

April 4, 2023

Guidance regarding the publication of SOFR on Good Friday, April 7, 2023

ISDA provides the information in this document in the interest of mitigating market risk and promotion of orderly and consistent application of triggers and fallbacks by market participants. It does not constitute legal advice and market participants should consult their legal advisors as appropriate. Market participants should not rely on this information for any purpose but should review the contractual terms of each affected transaction in order to understand the effects of the events described below. ISDA does not assume any responsibility with respect to any of the issues or matters discussed in this document and this document is not intended to set a precedent. Parties are not obliged to follow any particular course in relation to the matters discussed. Nothing in this document changes or overrides parties' contractual rights or obligations. Parties should therefore review the terms of their contracts in order to determine whether the information in this document is accurate and/or applies to their particular case. For cleared transactions and transactions executed on electronic confirmation platforms, market participants should also refer to the contractual terms of the applicable clearing house and/or confirmation platform, as applicable. Capitalized terms used in this document and not otherwise defined herein have the meaning given to them in the 2021 ISDA Interest Rate Derivatives Definition ("2021 Definitions") or the 2006 ISDA Definitions ("2006 Definitions") respectively.

1. Publication of the Secured Overnight Financing Rate (SOFR) on, and for, April 7, 2023

SOFR is expected to be published every U.S. Government Securities Business Day including days for which SIFMA recommends an early close for secondary market trading of U.S. government securities, but is not expected to be published on, or for, days for which SIFMA recommends a full closure.¹

A U.S. Government Securities Business Day is defined as follows:

2021 ISDA Interest Rate Derivatives Definitions ("2021 Definitions")

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association (or a successor) recommends that the fixed income departments of its members be closed for the entire day for the purpose of trading in U.S. government securities.

2006 ISDA Definitions ("2006 Definitions")

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which The Bond Market Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

¹ <https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information>

The Bond Market Association merged with the Securities Industry Association to create SIFMA.

April 7, 2023 (Good Friday) will be a U.S. Government Securities Business Day as confirmed by SIFMA.²

However, the Federal Reserve Bank of New York, as administrator for the SOFR, SOFR Averages and SOFR Index benchmarks has announced that:

- (i) there will be no publication of SOFR on Friday, April 7, 2023.³ SOFR is published on a T+1 basis and the rate for a given day is published at 8:00 a.m., New York City time, on the following U.S. Government Securities Business Day. SOFR for Thursday, April 6, 2023 would therefore ordinarily be published on Friday, April 7, 2023 and SOFR for Friday, April 7, 2023 would therefore ordinarily be published on Monday, April 10, 2023. The New York Fed's announcement provides that SOFR for Thursday, April 6, 2023 will be published on Monday, April 10, 2023. Accordingly, ISDA understands that there will be no publication of SOFR for Friday, April 7, 2023⁴; and
- (ii) there will be no publication of the SOFR Averages and SOFR Index on Friday, April 7, 2023. The SOFR Averages and SOFR Index are published on a T+0 basis, i.e., the averages and index published at 8:00 a.m., New York City time, on a U.S. Government Securities Business Day have a value date of that day. The SOFR Averages and SOFR Index for Friday, April 7, 2023 would therefore ordinarily be published on Friday, April 7, 2023. The New York Fed's announcement provides that the SOFR Averages and SOFR Index for Friday, April 7, 2023 will not be published and the SOFR Averages and SOFR Index for Monday, April 10, 2023 will be published on Monday, April 10, 2023⁵.

Parties to transactions that reference the SOFR, SOFR Averages or SOFR Index benchmarks are encouraged to review their contractual terms and to contact their counterparties in advance.

The below guidance is prepared on the assumption that no Index Cessation Event will occur in respect of the SOFR, SOFR Averages or SOFR Index benchmarks prior to Friday, April 7, 2023.

