AMENDING THE FEDERAL RESERVE ACT

Ms. COLLINS. Mr. President, I ask unanimous consent to insert the following: Amendment H.R. 1094, a bill to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal Reserve notes. This legislation will expand the field of assets that the Federal Reserve may use to collateralize Federal Reserve notes. All currency in circulation must be backed by specific assets, but much of the collateral that the Federal Reserve accepts for discount window loans is ineligible under current law for use to back the currency. The changes put in place by this legislation will allow the Federal Reserve to apply all eligible discount loan assets to collateralize the currency.

This legislation poses some risks unless adequate safeguards are in place. The Federal Reserve applies a discount to each type of asset used as collateral. Broadening the scope of eligible assets makes it even more imperative that the current rate process be more aggressive than the existing process.

The legislative clerk read as follows:

Bill (H.R. 2401) was read the third time and passed.

There being no objection, the Senate proceeded to its immediate consideration of H.R. 1094, and the Senate considered the bill.

The President. Without objection, it is so ordered.

The bill (H.R. 1094) was read the third time and passed.

There being no objection, the Senate proceeded to consider the bill.

The legislative clerk read as follows:

A bill (H.R. 2401) to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal Reserve notes. This legislation will expand the field of assets that the Federal Reserve may use to collateralize Federal Reserve notes. All currency in circulation must be backed by specific assets, but much of the collateral that the Federal Reserve accepts for discount window loans is ineligible under current law for use to back the currency. The changes put in place by this legislation will allow the Federal Reserve to apply all eligible discount loan assets to collateralize the currency.

This legislation poses some risks unless adequate safeguards are in place. The Federal Reserve applies a discount to each type of asset used as collateral. Broadening the scope of eligible assets makes it even more imperative that the current rate process be more aggressive than the existing process.