# **EXHIBIT** **II-Lto 2021 ISDA Interest Rate Derivatives Definitions**

## **Additional Provisions for a Confirmation of a Transaction that is a Rate Swap Transaction or Cross-Currency Rate Swap Transaction applying Overnight Rate Compounding/Averaging or an Index Method[[1]](#footnote-1)**

***[Note: This annotated form and the annexed comparison table are based on*** ***Section 3.1.10 (Business Day Convention for Payment Dates), Section 3.1.12 (Business Day Convention for Period End Dates), Section 3.2.2 (Calculation Period), Section 7.2 (Certain Definitions Relating to Overnight Rate Averaging and Compounding) and Section 7.4.2 (Averaging with Lookback) of Version 3.0 of the Main Book of the 2021 ISDA Interest Rate Derivative Definitions******, Version 3.0 of the Floating Rate Matrix,*** ***Version 1.0 of the Compounding/Averaging Matrix and Version 3.0 of Exhibit II-L of the Exhibits to the 2021 ISDA Interest Rate Derivatives Definitions. These have been produced for use with loan facilities using “Daily Simple SOFR” as set out in the LSTA SOFR CCA (and not “Daily Compounded SOFR”*** ***as set out in the LSTA SOFR CCA), with no ability to transition to “Term SOFR” when this becomes available. These assume that the loan facilities are only in respect of SOFR Loans (rather than ABR Loans), both as defined in the LSTA SOFR CCA. These also assume that the credit agreement uses ‘Alternative 1’ drafting proposed in the LSTA SOFR CCA for the definition of “Interest Payment Date”, and parties should consider if any bespoke amendments need to be made if the credit agreement uses ‘Alternative 2’ drafting for the definition of “Interest Payment Date”. Parties should however check that there is no bespoke amendment to the credit agreement that needs to be reflected. The LSTA SOFR CCA provides optional drafting for those parties wishing to transition to Term SOFR once available. Parties wishing to include this optional drafting may wish to use the below annotated form and annexed comparison table and bilaterally negotiate necessary amendments (e.g. to update the Floating Rate Option and other relevant fields) at the time of transition to Term SOFR.]***

THIS ANNOTATED TEMPLATE AND ANNEXED COMPARISON TABLE DO NOT PURPORT TO BE AND SHOULD NOT BE CONSIDERED A GUIDE TO, OR AN EXPLANATION OF, ALL RELEVANT ISSUES OR CONSIDERATIONS IN CONNECTION WITH USING THE OVERNIGHT RATE COMPOUNDING METHODS/OVERNIGHT RATE AVERAGING METHODS SET OUT IN THE 2021 ISDA INTEREST RATE DERIVATIVES DEFINITIONS IN A SWAP HEDGING A LOAN FACILITY. PARTIES SHOULD CONSULT WITH THEIR LEGAL ADVISERS AND ANY OTHER ADVISER THEY DEEM APPROPRIATE PRIOR TO USING OR INCORPORATING THE OVERNIGHT RATE COMPOUNDING METHODS/OVERNIGHT RATE AVERAGING METHODS SET OUT IN THE 2021 ISDA INTEREST RATE DERIVATIVES DEFINITIONS IN A SWAP HEDGING A LOAN FACILITY. NONE OF ISDA, ITS DIRECTORS, EMPLOYEES, AGENTS OR ADVISORS ACCEPT ANY RESPONSIBILITY FOR ANY LOSS OR DAMAGE ARISING DIRECTLY OR INDIRECTLY FROM ANY USE TO WHICH ANY OF ITS DOCUMENTATION OR OTHER DOCUMENTATION MAY BE PUT.

[See Exhibit I to the 2021 ISDA Interest Rate Derivatives Definitions for the introduction, standard paragraphs and closing for the Confirmation.]