² <https://www.sifma.org/resources/general/holiday-schedule/>

³ https://www.newyorkfed.org/markets/opolicy/operating_policy_230308a

⁴ https://www.newyorkfed.org/markets/opolicy/operating_policy_230308a

⁵ https://www.newyorkfed.org/markets/opolicy/operating_policy_230308a

2. Rate resets under the 2021 Definitions and the 2006 Definitions

The following Rate Options under the 2021 Definitions and the 2006 Definitions make use of the SOFR, SOFR Averages and SOFR Index benchmarks:

2021 Definitions

- USD-SOFR
- USD-SOFR-OIS Compound
- USD-SOFR Average 30D
- USD-SOFR Average 90D
- USD-SOFR Average 180D
- USD-SOFR Compounded Index

2006 Definitions

- USD-SOFR
- USD-SOFR-COMPOUND
- USD-SOFR Average 30D
- USD-SOFR Average 90D
- USD-SOFR Average 180D
- USD-SOFR Compounded Index

If, as expected, SOFR for Thursday, April 6, 2023 is not published on Friday, April 7, 2023 but is only published on Monday, April 10, 2023 and SOFR, SOFR Averages and SOFR Index for Friday, April 7, 2023 are not published at all, then the temporary non-publication fallbacks contained in the relevant Rate Option definition may be triggered⁶.

⁶ ISDA understands that:

(i) USD-SOFR ICE Compounded Index, USD-SOFR ICE Compounded Index 2D Lag, USD-SOFR ICE Compounded Index 5D Lag, USD-SOFR ICE Compounded Index 0 Floor, USD-SOFR ICE Compounded Index 0 Floor 2D Lag and USD-SOFR ICE Compounded Index 0 Floor 5D Lag (each under the 2021 Definitions and 2006 Definitions) are not scheduled to be published on April 7, 2023: https://www.theice.com/publicdocs/ICE_Risk_Free_Rates_Indexes_Calendar_2023.pdf;

(ii) USD-SOFR ICE Swap Rate (under both the 2021 Definitions and the 2006 Definitions) is scheduled and expected to be published on April 7, 2023: https://www.theice.com/publicdocs/ICE_Swap_Rate_Holiday_Calendar_2023.pdf;

(iii) USD-SOFR ICE Term is not scheduled to be published on April 7, 2023: https://www.theice.com/publicdocs/ICE_Term_Reference_Rates_Holiday_Calendar_2023.pdf;

(iv) CME have confirmed that USD-SOFR CME Term (under both the 2021 Definitions and the 2006 Definitions) is scheduled and expected to be published on April 7, 2023; and

(v) April 7, 2023 will be a ‘Market Disruption Event’ and therefore will not constitute a ‘Business Day’, an ‘IBOR Business Day’ or a ‘Reference Rate Business Day’ as those terms are defined under the Bloomberg IBOR Fallback Rate Adjustment Rule Book. On that basis, no US dollar LIBOR fallback rates will be calculated or published on April 7, 2023. Bloomberg has indicated that it will use the SOFR rate for April 6, 2023 as applicable in the calculation of IBOR fallback rates on and after April 10, 2023.

3. **USD SOFR Swaps**

Applying the provisions of “USD-SOFR-OIS Compound” in the 2021 Definitions or “USD-SOFR-COMPOUND” in the 2006 Definitions, pre-Supplement 77 and post-Supplement 77, and “USD-SOFR” when used with OIS Compounding⁷ in the 2021 Definitions or 2006 Definitions:

3.1. ***SOFR for Thursday, April 6, 2023***

SOFR for (i) a Reset Date on Thursday, April 6, 2023 for the purposes of USD-SOFR, and (ii) the U.S. Government Securities Business Day “i” of Thursday, April 6, 2023 for the purpose of USD-SOFR-OIS Compound and USD-SOFR-COMPOUND, would ordinarily be published at or about 8:00 a.m. New York City time on Friday, April 7, 2023 (as Friday, April 7, 2023 is the U.S. Government Securities Business Day immediately following Thursday, April 6, 2023). This is the ‘Fixing Day’ for the purposes of USD-SOFR and USD-SOFR-OIS Compound in the 2021 Definitions and the ‘SOFR Fixing Day’ for the purposes of USD-SOFR in the 2006 Definitions and USD-SOFR-COMPOUND in the 2006 Definitions, post-Supplement 77. It is also the day on which SOFR is fixed for day “i” of Thursday, April 6, 2023 for the purposes of USD-SOFR-COMPOUND in the 2006 Definitions, pre-Supplement 77.

