



## **Federal Reserve Accountability and Transparency (FRAT) Act of 2014 (H.R. 3928)**

*Sec. 1. Short Title.* “Federal Reserve Accountability and Transparency Act of 2014.”

*Sec. 2. Economic Analysis.* Requires cost benefit analysis for all Fed regulations, including an analysis of how regulations would affect investor choice, market liquidity, market stability, cost and access to capital, global competitiveness, and job creation.

*Sec. 3. Federal Open Market Committee Blackout Period.* Clarifies that the FOMC blackout period begins immediately after midnight on the day that is one-week before meeting and ends at midnight on the day after the meeting takes place. Blackout period does not apply to answering technical questions specific to data releases and testimony regarding the Fed’s supervisory and prudential functions.

*Sec. 4. Staff Term Limits, Pay, Ethics Standards, and Financial Disclosures.* Makes Fed employees subject to same restrictions on financial interests and transactions as SEC employees. Includes prohibitions on holding and trading certain securities, disclosure of trading activities and brokerage accounts, and prohibitions on outside employment. Requires public financial disclosures for certain Fed employees. Restricts Fed staff pay to no higher than 99 percent of chairman’s salary. Limits a Fed employee from serving more than six years in certain senior positions. Requires that Fed employee compensation and public financial disclosures be posted on searchable website. Requires the GAO to study the Fed’s employee pay and employee pay scale, including how the Fed’s pay scale compares with other Federal agencies, and provide Congress with recommendations on Fed employee pay and funding. Authorizes each Fed Board member to create a maximum of four staff positions.

*Sec. 5. Vice-Chairman for Supervision Report Requirement.* Must provide written testimony that includes status of all pending and anticipated Fed rulemakings. Requires that the vice-chairman of the Fed must testify in place of vice-chairman for supervision if vice-chairman for supervision position remains vacant.

*Sec. 6. Federal Reserve Communications with Congress.* Requires that not later than six weeks after hearing date, Fed must respond in writing to committee questions. If deadline cannot be met, the Fed chairman must provide a written explanation to the committee as to the reason for the delay, as well as an expected response date for the committee’s questions. Requires that not later than three business days after congressional meeting request, Fed must respond whether meeting can be accommodated. If the meeting cannot be accommodated, the Fed chairman must provide a written explanation to the committee as to the reason why the meeting cannot be accommodated and an alternative date and time for the meeting to occur. Provides for a Fed salary freeze for violation of these provisions. Requires chairman to remain at hearings as long as members have questions, but no later than 5 p.m.

*Sec. 7. Transparency of Regulatory Activities.* Requires the Fed to issue regulations, after providing for public notice and comment, for Section 165 Dodd-Frank stress test scenarios. Requires the Fed to disclose results of resubmitted stress tests. Requires the Fed to disclose the aggregate number of supervisory letters sent to the largest bank holding companies. Requires the Fed to submit to the House Financial Services Committee and Senate Committee on Banking, Housing, and Urban Affairs an un-redacted copy (with appropriate safeguards) of the Board of Governors' Review of Regulatory Supervisory Audit and the Board of Governors' 2003-2008 Performance Review.

*Sec. 8. Treatment of Certain Directors and Presidents.* Class C directors – or those appointed by the Fed – are eliminated. Two new positions are allocated to Class B (those who represent the public) and one to Class A (representative of the stockholding banks). Eliminates the Fed's veto power over appointment of regional bank presidents and vice-presidents.

*Sec. 9. International Travel and Negotiations.* Requires the Fed to post to their website a notice of consultation that details the topic matter, scope, and goals of any bilateral or multinational agreements. Requires Fed to solicit public comments before entering into negotiations. Requires the Fed to issue a public report on the topics discussed and revised or proposed rulemakings as a result of the negotiations. Requires the Fed to consult with the House Committee on Financial Services and Senate Committee on Banking, Housing, and Urban Affairs and notify the public before finalizing any agreement. Requires the Fed to report to House Committee on Financial Services and Senate Committee on Banking, Housing, and Urban Affairs on any anticipated effects a bilateral or multinational agreement would have on the US economy. Establishes a two-year authorization for the Fed's international travel expenses.

*Sec. 10. Improvements to the Federal Financial Institutions Examination Council.* Applies economic analysis requirements, enhanced ethics standards and reporting requirements, and staff salary disclosure to employees of the FFIEC.

*Sec. 11. Improvements to the Financial Stability Oversight Council.* Applies economic analysis requirements, enhanced ethics standards and reporting requirements, and staff salary disclosure to employees of the FSOC.