) shall include a consideration  
16 of—

17 “(i) the effectiveness of the discount  
18 window in providing liquidity to financial  
19 institutions, including in times of financial  
20 stress;

21 “(ii) whether the technology infra-  
22 structure, including means of communica-  
23 tions, are sufficient to support the timely  
24 provision of liquidity, including in times of  
25 financial stress;

1 “(iii) the effectiveness of cybersecurity  
2 measures;

3 “(iv) the effectiveness of communica-  
4 tions between Federal reserve banks re-  
5 garding discount window operations;

6 “(v) the effectiveness of the Board of  
7 Governors in providing oversight of the  
8 discount window;

9 “(vi) how the discount window inter-  
10 acts with other providers of liquidity, in-  
11 cluding the Federal Home Loan Banks,  
12 during both normal operations and times  
13 of financial distress; and

14 “(vii) the effectiveness of existing dis-  
15 count window operating hours and whether  
16 such hours should be expanded, taking into  
17 account the interaction between discount  
18 window operating hours and the operating  
19 hours of payment systems of the Board of  
20 Governors and Federal reserve banks, such  
21 as FedWire and FedNow.

22 “(C) PUBLIC COMMENT.—In carrying out  
23 the review required by subparagraph (A), the  
24 Board of Governors shall provide the public  
25 with an opportunity to comment on the effec-

1           tiveness of discount window operations and to  
2           offer suggestions for improving operations.

3           “(D) REMEDIATION PLAN.—After com-  
4           pleting the review required by subparagraph (A)  
5           and considering any public comments received  
6           pursuant to subparagraph (C), the Board of  
7           Governors shall develop, and approve by a vote  
8           of the Board of Governors, a written plan to re-  
9           mediate any identified deficiencies or areas for  
10          enhancing effectiveness of the discount window,  
11          which shall include—

12                   “(i) an identification of actions that  
13                   the Board of Governors will take to reme-  
14                   diate those deficiencies;

15                   “(ii) timelines and milestones for im-  
16                   plementing the plan and measures to dem-  
17                   onstrate how the Board of Governors will  
18                   maintain implemented improvements on an  
19                   ongoing basis; and

20                   “(iii) measures of managing and con-  
21                   trolling deficiencies until the plan is imple-  
22                   mented in full.

23           “(E) REPORT TO CONGRESS ON REVIEW  
24          AND PLAN.—

1                   “(i) IN GENERAL.—Not later than  
2                   365 days after the date of enactment of  
3                   this paragraph, the Board of Governors  
4                   shall, after approval by a vote of the Board  
5                   of Governors, submit a report to the Com-  
6                   mittee on Financial Services of the House  
7                   of Representatives and the Committee on  
8                   Banking, Housing, and Urban Affairs of  
9                   the Senate containing—

10                           “(I) the findings of the review re-  
11                           quired by subparagraph (A);

12                           “(II) the remediation plan re-  
13                           quired by subparagraph (D);

14                   “(ii) CONSULTATION.—Before submit-  
15                   ting the report required by clause (i), the  
16                   Board of Governors shall—

17                           “(I) provide a copy of the pro-  
18                           posed report to the Comptroller Gen-  
19                           eral of the United States and the In-  
20                           spector General of the Board of Gov-  
21                           ernors of the Federal Reserve System  
22                           and the Bureau of Consumer Finan-  
23                           cial Protection; and

24                           “(II) provide the Comptroller  
25                           General and Inspector General with

1 an opportunity to provide feedback on  
2 the report.

3 “(iii) TESTIMONY.—The Chairman of  
4 the Board of Governors shall testify before  
5 the Committee on Financial Services of the  
6 House of Representatives and the Com-  
7 mittee on Banking, Housing, and Urban  
8 Affairs of the Senate with respect to the  
9 contents of the report required under this  
10 subparagraph.

11 “(F) ANNUAL REPORTS TO CONGRESS.—

12 “(i) REPORTS BY THE BOARD.—The  
13 Board of Governors shall submit an annual  
14 report to the Committee on Financial Serv-  
15 ices of the House of Representatives and  
16 the Committee on Banking, Housing, and  
17 Urban Affairs of the Senate containing a  
18 review of the effectiveness of discount win-  
19 dow operations.

20 “(ii) REPORTS BY THE INSPECTOR  
21 GENERAL.—The Inspector General of the  
22 Board of Governors of the Federal Reserve  
23 System and the Bureau of Consumer Fi-  
24 nancial Protection shall submit an annual  
25 report to the Committee on Financial Serv-

1                   ices of the House of Representatives and  
2                   the Committee on Banking, Housing, and  
3                   Urban Affairs of the Senate containing a  
4                   report on the progress of the Board of  
5                   Governors in implementing the remediation  
6                   plan required by subparagraph (D).

7                   “(G) CONFIDENTIAL REPORT INFORMA-  
8                   TION.—Any report required under this para-  
9                   graph may contain a confidential annex con-  
10                  taining information that details any cybersecu-  
11                  rity deficiencies or any deficiencies which, if  
12                  made public, could cause financial instability.”.