

24 April 2020

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

**UK early May 2020 bank holiday change**

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 UK early May 2020 bank holiday change, as described below.

*On 7 June 2019 the UK Government announced that the early May bank holiday in 2020 will move from Monday 4 May to Friday 8 May to mark the 75<sup>th</sup> anniversary of VE Day.<sup>1</sup>*

*As a consequence, it is ISDA’s understanding that UK commercial banks are expected to be open for general business (including for dealings in foreign exchange and foreign currency deposits) on 4 May 2020 and closed for general business (including for dealings in foreign exchange and foreign currency deposits) on 8 May 2020.*

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 the 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. **This guidance is not legal 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**

**4 May 2020**

It is ISDA’s understanding that commercial banks and foreign exchange markets in London are open for general business (including dealings in foreign exchange) and that financial markets in London will also be open on 4 May 2020.

Consequently, 4 May 2020 should be treated as:

- a Banking Day for the purposes of Floating Rate Options where the rate for a Reset Date is

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<sup>1</sup> <https://www.gov.uk/government/news/2020-may-bank-holiday-will-be-moved-to-mark-75th-anniversary-of-ve-day>

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 London as the relevant financial center.

### **8 May 2020**

It is ISDA's understanding that commercial banks and foreign exchange markets in London will be closed for general business (including dealings in foreign exchange) and that financial markets in London will also be closed on 8 May 2020.

Consequently, 8 May 2020 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 London as the relevant financial center.

In respect of any Floating Rate Option that is fixed by reference to London Banking Days or Business Day, parties should consult the terms of the relevant Rate Option as to the consequences (e.g. if the fixing is one London Banking Day prior to a Reset Date falling on 11 May 2020, the fixing day will move to Thursday 7 May 2020).

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 8 May 2020, 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 8 May 2020, where 'London' 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 (expected to be 11 May 2020).