

15 April 2021

Closed Days Template Guidance – 2006 ISDA Definitions (the “2006 Definitions”)

Japanese summer 2021 holiday changes

The International Swaps and Derivatives Association, Inc. (“ISDA”) announces the following guidance for parties to over-the-counter derivative transactions that are affected by the Japanese summer 2021 holiday changes described below.

On 10th June 2020¹ the Japanese government announced changes to the following holidays during the summer in preparation for the rescheduled 2020 Tokyo Summer Olympics and Paralympic Games.

- 1. Marine Day – originally falling on the third Monday of July (19th July 2021), rescheduled to 22nd July 2021.*
- 2. Sports Day – originally falling on the second Monday of October (11th October 2021), rescheduled to 23rd July 2021.*
- 3. Mountain Day – originally falling on 11th August 2021, rescheduled to 8th August 2021 (Sunday) and observed on 9th August 2021.*

Further details regarding the dates can be found [here](#), and details evidencing the enactment on 27th November 2020 and the promulgation on 4th December 2020 can be found [here](#) and [here](#) (Japanese only).

As a consequence, it is ISDA’s understanding that Japanese commercial banks are expected to be closed (including for dealings in foreign exchange and foreign currency deposits) on 22nd July 2021, 23rd July 2021 and 9th August 2021.

ISDA is issuing this guidance in the interest of mitigating market risk and the promotion of orderly and efficient valuation and settlement of positions by market participants. This guidance illustrates the consequences of the above market closure event based on the default provisions described in 2006 Definitions. This guidance does not provide views on conventions or consequences, which parties may have bilaterally agreed, that deviate from such defaults, nor does it cover transactions which are not subject to the 2006 Definitions and for which no bilateral agreement has been reached regarding the subject matter of this guidance. Where this guidance assumes the opening of markets as anticipated in the announcements detailed above, market participants should be aware that the guidance may change to the extent that the markets do not open as anticipated. **This guidance is not legal**

¹ <https://www.qppstudio.net/public-holidays-news/2020/japan-announces-2021-olympics-public-holidays-012850.htm>

advice and market participants should consult their legal advisors as appropriate.

Market participants should not rely on this guidance for any purpose but should review the contractual terms of each affected transaction in order to understand the effects of the events described above. ISDA does not assume any responsibility for this guidance and it is not intended to set a precedent. Parties are not obliged to follow this guidance and may choose alternate means of addressing the aforementioned event. In addition, firms should consider contacting their counterparties to discuss the consequences for their transactions.

For cleared transactions and transactions executed on electronic confirmation platforms, market participants should refer to the contractual terms of the applicable clearing house or confirmation platform, as applicable.

2006 Definitions

19th July 2021, 11th August 2021 and 11th October 2021

It is ISDA's understanding that commercial banks and foreign exchange markets in Tokyo will be open for general business (including dealings in foreign exchange) and that financial markets in Tokyo will also be open on 19th July 2021, 11th August 2021 and 11th October 2021.

Consequently, 19th July 2021, 11th August 2021 and 11th October 2021 should be treated as:

- a Banking Day for the purposes of Floating Rate Options where the rate for a Reset Date is fixed by reference to Banking Days;
- a Business Day for the purposes of Payment Dates, Period End Dates and Reset Dates;
- a Valuation Business Day; and
- an Exercise Business Day,

in each case, in respect of Tokyo as the relevant financial center.

22nd July 2021, 23rd July 2021 and 9th August 2021

It is ISDA's understanding that commercial banks and foreign exchange markets in Tokyo will be closed for general business (including dealings in foreign exchange) and that financial markets in Tokyo will also be closed on 22nd July 2021, 23rd July 2021 and 9th August 2021 (the "**Rescheduled Holidays**").

Consequently, the Rescheduled Holidays should not be treated as:

- a Banking Day for the purposes of Floating Rate Options where the rate for a Reset Date is fixed by reference to Banking Days;
- a Business Day for the purposes of Payment Dates, Period End Dates and Reset

Dates;

- a Valuation Business Day; or
- an Exercise Business Day,

in each case, in respect of Tokyo as the relevant financial center.

In respect of any Floating Rate Option that is fixed by reference to Tokyo Banking Days or Business Days, parties should consult the terms of the relevant Rate Option as to the consequences (e.g. if the fixing is two Tokyo Banking Days prior to a Reset Date falling on 27th July 2021, the fixing day will move to 21st July 2021).

Payment Dates and Period End Dates will adjust in accordance with the Business Day Convention specified by the parties or, if none is specified, the default Business Day Convention set out in the 2006 Definitions as follows:

- Initial Exchange Date; Premium Payment Date: Following Business Day Convention.
- Interim Exchange Date; Periodic Exchange Date; Final Exchange Date; Fixed Rate Payer and Floating Rate Payer Payment Dates: Modified Following Business Day Convention.
- Period End Dates: Modified Following Business Day Convention.

The Effective Date and Termination Date will not adjust in accordance with a Business Day Convention unless one is specified in the Confirmation in respect of the Effective Date and/or Termination Date (as applicable). Note that, in respect of a Termination Date that is also a Payment Date falling on one of the Rescheduled Holidays, unless otherwise specified in the relevant Confirmation, the Payment Date that falls on such Termination Date will be adjusted in accordance with the Business Day Convention specified for such Payment Dates even though the actual Termination Date will not adjust.

In respect of an Expiration Date falling on one of the Rescheduled Holidays, where 'Tokyo' is specified as a financial centre for the purpose of Exercise Business Days, the Expiration Date shall roll to the next following Exercise Business Day.