The terms of the particular Transaction to which this Confirmation relates are as follows:

1. General Terms:

|  |  |  |
| --- | --- | --- |
|  | [Party A Legal Entity Identifier (LEI):] | [Party A LEI][[2]](#footnote-2) |
|  | [Party B Legal Entity Identifier (LEI):] | [Party B LEI][[3]](#footnote-3) |
|  | Notional Amount: | [                   ] ***[Note: Parties to specify an amount that may correspond to the principal of a related borrowing. Note that in the event of a prepayment of the loan in accordance with Section 2.06 (Prepayments) of the LSTA SOFR CCA, to ensure alignment the Notional Amount of the swap will need to be amended accordingly.]*** |
|  | Trade Date: | [                   ] |
|  | Effective Date: | [                   ] |
|  | Termination Date: | [                   ] ***[Note: Parties may specify the date specified in the definition of “Maturity Date” in the credit agreement. Note that if the Maturity Date is extended in accordance with Section 2.21 (Extension of Maturity Date) of the LSTA SOFR CCA, to ensure alignment the Termination Date of the swap will need to be amended accordingly.]***, subject to adjustment in accordance with the Preceding Business Day Convention ***[Note: The LSTA SOFR CCA provides that if the Maturity Date is not a Business Day, it shall be the next preceding Business Day. Accordingly, the Termination Date under the swap should be subject to adjustment in accordance with the Preceding Business Day Convention.]*** |
|  | [Termination Date adjustment for Unscheduled Holiday:] | [Inapplicable][[4]](#footnote-4) ***[Note: The LSTA SOFR CCA does not provide for the consequences of an Unscheduled Holiday, and so to avoid basis parties should consider specifying the Termination Date adjustment for Unscheduled Holiday as Inapplicable. As noted below, parties should consider deleting the language regarding a Period End Date as Delayed Payment and Early Payment are unlikely to be relevant.]***  |
|  | [Consequences of an Unscheduled Holiday:] | [The provisions of Section 2.3.6 (*Consequences of an Unscheduled Holiday*) and Section 2.3.7 (*Unscheduled Holiday*) of the 2021 ISDA Interest Rate Derivatives Definitions will not apply to this Transaction] ***[Note: The LSTA SOFR CCA does not provide for the consequences of an Unscheduled Holiday, and so to avoid basis parties should consider amending the default position that an Unscheduled Holiday will result in a Payment Date falling on the first following day that is a Business Day.]***  |
|  | Calculation Agent: | [                   ][[5]](#footnote-5) |
|  | [Notification Deadline:] | [                   ][[6]](#footnote-6) |

2. Fixed Amounts:

|  |  |  |
| --- | --- | --- |
|  | Fixed Amount Payer: | [Party A/B] |
|  | Fixed Amount Payer Payment Dates: | [                   ] ***[Note: Parties to consider aligning these dates and the language regarding Business Day Conventions with the Floating Amount Payer Payment Dates.]*** |
|  | [Fixed Amount/Fixed Rate:][[7]](#footnote-7) | [                   ] |
|  | [Fixed Rate Day Count Fraction:][[8]](#footnote-8) | [                   ] |
|  | [Fixed Negative Interest Rate Method:] | [Applicable/Inapplicable][[9]](#footnote-9) |
|  | [Rounding:] | [                   ][[10]](#footnote-10)  |

