

Closed Days Template Guidance – 1998 FX and Currency Option Definitions (the “FX 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 2020 to mark the 75th anniversary of VE Day.¹

As a consequence, it is ISDA’s understanding that UK commercial banks are expected to be closed (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 presumed provisions described in the FX Definitions. This guidance does not provide views on conventions or consequences, which parties may have bilaterally agreed, that deviate from such presumed provisions, nor does it cover transactions which are not subject to the FX 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.

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1 FX Definitions

1.1 Settlement Date; Premium Payment Date

It is ISDA’s understanding that commercial banks in London are closed and will not settle payments on 8 May 2020 (the “**Relevant Date**”). Consequently, the Relevant Date should be treated as a non-

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

Business Day where London 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. In the absence of a specified Business Day Convention in the parties' confirmation, 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 London will be closed for dealings in foreign exchange on the Relevant Date. Consequently, the Relevant Date will not be a Business Day in London 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 London 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 London 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 the 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, 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.