

115TH CONGRESS  
1ST SESSION

# H. R. 4278

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

NOVEMBER 7, 2017

Mr. HILL introduced the following bill; which was referred to the Committee on Financial Services

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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”.

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

7 (a) RETURNING TO A MONETARY POLICY BALANCE

8 SHEET.—

1 (1) IN GENERAL.—Not later than 1 year after  
2 the date of the enactment of this Act—

3 (A) the Board of Governors of the Federal  
4 Reserve System shall transfer to the Depart-  
5 ment of the Treasury all covered assets that are  
6 neither gold stock, Treasury currency, nor di-  
7 rect obligations of the United States, foreign  
8 central banks, or the International Monetary  
9 Fund; and

10 (B) the Secretary of the Treasury shall  
11 transfer to the Federal reserve banks direct ob-  
12 ligations of the United States of equivalent  
13 market value to such covered assets.

14 (2) COVERED ASSETS DEFINED.—In this sub-  
15 section, the term “covered assets” means all as-  
16 sets—

17 (A) purchased through open-market oper-  
18 ations by the Federal reserve banks; or

19 (B) acquired through transactions under  
20 the following sections of the Federal Reserve  
21 Act (12 U.S.C. 221 et seq.):

22 (i) Section 10A before the date of the  
23 enactment of this Act.

24 (ii) Section 10B.

25 (iii) Section 13.

1 (iv) Section 13A.

2 (v) Section 24.

3 (b) OPEN MARKET ASSET PURCHASES.—Section  
4 14(b) (12 U.S.C. 355) of the Federal Reserve Act (relat-  
5 ing to “Purchase and sale of obligations of United States,  
6 States, counties, etc.”) is amended to read as follows:

7 “(b) To buy and sell in the open market, at home  
8 or abroad, under the direction and regulations of the Fed-  
9 eral Open Market Committee, gold stock, Treasury cur-  
10 rency, or direct obligations of the United States, foreign  
11 central banks, or the International Monetary Fund. Noth-  
12 ing in this subsection shall be construed to limit advances  
13 under section 10B, or discount loans under sections 13,  
14 13A, or 24.”.

15 (c) MAINTAINING A MONETARY POLICY BALANCE  
16 SHEET.—

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

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

1           “(i) the Board shall transfer such as-  
2           sets of the Federal reserve bank to the De-  
3           partment of the Treasury; and

4           “(ii) the Secretary of the Treasury  
5           shall transfer to the Federal reserve banks  
6           direct obligations of the United States of  
7           equivalent market value to the assets de-  
8           scribed in clause (i).”.

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

12          (3) ASSETS ACQUIRED THROUGH ADVANCES TO  
13          MEMBER BANKS.—The second undesignated para-  
14          graph of subsection (a) of section 10B of the Fed-  
15          eral Reserve Act is amended—

16                 (A) by inserting “not” before “secured by  
17                 mortgage loans”; and

18                 (B) by striking “lowest discount rate” and  
19                 inserting “highest discount rate”.

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