3. Floating Amounts:

|  |  |  |
| --- | --- | --- |
|  | Floating Amount Payer: | [Party B/A] |
|  | [Floating Amount Payer Payment Dates:][[11]](#footnote-11) | [                   ] ***[Note: Parties should insert the Interest Payment Dates under the credit agreement and ensure that the business day conventions are aligned, e.g. by using the formulation “the last Business Day of each [March, June, September and December][calendar month] and the Termination Date with the Termination Date subject to adjustment in accordance with the Preceding Business Day Convention” which is similar to the ‘Alternative 1’ drafting proposed in the LSTA SOFR CCA for the definition of “Interest Payment Date”[[12]](#footnote-12).]***  |
|  | Floating Rate Option: | USD-SOFR ***[Note: The USD-SOFR Floating Rate Option is closest to SOFR as defined in the LSTA SOFR CCA. Note however that triggers and fallbacks will differ between SOFR as defined in the LSTA SOFR CCA and the USD-SOFR Floating Rate Option in the 2021 ISDA Interest Rate Derivatives Definitions Floating Rate Matrix. Note also that rounding conventions differ, as these are specified for the USD-SOFR Floating Rate Option in the 2021 ISDA Interest Rate Derivatives Definitions however no rounding conventions are included for SOFR in the LSTA SOFR CCA.]***  |
|  |  | ***[Note: Parties to delete field unless the default position in the credit agreement has been varied.]*** |
|  |  | ***[Note: Parties to delete field unless the default position in the credit agreement has been varied.]*** |
|  |  | ***[Note: Parties to delete field unless the default position in the credit agreement has been varied.]*** |
|  | Spread: | [Plus/Minus           %] [None] ***[Note: Although uncommon for the margin to be included as a Spread, parties to consider whether any credit adjustment spread (specified in the definition of “Applicable Rate” or otherwise in the credit agreement) should be included to align with the position in the credit agreement.]*** |
|  | Floating Rate Day Count Fraction: | [Actual/360][[13]](#footnote-13) ***[Note: Parties to consider including Actual/360 to match the day count fraction in Section 2.09(d) (Interest Computation) of the LSTA SOFR CCA. Note that this is also the Floating Rate Day Count Fraction specified for USD-SOFR in the 2021 ISDA Interest Rate Derivatives Definitions Floating Rate Matrix, which applies by default. Populating this field addresses the risk of the day count fraction specified for USD-SOFR in any future version of the 2021 ISDA Interest Rate Derivatives Definitions Floating Rate Matrix changing from Actual/360.]*** |
|  | Reset Dates: | The last day of each Calculation Period [, subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention][[14]](#footnote-14)  |
|  | [Rounding:] | [                   ][[15]](#footnote-15) ***[Note: Parties to note that the LSTA SOFR CCA is silent on rounding and consider populating this field accordingly.]***  |
|  | [Floating Negative Interest Rates:] | [Inapplicable/Applicable – [Floating Negative Interest Rate Method/Zero Interest Rate Method/Zero Interest Rate Method Excluding Spread]][[16]](#footnote-16)***[Note: The “Floating Negative Interest Rate Method” applies by default. If parties wish to floor the Floating Rate for the entirety of the Calculation Period (i.e. the simple average of SOFR plus any applicable Spread, as defined in the 2006 ISDA Definitions) at zero, specify Zero Interest Rate Method as Applicable. Note however that there is no equivalent in the LSTA SOFR CCA.]*** |
|  |  | ***[Note: Parties to delete field unless the default position has been varied in the credit agreement.]*** |
|  |  | ***[Note: Parties to delete field unless the default position has been varied in the credit agreement.]*** |

4. Business Days:

|  |  |  |
| --- | --- | --- |
|  | [Business Days:] | New York ***[Note: Parties to consider specifying New York as this matches the definition of “Business Days” specified in the LSTA SOFR CCA.]*** |

5. Compounding/Averaging:

|  |  |  |
| --- | --- | --- |
|  | Averaging: | Averaging with Lookback |
|  | Lookback: | [ ] Applicable Business Days[[17]](#footnote-17) ***[Note: Parties will need to insert the same value here as specified as the lookback period in the definition of “Daily Simple SOFR” in the credit agreement. Note that the “Applicable Business Days” are U.S. Government Securities Business Days, and are aligned with the LSTA SOFR CCA.]*** |
|  | [Daily Capped Rate and/or Daily Floored Rate:][[18]](#footnote-18) | [Applicable/Not Applicable] |
|  | [Daily Capped Rate:] | [[ ]%] ***[Note: The LSTA SOFR CCA does not include an option for parties to specify a daily cap for the “Daily Rate” so by default the Daily Capped Rate should not apply to a swap hedging a loan documented under the LSTA SOFR CCA.]*** |
|  | [Daily Floored Rate:] | [[ ]%] ***[Note: The Daily Floored Rate should match the daily floor specified in the definition of “Floor” in the LSTA SOFR CCA. If parties wish to floor the Floating Rate for the entire period, rather than daily SOFR, then parties should specify Zero Interest Rate Method as Applicable in the [Floating Negative Interest Rates] field above.]*** |
|  |  | ***[Note: The triggers and fallbacks provided for the USD-SOFR Floating Rate Option in the 2021 ISDA Interest Rate Derivatives Definitions Floating Rate Matrix and for SOFR in the definition of “Daily Simple SOFR” in the LSTA SOFR CCA will differ. This will be the case for a temporary non-publication of SOFR, the permanent cessation of SOFR and an Administrator/Benchmark Event (as defined in the 2021 ISDA Interest Rate Derivatives Definitions).]*** |

