

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3390
OFFERED BY MS. DE LA CRUZ OF TEXAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Bringing the Discount
3 Window into the 21st Century Act”.

4 SEC. 2. REVIEW OF DISCOUNT WINDOW OPERATIONS.

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

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

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

10 “(12) REVIEW OF DISCOUNT WINDOW OPER-
11 ATIONS.—

12 “(A) IN GENERAL.—Not later than 60
13 days after the date of enactment of this para-
14 graph, the Board of Governors shall commence
15 a review of the discount window lending pro-
16 grams of the Federal reserve banks (the ‘dis-
17 count window’), and shall complete such review

1 not later than 240 days after the date of enact-
2 ment of this paragraph.

3 “(B) CONTENTS.—The review required by
4 subparagraph (A) shall include a consideration
5 of—

6 “(i) the effectiveness of the discount
7 window in providing liquidity to financial
8 institutions, including in times of financial
9 stress;

10 “(ii) whether the technology infra-
11 structure, including means of communica-
12 tions, are sufficient to support the timely
13 provision of liquidity, including in times of
14 financial stress;

15 “(iii) the effectiveness of cybersecurity
16 measures implemented with respect to dis-
17 count window operations;

18 “(iv) the effectiveness of communica-
19 tions between Federal reserve banks re-
20 garding discount window operations;

21 “(v) the effectiveness of the Board of
22 Governors in providing oversight of the
23 discount window;

24 “(vi) how the discount window inter-
25 acts with other providers of liquidity, in-

1 cluding the Federal Home Loan Banks,
2 during both normal operations and times
3 of financial distress; and

4 “(vii) the effectiveness of existing dis-
5 count window operating hours and whether
6 such hours should be expanded, taking into
7 account the interaction between discount
8 window operating hours and the operating
9 hours of payment systems of the Federal
10 reserve banks, such as the Fedwire Funds
11 Service and FedNow Service.

12 “(C) REMEDIATION PLAN.—After the
13 Board of Governors completes the review re-
14 quired by subparagraph (A), the Board of Gov-
15 ernors, in consultation with the Federal reserve
16 banks, shall—

17 “(i) identify deficiencies with the dis-
18 count window and areas for enhancing dis-
19 count window effectiveness; and

20 “(ii) develop a written plan to reme-
21 diate the identified deficiencies and imple-
22 ment the identified enhancements, which
23 shall include—

24 “(I) an identification of actions
25 that will be taken to enhance discount

1 window effectiveness and remediate
2 identified deficiencies;

3 “(II) timelines and milestones for
4 implementing the plan and measures
5 to demonstrate how the implemented
6 improvements will be maintained on
7 an ongoing basis; and

8 “(III) measures of managing and
9 controlling any deficiencies and cur-
10 rent operations until the plan is im-
11 plemented in full.

12 “(D) REPORT TO CONGRESS ON REVIEW
13 AND PLAN.—

14 “(i) IN GENERAL.—Not later than
15 365 days after the date of enactment of
16 this paragraph, the Board of Governors
17 shall submit a report to the Committee on
18 Financial Services of the House of Rep-
19 resentatives and the Committee on Bank-
20 ing, Housing, and Urban Affairs of the
21 Senate containing—

22 “(I) the findings of the review re-
23 quired by subparagraph (A); and

24 “(II) the remediation plan re-
25 quired by subparagraph (C).

1 “(ii) CONSULTATION.—Before submit-
2 ting the report required by clause (i), the
3 Board of Governors shall—

4 “(I) provide a copy of the pro-
5 posed report to the Comptroller Gen-
6 eral of the United States and the In-
7 spector General of the Board of Gov-
8 ernors of the Federal Reserve System
9 and the Bureau of Consumer Finan-
10 cial Protection; and

11 “(II) provide the Comptroller
12 General and Inspector General with
13 an opportunity to provide feedback on
14 the report.

15 “(iii) TESTIMONY.—The Chairman of
16 the Board of Governors shall testify before
17 the Committee on Financial Services of the
18 House of Representatives and the Com-
19 mittee on Banking, Housing, and Urban
20 Affairs of the Senate with respect to the
21 contents of the report required under this
22 subparagraph.

23 “(E) ANNUAL REPORTS TO CONGRESS.—

24 “(i) REPORTS BY THE BOARD.—The
25 Board of Governors shall submit an annual

1 report to the Committee on Financial Serv-
2 ices of the House of Representatives and
3 the Committee on Banking, Housing, and
4 Urban Affairs of the Senate containing a
5 review of the effectiveness of discount win-
6 dow operations and actions taken to imple-
7 ment the identified enhancements de-
8 scribed in subparagraph (C).

9 “(ii) REPORTS BY THE INSPECTOR
10 GENERAL.—The Inspector General of the
11 Board of Governors of the Federal Reserve
12 System and the Bureau of Consumer Fi-
13 nancial Protection 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 report on the progress of the Board of
19 Governors in implementing the remediation
20 plan required by subparagraph (C).

21 “(F) CONFIDENTIAL REPORT INFORMA-
22 TION.—Any report required under this para-
23 graph may contain a confidential annex con-
24 taining information that, if made public,
25 could—

1 “(i) impact monetary policy, financial
2 stability, or cybersecurity; or
3 “(ii) significantly endanger the finan-
4 cial stability of any financial institution.”.

