

April 16, 2012

Leap Year Conventions 2012

The Rates Steering Committee believes the following conventions to be the industry practice with regards to the leap year issues. This hopes to clarify how trades should be reflected at the end of the month incorporating Feb 29th. Brokers have confirmed they will expect to execute using these conventions.

All houses should be extra vigilant on the effected trading days to ensure their traders are getting the trade details they are expecting. Firms are advised this is published to aid trading on the 27th and is not a retrospective fix for trades done on that day. If you have traded outside of these guidelines you will need to bilaterally agree any amendments with your counterparty.

Summary of major currency leap year conventions

USD

Semi 30/360:

- 29th Effective, 29th Maturity (ie swaps of 4 , 8, 12 yr durations) - the default will be 29th rolls.
- 29th Effective, 28th Maturity - the default will be 28th rolls. No interpolations will be applicable.

Annual Money:

- 29th Effective, 29th Maturity – the default will be EOM rolls
- 29th Effective, 28th Maturity – the default will be EOM rolls.

EUR, CHF, SEK, DKK:

- 29th Effective, 29th Maturity (ie swaps of 4 , 8, 12 yr durations) - the default behavior will be 29th rolls.
- 29th Effective, 28th Maturity - the default will be 28th rolls. Since there is a stub , the first fixing will be a linear interpolation between 5 and 6 month libor. This can be changed to a full first fix (6m) if required.

GBP, JPY and CAD

Irrespective of basis:

- 29th Effective, 29th Maturity – the default will be EOM rolls.
- 29th Effective, 28th Maturity – the default will be EOM rolls. No interpolations will be applicable.

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