Annex

Comparison Table: ISDA Averaging with Lookback and LSTA Daily Simple SOFR

See below a comparison of the ISDA Averaging with Lookback formula in Section 7.4.2 (*Averaging with Lookback*) of the 2021 ISDA Interest Rate Derivatives Definitions and the definition of “Daily Simple SOFR” as set out in the LSTA Daily Simple SOFR or Daily Compounded SOFR (Compound the Balance) Concept Document dated 5 May 2021 as revised on 14 May 2021 (“LSTA SOFR CCA”). Commentary on each input to the ISDA formula and the LSTA definition, as well as the applicable rounding and business day conventions, are included in the table below.

| No. | Input | ISDA Averaging with Lookback | Daily Simple SOFR | Commentary |
| --- | --- | --- | --- | --- |
|  | Formula/Definition | $$\left[\sum\_{i=1}^{i=d\_{0}}Underlying Benchmark Level\_{i-r ABD}\right] ×\frac{1}{d}$$ | $ $“**Daily Simple SOFR**”means, for any day (a “SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day “*i*”) that is [\_\_\_] U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website, and (b) the Floor. If by 5:00 pm (New York City time) on the second (2nd) U.S. Government Securities Business Day immediately following any day “*i*”, the SOFR in respect of such day “*i*” has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then the SOFR for such day “*i*” will be the SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator’s Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than [three (3)] consecutive SOFR Rate Days. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower. | Please see an explanation below of the various inputs in this formula and definition.  |
|  | d0 | “**d0**”, for any Calculation Period, is the number of calendar days in that Calculation Period.  | N/A | Although the definition of “Daily Simple SOFR” in the LSTA SOFR CCA applies on a daily basis and therefore does not include an input similar to d0 in the ISDA Averaging with Lookback formula, there should be no economic consequences of this difference provided that the Period End Dates under the swap match the (fixed) Interest Payment Dates under the loan (see row 4 below) and there is no prepayment under the loan. |
|  | Applicable Business Day | “**Applicable Business Day**” means:1. in respect of a Floating Rate Option that is included in the Floating Rate Matrix, the day specified as such in the Floating Rate Matrix; and
2. in respect of a Floating Rate Option that is not included in the Floating Rate Matrix, any day that is a Business Day or other relevant day that applies, or is specified as such, for the purposes of the determination of the Relevant Rate pursuant to such Floating Rate Option or, in the absence of any such specified Business Day or other relevant day, a Business Day in the principal financial center for the relevant currency of the Floating Rate Option.

The Applicable Business Day specified for USD-SOFR in the Floating Rate Matrix is the U.S. Government Securities Business Day. | The definition of “Daily Simple SOFR” refers to U.S. Government Securities Business Days. | These inputs match as the definition of “Daily Simple SOFR” in the LSTA SOFR CCA refers to U.S. Government Securities Business Days, which matches the Applicable Business Day for the USD-SOFR Floating Rate Option. |
|  | Period End Dates/Interest Payment Dates | “**Calculation Period**” means each period from, and including, one Period End Date for the relevant party to, but excluding, the next following applicable Period End Date during the Term of the Transaction, except that:1. the initial Calculation Period will commence on, and include, the Effective Date; and
2. the final Calculation Period will end on, but exclude, the Termination Date.
 | The Alternative 1 drafting proposed by the LSTA for “**Interest Payment Date**” is “…the last Business Day of each [March, June, September and December] [calendar month] and the Maturity Date..”.  | When specifying Period End Dates, parties should ensure these match the Interest Payment Dates in the credit agreement. The annotated Confirmation and this comparison table assume that parties chose only Alternative 1 drafting for the “Interest Payment Date” and include the suggested language in the annotated Confirmation to align with the credit agreement.  |
|  | i | “**i**” is a series of whole numbers from 1 to d0, each representing the relevant calendar day in the Calculation Period in chronological order from, and including, the first calendar day in the Calculation Period. | The definition of “Daily Simple SOFR” states that “for any day (a “SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day “i”) that is [\_\_\_]U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website, and (b) the Floor.” | There should be no economic consequences of the difference between these inputs provided that the Period End Dates under the swap match the (fixed) Interest Payment Dates under the loan (see row 4 above) and there is no prepayment under the loan. |
|  | Benchmark Level/Daily Rate  | “**Underlying Benchmark Leveli-r ABD**” is, in respect of any Applicable Business Dayi-r ABD:1. [subject to paragraph (c) below, in respect of a Floating Rate Option that is identified as an Average Floating Rate Option in the Floating Rate Matrix, the level of the Underlying Benchmark for such Applicable Business Dayi-rABD as provided by the Administrator and published as of the Fixing Time on the Fixing Day; or] ***[Note: This limb is in relation to Average Floating Rate Options, rather than Overnight Floating Rate Options, and is therefore not relevant to swaps hedging loans based on the LSTA SOFR CCA.]***
2. subject to paragraph (c) below, in respect of a Floating Rate Option that is an Overnight Floating Rate Option, the rate determined in accordance with the Floating Rate Option as if such Applicable Business Dayi-rABD were a Reset Date for the purpose of such Floating Rate Option; or
3. if “Daily Capped Rate and/or Daily Floored Rate” is specified as applicable in the Confirmation, either:
4. the greater of the rate determined in accordance with paragraph (a) or (b) above, as applicable, and the Daily Floored Rate specified (if any); or
5. the lower of the rate determined in accordance with paragraph (a) or (b) above, as applicable, and the Daily Capped Rate specified (if any),

