

111TH CONGRESS
1ST SESSION

H. R. 3858

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

OCTOBER 20, 2009

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 2009”.

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 “one shall be designated” the 1st place such term
24 appears and inserting “a member who is currently
25 serving on the Board and has already served at least

1 2 consecutive years on the Board shall be des-
2 ignated”.

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 “one shall be designated” the 2nd place
7 such term appears and inserting “a member who is
8 currently serving on the Board and has already
9 served at least 1 year on the Board, shall be des-
10 ignated”.

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

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

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

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

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

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

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

1 dents of the Federal Reserve Banks of New York,
2 Dallas, Chicago, Cleveland, Atlanta, and Min-
3 neapolis.”.

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