3.1.1. ***2021 Definitions (USD-SOFR-OIS Compound and USD-SOFR), 2006 Definitions (USD-SOFR) and 2006 Definitions post-Supplement 77 (USD-SOFR-COMPOUND)***

The temporary non-publication of SOFR for the purposes of:

- (i) USD-SOFR and USD-SOFR-OIS-Compound in the 2021 Definitions, and
- (ii) USD-SOFR-COMPOUND in the 2006 Definitions, post-Supplement 77,

will be triggered if SOFR is not published or provided by (i) the later of (A) the Reset Date and (B) the Fixing Day (in the 2021 Definitions) or the SOFR Fixing Day (in the 2006 Definitions) or (ii) such other date on which SOFR is required.

The temporary non-publication of SOFR for the purposes of USD-SOFR in the 2006 Definitions will be triggered if SOFR is not published or provided by (i) the SOFR Fixing Day or (ii) such other date on which SOFR is required.

On that basis:

- (i) if the parties agree that SOFR for Thursday, April 6, 2023 is not required on Friday, April 7, 2023 (which may be the case, for example, if the Payment Date for a Calculation Period in which Thursday, April 6, 2023 falls is not until after Friday, April 7, 2023 and the Calculation Agent can wait until Monday, April 10, 2023 or later in order to calculate the amount payable for the Calculation Period and make the payment

⁷ This analysis applies equally to Compounding with Lookback, Compounding with Observation Period Shift and Compounding with Lockout.

on the Payment Date)⁸, then a temporary non-publication of SOFR is not triggered and SOFR for U.S. Government Securities Business Day “i”, or a Reset Date (as applicable), of Thursday, April 6, 2023 should be determined by reference to the value of SOFR which is published at or about 8:00 a.m. New York City time on Monday, April 10, 2023. This is because the value of SOFR published on Monday, April 10, 2023 will be SOFR in respect of Thursday, April 6, 2023; or

- (ii) if the parties agree that SOFR for Thursday, April 6, 2023 is required on Friday, April 7, 2023 (which may be the case if Friday, April 7, 2023 is the Payment Date for a Calculation Period in which Thursday, April 6, 2023 is the last day of that Calculation Period)⁹, then a temporary non-publication of SOFR is triggered and, unless otherwise specified in the Confirmation, SOFR for U.S. Government Securities Business Day “i”, or a Reset Date (as applicable), of Thursday, April 6, 2023 should be determined by reference to SOFR as published in respect of Wednesday, April 5, 2023, which is expected to be published at or about 8:00 a.m. New York City time on Thursday, April 6, 2023. This is because Wednesday, April 5, 2023 will be the first preceding U.S. Government Securities Business Day for which SOFR is published on the New York Fed’s Website (assuming the Federal Reserve Bank of New York publishes SOFR on its website for Wednesday, April 5, 2023 by 5:00 p.m. New York City time on Friday, April 7, 2023).

3.1.2. **2006 Definitions pre-Supplement 77 (USD-SOFR-COMPOUND)**

Under the Rate Option of USD-SOFR-COMPOUND pre-Supplement 77 to the 2006 Definitions, if, by 5:00 p.m. New York City time on the U.S. Government Securities Business Day immediately following any day “i”, SOFR in respect of such day “i” has not been published and a SOFR Index Cessation Event has not occurred, then $SOFR_i$ for that day “i” will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the New York Fed’s Website.

