

116TH CONGRESS
1ST SESSION

H. R. 3928

To require the Board of Governors of the Federal Reserve to satisfy certain requirements before providing any new payment service, or substantially changing or expanding any existing payment service, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2019

Mr. RIGGLEMAN introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To require the Board of Governors of the Federal Reserve to satisfy certain requirements before providing any new payment service, or substantially changing or expanding any existing payment service, 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 Ac-
5 countability and Justification Act”.

6 **SEC. 2. PAYMENT SERVICES.**

7 Section 11A of the Federal Reserve Act (12 U.S.C.
8 248a) is amended by adding at the end the following:

1 “(f) PAYMENT SERVICE.—

2 “(1) IN GENERAL.—The Board may not provide
3 any new payment service, or substantially change or
4 expand any existing payment service unless the
5 Board determines that—

6 “(A) any costs associated with such service
7 will be recovered;

8 “(B) providing such service will yield a
9 clear public benefit, such as promoting the in-
10 tegrity of the payments system, improving the
11 effectiveness of financial markets, reducing the
12 risk associated with payments and securities-
13 transfer services, or improving the efficiency of
14 the payments system;

15 “(C) no other providers can be expected to
16 provide such service with reasonable effective-
17 ness, scope, and equity; and

18 “(D) other providers are able to compete
19 with the Federal Reserve Banks in offering
20 such service, based on a competitive impact
21 study.

22 “(2) REASONABLE EFFECTIVENESS, SCOPE,
23 AND EQUITY.—

24 “(A) IN GENERAL.—For the purposes of
25 paragraph 1(A), the Board shall determine that

1 other providers can be expected to provide such
2 service with reasonable effectiveness, scope, and
3 equity if the Board has found that other pro-
4 viders—

5 “(i) offer a service that substantially
6 performs the material functions of such
7 service that the Board would provide and
8 offer the service to member and non-
9 member depository institutions on non-
10 discriminatory terms, regardless of the size
11 of the institution; or

12 “(ii) are capable within a reasonable
13 time of offering a service that substantially
14 performs the material functions of such
15 service that the Board would provide and
16 of offering the service to member and non-
17 member depository institutions on non-
18 discriminatory terms, regardless of the size
19 of the institution.

20 “(B) CENTRAL BANK MONEY.—The ability
21 of the Board to settle interbank obligations
22 using balances at the central bank (also re-
23 ferred to as central bank money) shall not alone
24 be sufficient to support a determination by the
25 Board that other providers alone cannot be ex-

1 pected to provide such service with reasonable
2 effectiveness, scope, and equity.

3 “(3) EXCEPTION.—The service offered by the
4 Board known as the ‘Federal Funds Wire Service’ is
5 not subject to the requirements of this subsection.

6 “(4) FINAL RULE.—The Board shall publish in
7 the Federal Register, in accordance with section 553
8 of title 5 of the United States Code, a final rule that
9 states any determination made pursuant to para-
10 graph (1) and explains the basis for such determina-
11 tion.

12 “(5) JUDICIAL REVIEW.—

13 “(A) IN GENERAL.—Any person adversely
14 affected or aggrieved by a failure of the Board
15 to properly make a determination under this
16 subsection before providing a new payment
17 service or substantially changing or expanding
18 an existing payment service is entitled to judi-
19 cial review thereof.

20 “(B) DEFERENCE.—A court may not give
21 deference to the Board when conducting a re-
22 view under this paragraph.”.

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