as applicable.“**Applicable Business Dayi-r ABD**” means, for any day “i” in the Calculation Period, the day “r” Applicable Business Days preceding such day “i”, except if day “i” is not an Applicable Business Day, then it is the day r + 1 Applicable Business Days preceding day “i”. | The definition of “Daily Simple SOFR” states that “for any day (a “SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day “i”) that is [\_\_\_]U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website, and (b) the Floor. If by 5:00 pm (New York City time) on the second (2nd) U.S. Government Securities Business Day immediately following any day “i”, the SOFR in respect of such day “i” has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then the SOFR for such day “i” will be the SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator’s Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than [three (3)] consecutive SOFR Rate Days. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower. | Parties should be aware of the following differences between these inputs:1. **Lookback**:the Lookback period specified in the Confirmation and in the credit agreement will need to match (see row 7 below);
2. **Capped Rate**: there is no ability under the LSTA SOFR CCA to cap the rate, so by default parties should not specify a Daily Capped Rate in the Confirmation unless the credit agreement is drafted to incorporate a cap (which is not typically the case);
3. **Floored Rate**: the LSTA SOFR CCA includes an option for parties to specify a daily floor for SOFR observed on the relevant day. Parties are free to specify any value for the Daily Floored Rate under the swap (which should match the floor specified in the definition of “Daily Simple SOFR” in the credit agreement). Note that the Daily Floored Rate is applied to SOFR only; and
4. **Fallbacks**: the triggers and fallbacks provided for the USD-SOFR Floating Rate Option in the 2021 ISDA Interest Rate Derivatives Definitions Floating Rate Matrix and for SOFR in the definition of “Daily Simple SOFR” in the LSTA SOFR CCA will differ. This will be the case for a temporary non-publication of SOFR, the permanent cessation of SOFR and an Administrator/Benchmark Event (as defined in the 2021 ISDA Interest Rate Derivatives Definitions).
 |
|  | Lookback | “**r**” is:1. the number specified as the “Lookback” in the Confirmation; or
2. if a number is not specified for the purpose of the “Lookback” in the Confirmation and the Relevant Overnight Floating Rate Option is included in the Compounding/Averaging Matrix, the number (if any) specified as the “Lookback” for the Relevant Overnight Floating Rate Option in the Compounding/Averaging Matrix; or
3. if a number is not specified for the purpose of the “Lookback” in the Confirmation or in the Compounding/Averaging Matrix, five.
 | The definition of “Daily Simple SOFR” in the LSTA SOFR CCA states that “…SOFR for the day (such day “i”) that is [\_\_\_]U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day…”. | Parties should specify a Lookback in the Confirmation which matches the lookback period specified in the definition of “Daily Simple SOFR” in the credit agreement. If not specified in the Confirmation, the first default is to the value specified in the ISDA Compounding/Averaging Matrix, if any, which may not match the agreed lookback period specified in the definition of “Daily Simple SOFR” in the credit agreement. The Lookback in the Confirmation and the lookback period in the definition of “Daily Simple SOFR” in the LSTA SOFR CCA both refer to U.S. Government Securities Business Days, and therefore provided that the same value is specified in the swap and the loan, these lookback periods should match. |
