

Closed Days Guidance – 2021 ISDA Interest Rate Derivatives Definitions and 2006 ISDA Definitions

President James Earl Carter, Jr. – National Day of Mourning on January 9th, 2025

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 national day of mourning in the United States of America for former President James Earl Carter, Jr..

On Monday, December 30th, 2024, (the “Announcement Date”) President Biden announced¹ that a national day of mourning will be observed on Thursday, January 9th, 2025, for the passing of former U.S. President James Earl Carter, Jr.

On the Announcement Date, the Securities Industry and Financial Markets Association (“SIFMA”) recommended² that all fixed-income cash markets close early at 2:00 pm EST on January 9th, 2025.

Following SIFMA’s recommendation, on January 2nd, 2025, the Federal Reserve Bank of New York (the “New York FED”) announced³ that there will be no planned change to the publication of SOFR or SOFR Averages and Index on, or for, January 9th, 2025.

The New York Stock Exchange (“NYSE”) announced⁴ that the New York Stock Exchange will be closed on January 9th, 2025.

The Federal Reserve Bank of New York announced⁵ that there will be no change to planned New York Fed Open Market Trading Desk operations on January 9th, 2025, and that the Federal Reserve Financial Services will operate normally on that date⁶.

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 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 2021 ISDA Interest Rate Derivatives Definitions (“**2021 Definitions**”) and 2006 ISDA Definitions (“**2006 Definitions**”). This guidance includes a description of provisions contained in the 2021 Definitions and the 2006 Definitions that may be relevant to market participants. **This guidance is not legal advice and market participants should consult their legal advisors as appropriate.** 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.

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2024/12/29/proclamation-announcing-the-death-of-james-earl-carter-jr/>

² <https://www.sifma.org/resources/news/press-releases/sifma-recommends-early-market-close-on-january-9-2025-for-the-national-day-of-mourning-in-honor-of-former-president-carter/>

³ https://www.newyorkfed.org/markets/opolicy/operating_policy_250102

⁴ <https://ir.theice.com/press/news-details/2024/The-New-York-Stock-Exchange-Will-Close-Markets-on-January-9-to-Honor-the-Passing-of-Former-President-Jimmy-Carter-on-National-Day-of-Mourning/default.aspx>

⁵ https://www.newyorkfed.org/markets/opolicy/operating_policy_250102a

⁶ <https://frbserve.org/app/status/serviceStatus.do>

For transactions executed on electronic confirmation platforms, market participants should refer to the contractual terms of the applicable confirmation platform.

Please note that this guidance may be updated from time to time.

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1 2021 Definitions and 2006 Definitions

It is ISDA's understanding that commercial banks and foreign exchange markets in New York City will be open for general business (including dealings in foreign exchange) and should settle payments but that the NYSE will be closed on January 9th, 2025 (the "Relevant Date"). Consequently, the Relevant Date:

- should be treated as a New York City Business Day (under the 2021 Definitions) or a New York City Banking Day (under the 2006 Definitions) for the purposes of Floating Rate Options where the rate for a Reset Date is fixed by reference to such Business Days or Banking Days, as applicable,
- shall not be a NYSE Business Day as the New York Stock Exchange is closed,
- shall be a New York Fed Business Day as the Federal Reserve Bank of New York will be open,
- should be treated as a Business Day for the purposes of Payment Dates, Period End Dates and Reset Dates, *unless* NYSE Business Day is specified to apply for the purposes of Business Days, in which case the Relevant Date should not be treated as a Business Day for any purposes,
- shall be a U.S. Government Securities Business Day,
- should be treated as a New York Business Day and U.S. Government Securities Business Day for the purposes of determining the Effective Date for SOFR swaps in accordance with the Market Practice Note dated 8 April 2022⁷ (e.g., in accordance with such recommended market practice, the spot date for SOFR swaps traded on Tuesday January 6th will be Thursday January 9th),
- should be treated as a Valuation Business Day, and
- should be an Exercise Business Day for the purposes of exercise of Option Transactions.

Swaptions

In respect of an Expiration Date falling on the Relevant Date, where 'New York City' is specified as a financial centre for the purpose of Exercise Business Days, under both the 2021 Definitions and the 2006 Definitions, the Expiration Date will not be subject to adjustment as the Relevant Date should be an Exercise Business Day.

2 Margin Calculations and Collateral Transfers

Margin calculations and collateral transfers may be impacted, depending on the type of transaction and the type of collateral being posted.

Margin calls made on the Relevant Date will be based on the end of day valuations determined by parties on January 8th, 2025. If it is not possible for end of day valuations to be determined in respect of certain transactions or types of collateral on the Relevant Date due to the closure of exchanges in New York City, margin calls on January 10th, 2025 will need to be based on the end of day valuations

⁷ <https://www.isda.org/a/xjPgE/Market-Practice-Note-Effective-Date-for-SOFR-transactions-040822.pdf>

available from January 8th, 2025.

Firms that source collateral assets by purchasing securities or equities in the market, or acquire such assets via the repo markets, should consider the impact of closed exchanges and reduced hours of market infrastructures on their ability to source collateral.

Because the DTCC and the New York FED are not planning to change their business hours on the Relevant Date, settlement of collateral in the form of non-cash US securities and USD cash should not be impacted.