

**Market Practice Note**  
**Effective Dates for OTC derivative contracts determined by reference to IMM dates**

The purpose of this Market Practice Note (“MPN”) is to provide market participants with information regarding ISDA’s understanding of the market practice for setting the start date/Effective Date for OTC interest rate derivatives traded by reference to an IMM date.

**Please Note: This MPN does not constitute legal, accounting, regulatory, financial or any other professional advice. As noted in this MPN, the terms of parties’ contracts will determine the outcome in any specific case. Parties are therefore instructed to review the terms of their contracts and consult their legal advisors as appropriate. ISDA does not assume any responsibility with respect to any of the issues or matters discussed in this MPN.**

ISDA understands that certain OTC interest rate derivatives are traded with the start date (the Effective Date) determined by reference to the relevant ‘IMM date’.

ISDA also understands that current market practice for OTC interest rate derivatives is for ‘IMM dates’<sup>1</sup> to be considered as the third Wednesday of the relevant calendar month, as reflected in the definition of “IMM Settlement Dates” in the latest version<sup>2</sup> of the ISDA Interest Rate Derivatives Definitions (the “ISDA Definitions”) published on April 26, 2024.

ISDA also understands that current market practice for such OTC interest rate derivatives is to specify an actual date in the Confirmation for the Effective Date, rather than use the “IMM Settlement Dates” defined term under the ISDA Definitions and notwithstanding the trading practices described above.

Pursuant to the ISDA Definitions, unless otherwise specified in the Confirmation, the Effective Date is not subject to adjustment in accordance with any Business Day Convention. ISDA understands that current market practice is to not specify a Business Day Convention to apply to the Effective Date for OTC interest rate derivatives traded by reference to ‘IMM dates’<sup>3</sup>.

**Following discussions with the ISDA Interest Rates Steering Committee, ISDA understands that for such OTC interest rate derivatives (where the start date/Effective Date is determined by reference to an ‘IMM date’), if the relevant ‘IMM date’ is not a Business Day in the financial centre(s)/market(s) customarily used for determining the ‘spot date’ for OTC interest rate derivatives in the relevant currency(s)/Floating Rate Option(s), market expectation is for parties to set the start date/Effective Date as the next following such**

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<sup>1</sup> Note that this does not refer to the market practice for determining IMM dates for AUD and NZD OTC interest rate derivatives, which have separate definitions in the 2021 ISDA Interest Rate Derivatives Definitions that relate to specific futures contracts denominated in those currencies.

<sup>2</sup> Version 11.0

<sup>3</sup> Consequently, if the date specified as the Effective Date is not a good Business Day, unless a Business Day Convention has been specified to apply, the Effective Date will not adjust unless the parties agree to amend that date.

**Business Day.<sup>4</sup> Parties must review the terms of their relevant contracts to confirm whether this will be the result.**

Note that, if it is the intention of market participants to link the start date/Effective Date of such an OTC interest rate derivatives transaction with the start date of a specific futures contract, market participants need to review the terms of the relevant futures contract to determine whether an alternative approach to setting the start date/Effective Date for such OTC transaction is required.

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<sup>4</sup> Note that this will have the effect of creating a shorter initial Calculation Period compared to the initial Calculation Period if the start date/Effective Date was set on the IMM date (e.g. shorter by one day if the start date/Effective Date is set as the day after the relevant IMM date).