|  | Floating Rate Day Count Fraction/dcc | “**Floating Rate Day Count Fraction**” means:1. if a Floating Rate Day Count Fraction is specified in the Confirmation for the Transaction or the Floating Amount Payer, the Floating Rate Day Count Fraction so specified;
2. if a Floating Rate Day Count Fraction is not specified in the Confirmation for the Transaction or the Floating Amount Payer and the applicable Floating Rate Option is included in the Floating Rate Matrix, the Floating Rate Day Count Fraction, if any, specified in the Floating Rate Matrix for that Floating Rate Option; and
3. if a Floating Rate Day Count Fraction is not specified in the Confirmation for the Transaction or the Floating Amount Payer and is not specified in the Floating Rate Matrix for the Floating Rate Option, the Floating Rate Day Count Fraction of “Actual/360”.
 | Section 2.09(d) (*Interest Computation*) of the LSTA SOFR CCA states that “[a]ll interest hereunder shall be computed on the basis of a year of 360 days…and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).” | Parties should specify Actual/360 in the Floating Rate Day Count Fraction field in the Confirmation in order to match the day count fraction in Section 2.09(d) (*Interest Computation*) of the LSTA SOFR CCA.  |
|  | d | “**d**” is the number of calendar days in the Calculation Period. | N/A | Although the definition of “Daily Simple SOFR” in the LSTA SOFR CCA applies on a daily basis and therefore does not include an input similar to d in the ISDA Averaging with Lookback formula, there should be no economic consequences of this difference provided that the Period End Dates under the swap match the (fixed) Interest Payment Dates under the loan (see row 4 above) and there is no prepayment under the loan. |
|  | Rounding | The default position for rounding in respect of various overnight Floating Rate Options is set out in the 2021 ISDA Interest Rate Derivatives Definitions Matrix for use with the Overnight Rate Compounding Methods, Overnight Rate Averaging Methods and Index Methods (the “**Compounding/Averaging Matrix**”). Version 1.0 of the Compounding/Averaging Matrix specifies rounding for various Floating Rate Options as either one-ten thousandth of a percentage point (0.0001%) or one hundred-thousandth of a percentage point (0.00001%). For USD-SOFR, rounding is to the nearest one hundred-thousandth of a percentage point (0.00001%). | N/A | Parties should note the difference in rounding between the Compounding/Averaging Matrix and the LSTA SOFR CCA (which is silent on rounding).  |
|  | Business Day convention | By default, the Fixed Amount Payer Payment Dates/Period End Dates and Floating Amount Payer Payment Dates/Period End Dates will be subject to adjustment in accordance with the Modified Following Business Day Convention. | The Alternative 1 drafting proposed by the LSTA for “Interest Payment Date” is “…the last Business Day of each [March, June, September and December][calendar month] and the Maturity Date..”.  | In respect of the Alternative 1 drafting proposed by the LSTA for “Interest Payment Date”, no specific Business Day Convention except for the Maturity Date applies as it simply refers to the “last Business Day of”…. Parties can seek to align the swap as follows: for “Floating Rate Payer Payment Dates” specify “the last Business Day of each [March, June, September and December][calendar month] and the Termination Date with the Termination Date subject to adjustment in accordance with the Preceding Business Day Convention”. Parties should also consider disapplying the provisions in the 2021 Interest Rate Derivatives Definitions setting out the consequences of an Unscheduled Holiday. |

