

118TH CONGRESS
1ST SESSION

S. 957

To amend the Federal Reserve Act to restrict conflicts of interest on the boards of directors of Federal reserve banks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 23, 2023

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Reserve Act to restrict conflicts of interest on the boards of directors of Federal reserve banks, 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 “Federal Reserve Inde-
5 pendence Act”.

6 **SEC. 2. ENDING CONFLICTS OF INTEREST.**

7 (a) CLASS A MEMBERS.—The tenth undesignated
8 paragraph of section 4 of the Federal Reserve Act (12
9 U.S.C. 302) (relating to Class A) is amended by striking
10 “chosen by and be representative of the stockholding

1 banks” and inserting “designated by the Board of Gov-
 2 ernors of the Federal Reserve System, from among per-
 3 sons who are not employed in any capacity by a stock-
 4 holding bank”.

5 (b) CLASS B.—The eleventh undesignated paragraph
 6 of section 4 of the Federal Reserve Act (12 U.S.C. 302)
 7 (relating to Class B) is amended by striking “be elected”
 8 and inserting “be designated by the Board of Governors
 9 of the Federal Reserve System”.

10 (c) LIMITATIONS ON BOARDS OF DIRECTORS.—The
 11 fourteenth and fifteenth undesignated paragraphs of sec-
 12 tion 4 of the Federal Reserve Act (12 U.S.C. 303) (relat-
 13 ing to Class B and Class C, respectively) are amended to
 14 read as follows:

15 “No employee of a bank holding company or other
 16 entity regulated by the Board of Governors of the Federal
 17 Reserve System may serve on the board of directors of
 18 any Federal reserve bank.

19 “No employee of the Federal Reserve System or
 20 board member of a Federal reserve bank may own any
 21 stock or invest in any company that is regulated by the
 22 Board of Governors of the Federal Reserve System, with-
 23 out exception.”.

1 **SEC. 3. REPORTS TO CONGRESS.**

2 Not later than 1 year after the date of enactment
3 of this Act, and annually thereafter, the Comptroller Gen-
4 eral of the United States shall submit to Congress a report
5 regarding the adherence to the provisions of this Act and
6 the amendments made by this Act.

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