

Union Calendar No. 191

119TH CONGRESS
1ST SESSION

H. R. 3390

[Report No. 119-234]

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to carry out a review of discount window operations and to implement improvements to such operations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2025

Ms. DE LA CRUZ (for herself, Mr. MEUSER, and Mr. LUCAS) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 4, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on May 14, 2025]

A BILL

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to carry out a review of discount window operations and to implement improvements to such operations, 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 “Bringing the Discount*
 5 *Window into the 21st Century Act”.*

6 **SEC. 2. REVIEW OF DISCOUNT WINDOW OPERATIONS.**

7 *Section 10 of the Federal Reserve Act (12 U.S.C. 241*
 8 *et seq.) is amended—*

9 *(1) by redesignating paragraph (12) as para-*
 10 *graph (11); and*

11 *(2) by adding at the end the following:*

12 *“(12) REVIEW OF DISCOUNT WINDOW OPER-*
 13 *ATIONS.—*

14 *“(A) IN GENERAL.—Not later than 60 days*
 15 *after the date of enactment of this paragraph, the*
 16 *Board of Governors shall commence a review of*
 17 *the discount window lending programs of the*
 18 *Federal reserve banks (the ‘discount window’),*
 19 *and shall complete such review not later than*
 20 *240 days after the date of enactment of this*
 21 *paragraph.*

22 *“(B) CONTENTS.—The review required by*
 23 *subparagraph (A) shall include a consideration*
 24 *of—*

1 “(i) the effectiveness of the discount
2 window in providing liquidity to financial
3 institutions, including in times of financial
4 stress;

5 “(ii) whether the technology infrastruc-
6 ture, including means of communications,
7 are sufficient to support the timely provi-
8 sion of liquidity, including in times of fi-
9 nancial stress;

10 “(iii) the effectiveness of cybersecurity
11 measures implemented with respect to dis-
12 count window operations;

13 “(iv) the effectiveness of communica-
14 tions between Federal reserve banks, finan-
15 cial institutions, the Board of Governors,
16 the Federal Deposit Insurance Corporation,
17 the Comptroller of the Currency, and the
18 Secretary of the Treasury regarding dis-
19 count window operations;

20 “(v) the effectiveness of the Board of
21 Governors in providing oversight of the dis-
22 count window and in ensuring consistent
23 access to the discount window across the
24 Federal Reserve System;

1 “(vi) how the discount window inter-
2 acts with other providers of liquidity, in-
3 cluding the Federal Home Loan Banks,
4 during both normal operations and times of
5 financial distress;

6 “(vii) the effectiveness of existing dis-
7 count window operating hours and whether
8 such hours should be expanded, taking into
9 account the interaction between discount
10 window operating hours and the operating
11 hours of payment systems of the Federal re-
12 serve banks, such as the Fedwire Funds
13 Service and FedNow Service;

14 “(viii) the impact of mobile banking
15 and instant communications technology on
16 depositor behavior and liquidity risk posed
17 to financial institutions, including how the
18 discount window can—

19 “(I) help financial institutions
20 better respond to rapid liquidity short-
21 falls; and

22 “(II) prevent broader financial
23 instability; and

24 “(ix) the effectiveness of the discount
25 window in light of the stigma associated

1 *with its usage, ways to reduce such stigma,*
2 *and ways to improve access, operational ef-*
3 *iciency, transparency, and timeliness of the*
4 *process for financial institutions seeking ad-*
5 *vances, including on the pricing and other*
6 *terms of such advances.*

7 “(C) *REMEDATION PLAN.*—*After the Board*
8 *of Governors completes the review required by*
9 *subparagraph (A), the Board of Governors, in*
10 *consultation with the Federal reserve banks,*
11 *shall—*

12 “(i) *identify deficiencies with the dis-*
13 *count window and areas for enhancing dis-*
14 *count window effectiveness; and*

15 “(ii) *develop a written plan to reme-*
16 *diate the identified deficiencies and imple-*
17 *ment the identified enhancements, which*
18 *shall include—*

19 “(I) *an identification of actions*
20 *that will be taken to enhance discount*
21 *window effectiveness and remediate*
22 *identified deficiencies;*

23 “(II) *timelines and milestones for*
24 *implementing the plan and measures*
25 *to demonstrate how the implemented*

1 *improvements will be maintained on*
2 *an ongoing basis; and*

3 *“(III) measures of managing and*
4 *controlling any deficiencies and cur-*
5 *rent operations until the plan is imple-*
6 *mented in full.*

7 *“(D) REPORT TO CONGRESS ON REVIEW*
8 *AND PLAN.—*

9 *“(i) IN GENERAL.—Not later than 365*
10 *days after the date of enactment of this*
11 *paragraph, the Board of Governors shall*
12 *submit a report to the Committee on Finan-*
13 *cial Services of the House of Representatives*
14 *and the Committee on Banking, Housing,*
15 *and Urban Affairs of the Senate con-*
16 *taining—*

17 *“(I) the findings of the review re-*
18 *quired by subparagraph (A); and*

19 *“(II) the remediation plan re-*
20 *quired by subparagraph (C).*

21 *“(ii) CONSULTATION.—Before submit-*
22 *ting the report required by clause (i), the*
23 *Board of Governors shall—*

24 *“(I) provide a copy of the pro-*
25 *posed report to the Comptroller of the*

1 *Currency, the Federal Deposit Insur-*
 2 *ance Corporation, and the Secretary of*
 3 *the Treasury; and*

4 “(II) provide the Comptroller of
 5 *the Currency, the Federal Deposit In-*
 6 *surance Corporation, and the Secretary*
 7 *of the Treasury with an opportunity to*
 8 *provide feedback on the report.*

9 “(iii) *TESTIMONY.*—*The Chairman of*
 10 *the Board of Governors shall, at the semi-*
 11 *annual hearing required under section 2B,*
 12 *testify with respect to the contents of the re-*
 13 *port required under this subparagraph.*

14 “(E) *ANNUAL REPORTS TO CONGRESS.*—

15 “(i) *REPORTS BY THE BOARD.*—*The*
 16 *Board of Governors shall submit an annual*
 17 *report to the Committee on Financial Serv-*
 18 *ices of the House of Representatives and the*
 19 *Committee on Banking, Housing, and*
 20 *Urban Affairs of the Senate containing a*
 21 *review of the effectiveness of discount win-*
 22 *dow operations and a progress report on the*
 23 *actions taken to implement the identified*
 24 *enhancements described in subparagraph*
 25 *(C).*

“(ii) *REPORTS BY THE INSPECTOR GENERAL.—The Inspector General of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection shall submit an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing a report on the progress of the Board of Governors in implementing the remediation plan required by subparagraph (C).*

“(F) *CONFIDENTIAL REPORT INFORMATION.—Any report required under this paragraph may contain a confidential annex containing information that, if made public, could—*

“(i) *impact monetary policy, financial stability, or cybersecurity; or*

“(ii) *significantly endanger the financial stability of any financial institution.*

“(G) *REPEAL.—This paragraph shall be repealed on the date on which the Board of Governors notifies the Congress and publishes on a public website of the Board of Governors that the*

- 1 *remediation plan required under subparagraph*
- 2 *(C) has been fully implemented.”.*

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