On that basis and unless otherwise specified in the Confirmation, SOFR for U.S. Government Securities Business Day “i” of Thursday, April 6, 2023, should be determined by reference to SOFR as published in respect of Wednesday, April 5, 2023, which is expected to be published at or about 8:00 a.m. New York City time on Thursday, April 6, 2023. This is because Wednesday, April 5, 2023 will be the first preceding U.S. Government Securities Business Day

⁸ Market convention for SOFR swaps is to apply a two business day payment delay at the end of the Calculation Period. If this convention is observed, for a Calculation Period ending on Thursday, April 6, 2023 (whereby the last observation required would be SOFR as published in respect of Wednesday, April 5, 2023, which is expected to be published at or about 8:00 a.m. New York City time on Thursday, April 6, 2023), the Floating Amount/Rate Payer Payment Date for the Calculation Period would be 2 U.S. Government Securities Business Days after Thursday, April 6, 2023 and consequently would fall on Monday, April 10, 2023. In the case of a Calculation Period ending on Friday, April 7, 2023 (whereby the last observation required would be SOFR as published in respect of Thursday, April 6, 2023, which is expected to be published at or about 8:00 a.m. New York City time on Monday, April 10, 2023), the Floating Amount/Rate Payer Payment Date for the Calculation Period would be 2 U.S. Government Securities Business Days after Friday, April 7, 2023 and consequently would fall on Tuesday, April 11, 2023.

⁹ See footnote 8 above. The expectation is that for a Calculation Period ending on Thursday, April 6, 2023, the Floating Amount/Rate Payer Payment Date for the Calculation Period would be 2 U.S. Government Securities Business Days after Thursday, April 6, 2023 and consequently should not fall on Friday, April 7, 2023.

for which SOFR is published (assuming the Federal Reserve Bank of New York publishes SOFR for Wednesday, April 5, 2023 on its website by 5:00 p.m., New York City time on Friday, April 7, 2023).

3.2. *SOFR for Friday, April 7, 2023*

SOFR for a Reset Date or a U.S. Government Securities Business Day “i” of Friday, April 7, 2023, would ordinarily be published at or about 8:00 a.m. New York City time on Monday, April 10, 2023 (as Monday, April 10, 2023 is the U.S. Government Securities Business Day immediately following Friday, April 7, 2023¹⁰).

However, as confirmed by the Federal Reserve Bank of New York, SOFR published on Monday, April 10, 2023 will be the value of SOFR in respect of Thursday, April 6, 2023. Accordingly, ISDA understands that there will be no publication of SOFR for Friday, April 7, 2023.

3.2.1. *2021 Definitions (USD-SOFR-OIS Compound and USD-SOFR), 2006 Definitions (USD-SOFR-COMPOUND and USD-SOFR)*

The circumstances in which a temporary non-publication will occur for the purposes of USD-SOFR-OIS Compound (in the 2021 Definitions), USD-SOFR in both the 2021 Definitions and the 2006 Definitions and USD-SOFR-COMPOUND (both pre- and post-Supplement 77 to the 2006 Definitions) is described above.

On that basis, a temporary non-publication of SOFR is triggered in respect of the value of SOFR for Friday, April 7, 2023 for the purposes of USD-SOFR-OIS Compound (in the 2021 Definitions), USD-SOFR in both the 2021 Definitions and the 2006 Definitions and USD-SOFR-COMPOUND (both pre- and post-Supplement 77 to the 2006 Definitions) and, unless otherwise specified in the Confirmation, SOFR for U.S. Government Securities Business Day “i”, or a Reset Date (as applicable), of Friday, April 7, 2023 should be determined by reference to SOFR as published in respect of Thursday, April 6, 2023, which is expected to be published at or about 8:00 a.m. New York City time on Monday, April 10, 2023. This is because Thursday, April 6, 2023, will be the first preceding U.S. Government Securities Business Day for which SOFR is published on the New York Fed’s Website (assuming that on Monday, April 10, 2023, the Federal Reserve Bank of New York publishes SOFR on its website for Thursday, April 6, 2023 (and, in the case of USD-SOFR-COMPOUND pre-Supplement 77 to the 2006 Definitions, such publication occurs prior to 5:00 p.m. New York City time on Monday, April 10, 2023)).

