

Closed Days Template Guidance – 1998 FX and Currency Option Definitions (the “FX Definitions”)

Japanese summer 2020 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 2020 holiday changes described below.

On 20th June 2018¹ the Japanese government announced changes to the following holidays during the summer in preparation for the 2020 Tokyo Summer Olympics games. Despite the postponement of the games, changes to the Japanese holiday schedule will remain in place in 2020.

1. Marine Day – originally falling on the third Monday of July (20th July 2020), rescheduled to 23rd July 2020.

2. Sports Day – originally falling on the second Monday of October (12th October 2020), rescheduled to 24th July 2020.

3. Mountain Day – originally falling on 11th August 2020, rescheduled to 10th August 2020.

Further detail regarding the dates can be found [here](#), and detail evidencing the 13th June 2018 Cabinet approval of the related bill can be found [here](#).

As a consequence, it is ISDA’s understanding that Japanese commercial banks² are expected to be closed (including for dealings in foreign exchange and foreign currency deposits) on 23rd July, 24th July and 10th August 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 market closure event based on the default provisions described in the main definitional booklet. 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 definitional booklet and for which no bilateral agreement has been reached regarding the subject matter of this guidance. Where this guidance assumes the reopening 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 reopen as anticipated. **This guidance is not legal advice and market participants should consult their legal advisors as appropriate.**

¹ <https://www.loc.gov/law/foreign-news/article/japan-three-holidays-to-be-moved-to-ease-2020-olympic-ceremony-traffic/>

² http://www.bank-holidays.com/country/Japon_90.htm

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.

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Guidance

1 FX Definitions

1.1 Settlement Date; Premium Payment Date

It is ISDA's understanding that commercial banks in Tokyo will be closed and will not settle payments on 23rd July, 24th July and 10th August (the "**Relevant Dates**"). Consequently, each of the Relevant Dates should be treated as a non-Business Day where Tokyo is a relevant financial centre for the purposes of settlement and payment on the Settlement Date and Premium Payment Date and the relevant Business Day Convention should apply to those dates. Unless otherwise specified in documentation entered into by the parties, the Following Business Day Convention will apply.

1.2 Valuation Date; Averaging Date; exercise of Options

It is ISDA's understanding that commercial banks and foreign exchange markets in Tokyo will be closed for dealings in foreign exchange on the Relevant Dates. Consequently, each Relevant Date will not be a Business Day in Tokyo for the purposes of valuation on a Valuation Date or Averaging Date, or for exercise of a Currency Option Transaction on an Expiration Date, Specified Exercise Date or any day during the Exercise Period. For Transactions that specify Tokyo as the relevant financial center for Business Days, the Valuation Date, Averaging Date, Expiration Date, and Specified Expiration Date will therefore adjust in accordance with the applicable Business Day Convention. Unless otherwise specified in documentation entered into by the parties, the Business Day Convention set out for the relevant day in the FX Definitions will apply (see below).

Certain transactions provide for separate Business Days for valuation and settlement. If Business Days for settlement specify Tokyo as the financial center but Business Days for valuation do not, a Business Day adjustment of the Valuation Date should not be required for such transactions (unless there is a holiday in the financial center specified for valuation Business Days), notwithstanding that the Settlement Date will be subject to adjustment in accordance with paragraph 1.1 of this guidance.

If a Relevant Date is the day for fixing the spot rate pursuant to the Settlement Rate Option (in respect of the Reference Currency and Settlement Currency as appropriate) where the rate is

viewed on a day *other than* the Valuation Date or Averaging Date, the day for fixing the spot rate will adjust as set out in the relevant Settlement Rate Option (i.e. [x] Business Days following the Rate Calculation Date (either the Valuation Date or the Averaging Date)).

The presumed Business Day Conventions/adjustments that apply pursuant to the FX Definitions are as follows:

Valuation Date (Section 1.16(f)) Averaging Date (Section 3.8(a))	Preceding Business Day Convention
Expiration Date (Section 3.5(d)) Specified Exercise Date (Section 3.5(h))	Following Business Day Convention
A day during the Exercise Period (American Currency Options) (Section 3.6(b))	Exercise on the Relevant Date will be deemed as exercise on the next valid Business Day during the Exercise Period.