

116TH CONGRESS
2D SESSION

S. _____

To amend the Federal Reserve Act to permit to the Board of Governors of the Federal Reserve System to engage in certain open market operations during unusual and exigent circumstances.

IN THE SENATE OF THE UNITED STATES

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Federal Reserve Act to permit to the Board of Governors of the Federal Reserve System to engage in certain open market operations during unusual and exigent circumstances.

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 “Bond Market Emer-
5 gency Relief Act”.

6 **SEC. 2. OPEN MARKET OPERATIONS.**

7 Section 14(b) of the Federal Reserve Act (12 U.S.C.
8 355) is amended by adding at the end the following:

1 “(3)(A) In unusual and exigent circumstances,
2 the Federal Open Market Committee may, by a ma-
3 jority vote, authorize any Federal reserve bank, dur-
4 ing such periods as the Committee may determine,
5 to buy and sell, at home or abroad—

6 “(i) investment grade bills, notes, bonds,
7 drafts, warrants of any maturity greater than 6
8 months, and bill of exchange by any corpora-
9 tion, company, or similar separate legal entity;
10 and

11 “(ii) investment grade bills, notes, bonds,
12 and warrants of any maturity greater than 6
13 months, by any State, county, district, political
14 subdivision, instrumentality of a political sub-
15 division, territory, possession, or municipality in
16 the United States, including irrigation, drain-
17 age, reclamation districts.

18 “(B) All actions under this paragraph shall be
19 subject to such limitations, restrictions, and regula-
20 tions as the Board may prescribe. In prescribing
21 such limitations, restrictions, and regulations, the
22 Board shall take into account the need to protect
23 taxpayers from losses.

24 “(C) Assets purchased under this paragraph
25 shall be denominated in United States dollars.

1 “(D) Not later than 3 days after the exercise
2 of the authority in subparagraph (B) that occurs on
3 or after January 1, 2021, the Chairman of the
4 Board shall—

5 “(i) appear before the Majority Leader of
6 the Senate, the Minority Leader of the Senate,
7 the Speaker of the House of Representatives,
8 the Minority Leader of the House of Represent-
9 atives, the chair and ranking members of the
10 Committee on Banking, Housing, and Urban
11 Affairs of the Senate, and the Committee on
12 Financial Services of the House of Representa-
13 tives describing—

14 “(I) why action under this paragraph
15 is necessary to achieve the monetary policy
16 objectives under section 2A; and

17 “(II) how the Board has exhausted all
18 other reasonable options available in
19 achieving the monetary policy objectives
20 under section 2A; and

21 “(ii) submit to the Committee on Banking,
22 Housing, and Urban Affairs of the Senate and
23 the Committee on Financial Services of the
24 House of Representatives a report on the de-
25 scription described in clause (i)(I).

1 “(E)(i) Not later than 3 days after the date of
2 enactment of this paragraph, the Federal Open Mar-
3 ket Committee shall meet and vote on whether to ex-
4 ercise the authority under this paragraph with re-
5 spect to the national emergency declared by the
6 President under the National Emergencies Act (50
7 U.S.C. 1601 et seq.) with respect to the coronavirus
8 disease 2019 (COVID–19).

9 “(ii) If the Federal Open Market Committee
10 does not approve to exercise the authority under this
11 clause (i), the Board shall submit to the Majority
12 Leader of the Senate, the Minority Leader of the
13 Senate, the Speaker of the House of Representa-
14 tives, the Minority Leader of the House of Rep-
15 resentatives, the chair and ranking members of the
16 Committee on Banking, Housing, and Urban Affairs
17 of the Senate, and the Committee on Financial Serv-
18 ices of the House of Representatives a notice de-
19 scribing why such action is not necessary to achieve
20 the monetary policy objectives under section 2A.

21 “(F) Upon the expiration of the unusual and
22 exigent circumstances, it should be a priority of the
23 Federal Open Market Committee to achieve the
24 monetary policy objectives under section 2A without
25 the use of the authority provided under this para-

1 graph as soon as practicable while minimizing the
2 disruptions to the market and general economy of
3 the United States.”.