

119TH CONGRESS
2D SESSION

S. 5465

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 SENATE OF THE UNITED STATES

SEPTEMBER 23, 2026

Ms. CORTEZ MASTO (for herself and Mr. ROUNDS) 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 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”.

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

2 (a) IN GENERAL.—Section 10 of the Federal Reserve
3 Act (12 U.S.C. 241 et seq.) is amended—

4 (1) by redesignating paragraph (12) as para-
5 graph (11); and

6 (2) by adding at the end the following:

7 “(12) REVIEW OF DISCOUNT WINDOW OPER-
8 ATIONS.—

9 “(A) IN GENERAL.—The Board shall—

10 “(i) not later than 60 days after the
11 date of enactment of this paragraph, com-
12 mence a review of the discount window
13 lending programs of the Federal reserve
14 banks; and

15 “(ii) not later than 240 days after the
16 date of enactment of this Act, complete the
17 review required under clause (i).

18 “(B) CONTENTS.—The review required by
19 subparagraph (A) shall include a consideration
20 of—

21 “(i) the effectiveness of the discount
22 window in providing liquidity to financial
23 institutions, including in times of financial
24 stress;

25 “(ii) whether the technology infra-
26 structure, including means of communica-

1 tions, are sufficient to support the timely
2 provision of liquidity, including in times of
3 financial stress;

4 “(iii) the effectiveness of cybersecurity
5 measures implemented with respect to dis-
6 count window operations;

7 “(iv) the effectiveness of communica-
8 tions between Federal reserve banks, fi-
9 nancial institutions, the Board, the Federal
10 Deposit Insurance Corporation, the Comp-
11 troller of the Currency, the Federal Hous-
12 ing Finance Agency, and the Secretary of
13 the Treasury regarding discount window
14 operations;

15 “(v) the effectiveness of the Board in
16 providing oversight of the discount window
17 and in ensuring consistent access to the
18 discount window across the Federal Re-
19 serve System;

20 “(vi) how the discount window inter-
21 acts with other providers of liquidity, in-
22 cluding the Federal Home Loan Banks,
23 during both normal operations and times
24 of financial distress;

1 “(vii) the effectiveness of existing dis-
2 count window operating hours and whether
3 such hours should be expanded, taking into
4 account the interaction between discount
5 window operating hours and the operating
6 hours of payment systems of the Federal
7 reserve banks, such as the Fedwire Funds
8 Service and FedNow Service;

9 “(viii) the impact of mobile banking
10 and instant communications technology on
11 depositor behavior and liquidity risk posed
12 to financial institutions, including how the
13 discount window can—

14 “(I) help financial institutions
15 better respond to rapid liquidity short-
16 falls; and

17 “(II) prevent broader financial
18 instability; and

19 “(ix) the effectiveness of the discount
20 window in light of the stigma associated
21 with its usage, ways to reduce such stigma,
22 and ways to improve access, operational ef-
23 ficiency, transparency, and timeliness of
24 the process for financial institutions seek-

1 ing advances, including on the pricing and
2 other terms of such advances.

3 “(C) REMEDIATION PLAN.—After the
4 Board completes the review required by sub-
5 paragraph (A), the Board, in consultation with
6 the Federal reserve banks, shall—

7 “(i) identify deficiencies with the dis-
8 count window and areas for enhancing dis-
9 count window effectiveness; and

10 “(ii) develop a written plan to reme-
11 diate the identified deficiencies and imple-
12 ment the identified enhancements, which
13 shall include—

14 “(I) an identification of actions
15 that will be taken to enhance discount
16 window effectiveness and remediate
17 identified deficiencies;

18 “(II) timelines and milestones for
19 implementing the plan and measures
20 to demonstrate how the implemented
21 improvements will be maintained on
22 an ongoing basis; and

23 “(III) measures of managing and
24 controlling any deficiencies and cur-

1 rent operations until the plan is im-
2 plemented in full.

3 “(D) REPORT TO CONGRESS ON REVIEW
4 AND PLAN.—

5 “(i) IN GENERAL.—Not later than
6 365 days after the date of enactment of
7 this paragraph, the Board shall submit to
8 the Committee on Financial Services of the
9 House of Representatives and the Com-
10 mittee on Banking, Housing, and Urban
11 Affairs of the Senate a report containing—

12 “(I) the findings of the review re-
13 quired by subparagraph (A); and

14 “(II) the remediation plan re-
15 quired by subparagraph (C).

16 “(ii) CONSULTATION.—Before submit-
17 ting the report required by clause (i), the
18 Board shall—

19 “(I) provide a copy of the pro-
20 posed report to the Comptroller of the
21 Currency, the Federal Deposit Insur-
22 ance Corporation, the Federal Hous-
23 ing Finance Agency, and the Sec-
24 retary of the Treasury; and

1 “(II) provide the Comptroller of
2 the Currency, the Federal Deposit In-
3 surance Corporation, the Federal
4 Housing Finance Agency, and the
5 Secretary of the Treasury with an op-
6 portunity to provide feedback on the
7 report.

8 “(iii) TESTIMONY.—The Chairman of
9 the Board shall, at the semi-annual hear-
10 ing required under section 2B, testify with
11 respect to the contents of the report re-
12 quired under this subparagraph.

13 “(E) ANNUAL REPORTS TO CONGRESS.—

14 “(i) REPORTS BY THE BOARD.—The
15 Board shall submit to the Committee on
16 Financial Services of the House of Rep-
17 resentatives and the Committee on Bank-
18 ing, Housing, and Urban Affairs of the
19 Senate an annual report containing a re-
20 view of the effectiveness of discount win-
21 dow operations and a progress report on
22 the actions taken to implement the identi-
23 fied enhancements described in subpara-
24 graph (C).

1 “(ii) REPORTS BY THE INSPECTOR
 2 GENERAL.—The Inspector General of the
 3 Board of Governors of the Federal Reserve
 4 System and the Bureau of Consumer Fi-
 5 nancial Protection shall submit an annual
 6 report to the Committee on Financial Serv-
 7 ices of the House of Representatives and
 8 the Committee on Banking, Housing, and
 9 Urban Affairs of the Senate containing a
 10 report on the progress of the Board in im-
 11 plementing the remediation plan required
 12 by subparagraph (C).

13 “(F) CONFIDENTIAL REPORT INFORMA-
 14 TION.—Any report required under this para-
 15 graph may contain a confidential annex con-
 16 taining information that, if made public,
 17 could—

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

20 “(ii) significantly endanger the finan-
 21 cial stability of any financial institution.”.

22 (b) SUNSET.—

23 (1) IN GENERAL.—Section 10 of the Federal
 24 Reserve Act (12 U.S.C. 241 et seq.) is amended by

1 striking paragraph (12), as added by subsection (a)
2 of this section.

3 (2) EFFECTIVE DATE.—The amendments made
4 by paragraph (1) shall take effect on the date on
5 which the Board of Governors of the Federal Re-
6 serve System notifies Congress and publishes on a
7 public website of the Board that the remediation
8 plan required under subparagraph (C) of paragraph
9 (12) of section 10 of the Federal Reserve Act (12
10 U.S.C. 241 et seq.), as added by subsection (a) of
11 this section, has been fully implemented.

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