3.2.2. *SOFR Averages and SOFR Index*

2021 Definitions: A temporary non-publication will occur for the purposes of USD-SOFR Average 30D, USD-SOFR Average 90D, USD-SOFR Average 180D (the “**SOFR Average FROs**”) and USD-SOFR Compounded Index (the “**SOFR Index FRO**”) pursuant to the 2021

¹⁰ <https://www.sifma.org/resources/general/holiday-schedule/>

Definitions if the relevant Underlying Benchmark¹¹ (i.e. the level of the SOFR Index or SOFR Average) is not published or provided by (i) the later of (A) the Reset Date and (B) the Fixing Day or (ii) such other date on which the Underlying Benchmark is required.

2006 Definitions (post-Supplement 80): A temporary non-publication will occur for the purposes of the SOFR Average FROs and the SOFR Index FRO pursuant to the 2006 Definitions if the level of the SOFR Index or SOFR Average (as applicable) (for the purposes of this guidance, each the relevant “**Underlying Benchmark**”) is not published or provided by (i) the relevant fixing day or (ii) such other date on which the Underlying Benchmark is required.

As no value of the SOFR Index or SOFR Averages will be published for Friday, April 7, 2023, where such date is the Reset Date, including a Period End Date which is deemed to be a Reset Date for the purposes of an Index Method used in conjunction with the SOFR Index (and which Reset Date is also the relevant fixing day pursuant to both the 2021 Definitions and the 2006 Definitions), a temporary non-publication will occur and the specified temporary non-publication fallback will apply.

Unless otherwise specified in the Confirmation, the temporary non-publication fallback for the SOFR Index and SOFR Averages provides that the Underlying Benchmark for a Reset Date of Friday, April 7, 2023 should be determined by the Calculation Agent. The Calculation Agent will consequently calculate the value of the SOFR Index or SOFR Average for Friday, April 7, 2023 by taking the last published level of the Underlying Benchmark (i.e. the value of the SOFR Index or SOFR Average, as applicable, published on Thursday, April 6, 2023) and compounding/averaging SOFR for one additional day to determine the level of the Underlying Benchmark for Friday, April 7, 2023 using the benchmark methodology published by the New York Fed for the SOFR Index/SOFR Average (as applicable). In respect of the value of SOFR for that day which will be used by the Calculation Agent for that calculation, as the value of SOFR that is required will not be available (i.e. SOFR for Thursday, April 6, 2023 that would ordinarily have been published at or about 8:00 a.m. New York City time on Friday, April 7, 2023), the last published level of SOFR will be used, i.e. the value of SOFR as published at or about 8:00 a.m. New York City time on Thursday, April 6, 2023.

4. **Effective Date for SOFR Swaps**

ISDA previously published a Market Practice Note to recommend an approach to the calendars applicable to the determination of Effective Dates for SOFR swaps.¹² This Market Practice Note recommends that market participants, including trading venues, should refer to both U.S. Government Securities Business Days and New York Business Days when determining the Effective Date for a SOFR swap. The Effective Date for a SOFR swap will therefore only occur on a day that is both a good U.S. Government Securities Business Day and a good New York Business Day. This means that the ‘spot date’ for a SOFR swap will be the day that is two U.S. Government Securities Business Days and New York Business Days following the Trade Date

¹¹ Please refer to the 2021 Definitions Floating Rate Matrix for the full description of the Underlying Benchmark for each Floating Rate Option.

¹² <https://www.isda.org/a/xjPgE/Market-Practice-Note-Effective-Date-for-SOFR-transactions-040822.pdf>

(i.e. the second day that is both a U.S. Government Securities Business Day and a New York Business Day).

Friday, April 7, 2023 will be a U.S. Government Securities Business Day and a New York Business Day. Therefore, under the previously published recommendation, SOFR swaps with a Trade Date of Wednesday, April 5, 2023 will have an Effective Date of Friday, April 7, 2023.