

112TH CONGRESS
1ST SESSION

H. R. 1401

To amend the Federal Reserve Act to alter the terms and conditions applicable to members of the Board of Governors of the Federal Reserve System, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2011

Ms. KAPTUR introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Federal Reserve Act to alter the terms and conditions applicable to members of the Board of Governors of the Federal Reserve System, 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 “Democratizing the
5 Federal Reserve System Act of 2011”.

6 **SEC. 2. AMENDMENTS TO FEDERAL RESERVE ACT.**

7 (a) **REDUCTION IN LENGTH OF TERMS.**—

1 (1) The first sentence of the first undesignated
2 paragraph of section 10 of the Federal Reserve Act
3 (12 U.S.C. 241) is amended by striking “fourteen
4 years” and inserting “7 years”.

5 (2) The 2nd sentence of the 2nd undesignated
6 paragraph of section 10 of the Federal Reserve Act
7 (12 U.S.C. 242) is amended by striking “fourteen
8 years” the 2nd place such term appears and insert-
9 ing “7 years”.

10 (3) The ultimate sentence of the 2nd undesignated
11 paragraph of section 10 of the Federal Reserve
12 Act (12 U.S.C. 242) is amended by striking
13 “fourteen years” and inserting “7 years”.

14 (b) INCREASE IN POST-SERVICE RESTRICTION.—The
15 first sentence of the 2nd undesignated paragraph of sec-
16 tion 10 of the Federal Reserve Act (12 U.S.C. 242) is
17 amended by striking “two years” and inserting “4 years”.

18 (c) ONGOING SERVICE ON BOARD REQUIREMENT
19 FOR CHAIRMAN AND VICE CHAIRMAN.—

20 (1) CHAIRMAN.—The 3rd sentence of the 2nd
21 undesignated paragraph of section 10 of the Federal
22 Reserve Act (12 U.S.C. 242) is amended by striking
23 “1 shall be designated” and inserting “a member
24 who is currently serving on the Board and has al-

1 ready served at least 2 consecutive years on the
2 Board shall be designated”.

3 (2) VICE CHAIRMAN.—The 3rd sentence of the
4 2nd undesignated paragraph of section 10 of the
5 Federal Reserve Act (12 U.S.C. 242) is amended by
6 striking “2 shall be designated” and inserting “2
7 members who are currently serving on the Board
8 and have already served at least 1 year on the
9 Board, shall be designated”.

10 (d) LIMITATION ON CONTINUING VACANCIES.—The
11 4th undesignated paragraph of section 10 of the Federal
12 Reserve Act (12 U.S.C. 244) is amended—

13 (1) in the ultimate sentence, by inserting “, be-
14 fore the end of the 90-day period beginning on the
15 date such vacancy occurs,” after “shall be ap-
16 pointed”; and

17 (2) by adding at the end the following new sen-
18 tences: “If, as of 30 days after the end of such 90-
19 day period, no nomination has been made by the
20 President, the chairperson and ranking Member of
21 the Committees of the House of Representatives and
22 the Senate which have jurisdiction over this Act,
23 under the rules of the respective House, the Speaker
24 and the minority leader of the House of Representa-
25 tives, and the majority leader and minority leader of

1 the Senate shall jointly create a list of 5 candidates
2 in rank order to present to the President for consid-
3 eration for the vacancy. Not later than 30 days after
4 the transmittal of such list to the President, the
5 President shall nominate a person, whether from
6 such list or another person, to fill the vacancy.”.

7 (e) AMENDMENTS RELATING TO FEDERAL OPEN
8 MARKET COMMITTEE.—

9 (1) INCREASE IN FEDERAL RESERVE BANK
10 REPRESENTATION.—The 1st sentence of section
11 12A(a) of the Federal Reserve Act (12 U.S.C. 263)
12 is amended by striking “five” and inserting “6”.

13 (2) DISTRIBUTION OF FEDERAL RESERVE BANK
14 MEMBERSHIP.—Section 12A(a) of the Federal Re-
15 serve Act (12 U.S.C. 263) is amended by striking
16 the 2nd sentence and inserting the following: “Such
17 representatives shall be presidents or first vice presi-
18 dents of Federal reserve banks and shall be elected
19 annually as follows: In even numbered calendar
20 years, from among the presidents and first vice
21 presidents of the Federal Reserve Banks of Boston,
22 Kansas City, Philadelphia, San Francisco, Rich-
23 mond, and St. Louis and in odd numbered calendar
24 years from among the presidents and first vice presi-
25 dents of the Federal Reserve Banks of New York,

1 Dallas, Chicago, Cleveland, Atlanta, and Min-
2 neapolis.”.

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