1. Annotated form of Exhibit II-L to the 2021 Definitions for use in interest rate swaps where the Floating Amount is calculated by reference to an Overnight Floating Rate Option applying Averaging with Lookback (as published in the 2021 Definitions) hedging a loan documented in a credit agreement using “Daily Simple SOFR” based on the LSTA Daily Simple SOFR or Daily Compounded SOFR (Compound the Balance) Concept Document dated 5 May 2021 as revised on 14 May 2021 (“**LSTA SOFR CCA**”). [↑](#footnote-ref-1)
2. Optional field. [↑](#footnote-ref-2)
3. Optional field. [↑](#footnote-ref-3)
4. Parties need not include this field unless they wish for the “Consequences of an Unscheduled Holiday” provision to apply to Period End Dates and the Termination Date. The election provided in this field is not relevant for the purposes of determining a Payment Date. The “Consequences of an Unscheduled Holiday” provision set out in Section 2.3.6 (*Consequences of an Unscheduled Holiday*) of the 2021 ISDA Interest Rate Derivatives Definitions (“**2021 Definitions**”) apply to Payment Dates regardless of the election here. [↑](#footnote-ref-4)
5. If the Calculation Agent is a third party, the parties may wish to consider any documentation necessary to confirm its undertaking to act in that capacity. [↑](#footnote-ref-5)
6. This field is relevant for the purposes of Calculation Agent determinations (see Section 1.2.4(i)(b) (*Determinations by Calculation Agent*) of the 2021 Definitions and the related definition of Calculation Date in Section 1.2.5 (*Calculation Date*)) and if either Generic Fallbacks Provisions apply (see Section 8.6 (*Generic Fallback Provisions*)) or Cash Settlement provisions apply (see Section 18 (*Cash Settlement*)) and parties wish to amend the default time for the Notification Deadline set out in Section 1.5.2 (*Notification Deadline*). [↑](#footnote-ref-6)
7. Delete Fixed Amount or Fixed Rate as applicable. [↑](#footnote-ref-7)
8. Include Fixed Rate Day Count Fraction if a Fixed Rate is being included rather than a Fixed Amount. [↑](#footnote-ref-8)
9. “Fixed Negative Interest Rate Method” applies by default. Firms need only include this field if they wish to vary that position. [↑](#footnote-ref-9)
10. Include the rounding convention if firms do not want to rely on the default position as set out in Section 4.8 (*Rounding*) of the 2021 Definitions or as set out in the Currency/Business Day Matrix, as applicable. [↑](#footnote-ref-10)
11. Unless “Delayed Payment” or “Early Payment” applies, parties must specify the Payment Dates; there is no default position for Payment Dates. [↑](#footnote-ref-11)
12. Note that parties can choose to use a different formulation, e.g., “the 31st of each [March, June, September and December] [calendar month] (each such date subject to adjustment in accordance with the Modified Following Business Day Convention) and the Termination Date (subject to adjustment in accordance with the Preceding Business Day Convention)” for operational reasons and consistency with their other Confirmations. [↑](#footnote-ref-12)
13. If the Floating Rate Option is included in the Floating Rate Matrix and a Floating Rate Day Count Fraction is specified in the Floating Rate Matrix, it is not necessary to include this field unless parties want to use a different Floating Rate Day Count Fraction. [↑](#footnote-ref-13)
14. Exclude the bracketed language if Reset Dates are to be adjusted in accordance with the Business Day Convention applicable to Period End Dates. If the No Adjustment Business Day Convention applies to Period End Dates, Reset Dates will be subject to the Modified Following Business Day Convention, unless a different Business Day Convention is specified here. [↑](#footnote-ref-14)
15. Include the rounding convention if firms do not want to rely on the default position for the Floating Rate Option in the Compounding/Averaging Matrix or as set out in Section 4.8 (*Rounding*) of the 2021 Definitions if the relevant Floating Rate Option is not included in the Compounding/Averaging Matrix. [↑](#footnote-ref-15)
16. “Floating Negative Interest Rate Method” applies by default. Firms need only include this field if they wish to vary that position or to apply either the “Zero Interest Rate Method” or the “Zero Interest Rate Method Excluding Spread”. [↑](#footnote-ref-16)
17. This is an optional field, allowing parties to specify the number of Applicable Business Days’ lookback being applied. If nothing is specified here, the number specified as the “Lookback” for the Relevant Overnight Floating Rate Option in the Compounding/Averaging Matrix shall apply and, if no such number is specified in the Compounding/Averaging Matrix, the default position of five Applicable Business Days Lookback will apply. [↑](#footnote-ref-17)
18. This field and the related fields below can be applied when using an Overnight Rate Compounding Method or Overnight Rate Averaging Method. This is an optional field and firms can delete this and the following two fields for the Daily Capped Rate and Daily Floored Rate if not applying a daily cap or daily floor to the overnight rate. [↑](#footnote-ref-18)