

related to the direct or indirect purchase or sale of credit default swaps.

“(d) DETERMINATION OF THE COUNCIL; PHASE IN.—

“(1) EFFECTIVE DATE.—Subject to paragraph (2), this section shall take effect on the earlier of—

“(A) the effective date established under section 773 of the Wall Street Transparency and Accountability Act of 2010; or

“(B) the date on which the Chairperson of the Financial Stability Oversight Council makes a determination that the prohibitions and limitations established under this subsection would not cause undue market disruptions.

“(2) DETERMINATION OF MARKET DISRUPTION.—Not later than the effective date established under section 773 of the Wall Street Transparency and Accountability Act of 2010, if the Chairperson of the Financial Stability Oversight Council determines that a phase in of the prohibitions and limitations established under this section is necessary to avoid undue market disruptions, then the Chairperson shall recommend, and the Commission shall adopt, a phase in period for such prohibitions and limitations. Any phase in period described under this paragraph shall not exceed 18 months.

“(e) DEFINITIONS.—

“(1) IN GENERAL.—In this section, the following definitions shall apply:

“(A) CREDIT DEFAULT SWAP.—The term ‘credit default swap’—

“(i) means a swap or security-based swap whose payout is determined by the occurrence of a credit event with respect to a single referenced credit instrument or reference entity or multiple referenced credit instruments or reference entities; and

“(ii) is not a debt security registered with the Commission and issued by a corporation, State, municipality, or sovereign entity.

“(B) CREDIT EVENT.—The term ‘credit event’ includes a default, restructuring, insolvency, bankruptcy, credit downgrade, and a violation of a debt covenant.

“(C) PROTECTION BUYER.—The term ‘protection buyer’ means a person that enters into a credit default swap to obtain a payoff from a third party (commonly referred to as the ‘protection seller’) upon the occurrence of one or more credit events.

“(D) REFERENCE ENTITY.—The term ‘reference entity’ means any borrower, such as a corporation, State, municipality, sovereign entity, or special purpose entity, which has issued a public debt obligation or obtained a loan that is referenced by a credit default swap.

“(2) FURTHER DEFINITION OF TERMS.—The Commission and the Commodity Futures Trading Commission, shall jointly establish and adopt rules, regulations, or orders, in accordance with the public interest, further defining the terms ‘credit default swap’, ‘credit event’, ‘protection buyer’, and ‘reference entity’.”

#### SEC. 775. RESTRICTION ON SYNTHETIC ASSET-BACKED SECURITIES.

The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended by inserting after section 5 the following:

#### “SEC. 5A. RESTRICTION ON SYNTHETIC ASSET-BACKED SECURITIES.

“(a) DEFINITION.—For purposes of this section, the term ‘synthetic asset-backed security’ means an asset-backed security, as defined in section 3(a)(77) of the Securities Exchange Act of 1934, with respect to which, by design, the self-liquidating financial assets referenced in the synthetic securitization do not provide any direct payment or cash flow to the holders of the security.

“(b) RESTRICTION.—

“(1) IN GENERAL.—No issuer, underwriter, placement agent, sponsor, or initial pur-

chaser may offer, sell, or transfer a synthetic asset-backed security that has no purpose apart from speculation on a possible future gain or loss associated with the value or condition of the referenced assets. The Commission may determine, by rule or otherwise, whether a security is included within the description set forth in the preceding sentence. Any such determination by the Commission, other than by rule, is not subject to judicial review.

“(2) RULEMAKING.—Not later than 270 days after the date of enactment of this section, the Commission shall issue rules carry out this section and to prevent evasions thereof.”

### NOTICE OF HEARING

#### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Senate Committee on Energy and Natural Resources. The hearing will be held on Tuesday, May 25, 2010, at 10 a.m., in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the liability and financial responsibility issues related to offshore oil production, including the Deepwater Horizon accident in the Gulf of Mexico, including S. 3346, a bill to increase the limits on liability under the Outer Continental Shelf Lands Act.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send it to the Committee on Energy and Natural Resources, United States Senate, Washington, DC 20510-6150, or by e-mail to [Abigail\\_Campbell@energy.senate.gov](mailto:Abigail_Campbell@energy.senate.gov).

For further information, please contact Linda Lance or Abigail Campbell.

### AUTHORITY FOR COMMITTEES TO MEET

#### COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on May 18, 2010, at 2:30 p.m., in room 253 of the Russell Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate to conduct a hearing on May 18, 2010, at 11 a.m., in room SR-325 of the Russell Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on May 18, 2010, at 2:30 p.m. in room 106 of the Dirksen Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### COMMITTEE ON FOREIGN RELATIONS

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on May 18, 2010, at 10 a.m., to hold a hearing entitled “The New START Treaty.”

The PRESIDING OFFICER. Without objection, it is so ordered.

#### COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet, during the session of the Senate to conduct a hearing entitled “ESEA Reauthorization: Supporting Student Health, Physical Education, and Well-Being” on Tuesday, May 18, 2010. The hearing will commence at 2:30 p.m. in room 430 of the Dirksen Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SELECT COMMITTEE ON INTELLIGENCE

Mr. LEAHY. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on May 18, 2010, at 2:30 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON HUMAN RIGHTS AND THE LAW

Mr. LEAHY. Mr. President, I ask unanimous consent that the Committee on the Judiciary, Subcommittee on Human Rights and the Law, be authorized to meet during the session of the Senate, on May 18, 2010, at 10 a.m. in room SD-226 of the Dirksen Senate Office Building, to conduct a hearing entitled “Drug Enforcement and the Rule of Law: Mexico and Colombia.”

The PRESIDING OFFICER. Without objection, it is so ordered.

### TO CLARIFY HEALTH CARE PROVIDED BY THE SECRETARY OF VETERANS AFFAIRS

Mr. LEVIN. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 5014, which was received from the House and is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 5014) to clarify the health care provided by the Secretary of Veterans Affairs that constitutes minimum essential coverage.