

[DISCUSSION DRAFT]

115TH CONGRESS  
1ST SESSION

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

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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

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**A BILL**

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, 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 “Independence from  
5 Credit Policy Act of 2017”.

1 **SEC. 2. INDEPENDENCE FROM CREDIT POLICY.**

2 (a) RETURNING TO A MONETARY POLICY BALANCE  
3 SHEET.—Not later than 1 year after the date of the enact-  
4 ment of this Act—

5 (1) the Board of Governors of the Federal Re-  
6 serve System shall transfer to the Department of the  
7 Treasury all assets purchased through open-market  
8 operations by the Federal reserve banks that are  
9 neither gold nor direct obligations of the United  
10 States, foreign central banks, or the International  
11 Monetary Fund; and

12 (2) the Secretary of the Treasury shall transfer  
13 to the Federal reserve banks direct obligations of the  
14 United States of equivalent market value to the as-  
15 sets described in paragraph (1).

16 (b) OPEN MARKET ASSET PURCHASES.—Section  
17 14(b) (12 U.S.C. 355) of the Federal Reserve Act (relat-  
18 ing to “Purchase and sale of obligations of United States,  
19 States, counties, etc.”) is amended to read as follows:

20 “(b) To buy and sell in the open market, under the  
21 direction and regulations of the Federal Open Market  
22 Committee, gold or direct obligations of the United States,  
23 foreign central banks, or the International Monetary  
24 Fund.”.

25 (c) MAINTAINING A MONETARY POLICY BALANCE  
26 SHEET.—

1           (1) ASSETS ACQUIRED UNDER EMERGENCY  
2 LENDING.—Section 13(3) of the Federal Reserve  
3 Act (12 U.S.C. 343(3)) is amended by adding at the  
4 end the following new subparagraph:

5           “(F) Not later than 1 year after a Federal  
6 reserve bank acquires any assets under this  
7 paragraph that are neither gold nor direct obli-  
8 gations of the United States, foreign central  
9 banks, or the International Monetary Fund—

10           “(i) the Board shall transfer such as-  
11 sets of the Federal reserve bank to the De-  
12 partment of the Treasury; and

13           “(ii) the Secretary of the Treasury  
14 shall transfer to the Federal reserve banks  
15 direct obligations of the United States of  
16 equivalent market value to the assets de-  
17 scribed in clause (i).”.

18           (2) REPEAL OF AUTHORITY TO PROVIDE EMER-  
19 GENCY ADVANCES TO GROUPS OF MEMBER BANKS.—  
20 Section 10A of the Federal Reserve Act is repealed.

21           (3) ASSETS ACQUIRED THROUGH ADVANCES TO  
22 MEMBER BANKS.—Section 10B of the Federal Re-  
23 serve Act is amended—

24           (A) in the second undesignated paragraph  
25 of subsection (a)—

1 (i) by inserting “not” before “secured  
2 by mortgage loans”; and

3 (ii) by striking “lowest discount rate”  
4 and inserting “highest discount rate”; and

5 (B) by adding at the end the following new  
6 subsection:

7 “(c) ASSETS ACQUIRED THROUGH ADVANCES TO  
8 MEMBER BANKS.—Not later than 4 months after acquir-  
9 ing any assets under this section that are neither gold nor  
10 direct obligations of the United States, foreign central  
11 banks, or the International Monetary Fund—

12 “(1) the Federal reserve banks shall transfer  
13 such assets to the Department of the Treasury; and

14 “(2) the Secretary of the Treasury shall trans-  
15 fer to the Federal reserve banks direct obligations of  
16 the United States of equivalent market value to the  
17 assets described in subparagraph (A).”.