

Closed Days Template Guidance – 2006 Definitions

Japanese Golden Week

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 forthcoming holiday period described below.

The Japanese government has approved a special national holiday corresponding with the accession of Crown Prince Naruhito as emperor. Under Japanese law, this will result in six consecutive weekday holidays in the spring of 2019 (for a ten day total stretch (including non-business days) from and including Monday April 29, 2019 to and including Monday May 6, 2019). Further detail regarding the dates can be found [here](#), and detail evidencing the November 13, 2018 Cabinet approval of the related bill can be found [here](#).

As a consequence, it is ISDA’s understanding that the Bank of Japan¹ and Japanese commercial banks² are expected to be closed (including for dealings in foreign exchange and foreign currency deposits) during such period.

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 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 in advance of Friday April 26, 2019 to discuss the consequences for their transactions.

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1 2006 ISDA Definitions³

A. Treatment of Relevant Dates under the 2006 ISDA Definitions

It is ISDA’s understanding that commercial banks and foreign exchange markets in Tokyo are closed for general business (including dealings in foreign exchange) and that markets in Tokyo will

¹ <https://www.boj.or.jp/en/about/outline/holi.htm/>

² <https://www.zenginkyo.or.jp/topic/era/> and <https://www.zenginkyo.or.jp/fileadmin/res/topic/era/era.pdf>

³ This guidance covers Transactions documented under the 2006 ISDA Definitions, as supplemented through to Supplement no. 58. It does not cover any other standard terms or additional provisions that parties can apply to their Transactions in conjunction with the 2006 ISDA Definitions.

also be closed from Monday 29 April 2019 through Monday 6 May 2019 (inclusive) (the “**Relevant Dates**”).

Consequently, the Relevant Dates should not be treated as,

- a Banking Day for the purposes of Rate Options that are fixed on a Banking Day,
- a Business Day for the purposes of Payment Dates, Period End Dates and Reset Dates,
- a Valuation Business Day, or
- an Exercise Business Day,

in each case, in respect of Tokyo as the relevant financial center.

B. Impact on Rate Options

In respect of any Rate Option that is fixed on a Tokyo Banking Day, parties should consult the terms of the relevant Rate Option as to the consequences. A list of relevant Rate Options is attached as an annex to this guidance along with the adjustment required (if any).

C. Impact on certain Payment Dates, Period End Dates and Reset Dates

In respect of Payment Dates, Period End Dates and Reset Dates, the relevant day will adjust in accordance with the Business Day Convention specified by the parties (or, in respect of Period End Dates, if the parties have specified “No Adjustment” then no Business Day adjustment will apply to Period End Dates). If no Business Day Convention is specified, (and “No Adjustment” is not specified for Period End Dates), the default Business Day Convention set out in the 2006 Definitions will apply as follows:

Initial Exchange Date Premium Payment Date	Following Business Day Convention
Interim Exchange Date Periodic Exchange Date Final Exchange Date Fixed Rate Payer Payment Dates Floating Rate Payer Payment Dates	Modified Following Business Day Convention
Period End Dates	Modified Following Business Day Convention. ⁴
Reset Dates	If “Arrears Setting” is not applicable, the date is subject to adjustment in accordance with any applicable Business Day

⁴ If “FRN Convention” applies, the adjustment is also ‘modified following’, but is set out long hand in Section 4.11 of the 2006 Definitions rather than by application of the Modified Following Business Day Convention.

	<p>Convention specified in the Confirmation as applicable to Reset Dates, otherwise the Business Day Convention applicable to Floating Rate Payer Payment Dates applies unless an adjustment in accordance with that Business Day Convention would cause a Reset Date to fall on the Payment Date in respect of the Calculation Period to which that Reset Date relates, in which case that Reset Date shall be adjusted in accordance with the Preceding Business Day Convention.</p>
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D. Impact on Effective Date and Termination Date

The Effective Date and Termination Date will not adjust in accordance with a Business Day Convention unless one is specified in the Confirmation.

E. Impact on Cash Settlement Valuation Date

The Cash Settlement Valuation Date specified in the Confirmation will be adjusted by applying the Modified Following Business Day Convention, unless otherwise specified in the Confirmation.

F. Impact on options and swaptions

In respect of an Expiration Date falling on a Relevant Date, in respect of any Option Transaction that is not a USD swaption, the Expiration Date shall roll to the next following Exercise Business Day, expected to be Tuesday 7 May 2019. For USD swaptions that reference Tokyo Banking Days, the Expiration Date will move backwards to the preceding Exercise Business Day (i.e. Friday 26th April 2019).

The Exercise Period for American style Options will be reduced as there will be fewer Exercise Business Days.

Each impacted Bermuda Option Exercise Date will be postponed to the next Exercise Business Day.

Unless otherwise specified in the related Confirmation, any Mandatory Early Termination Date falling on a Relevant Date will be subject to adjustment in accordance with the Modified Following Business Day Convention, and any Optional Early Termination Date will be subject to adjustment in accordance with the Following Business Day Convention.

Any Cash Settlement Payment Date falling on a Relevant Date will be subject to adjustment in accordance with the Following Business Day Convention unless otherwise specified in the related Confirmation.

Rate Options

<p>JPY-TONA-OIS-COMPOUND</p>	<p>No direct consequences. However, the calculation may be impacted as there may be fewer Banking Days during the Calculation Period.</p>
<p>JPY-LIBOR-FRASET</p> <p>JPY-LIBOR-BBA</p> <p>JPY-LIBOR-BBA-Bloomberg</p> <p>JPY-LIBOR-Reference Banks</p> <p>JPY USD-Basis Swaps-11:00-ICAP</p>	<p>No consequence since the rate is determined on the day that is two London Banking days preceding the Reset Date. See above in relation to adjustment of Reset Date itself.</p>
<p>JPY-BBSF-Bloomberg-10:00</p> <p>JPY-BBSF-Bloomberg-15:00</p> <p>JPY-TIBOR-TIBM (All Banks)-Bloomberg</p> <p>JPY-TIBOR-ZTIBOR</p> <p>JPY-TIBOR-TIBM-Reference Banks</p> <p>JPY-TSR-Reuters-10:00</p> <p>JPY-ISDA-Swap Rate-10:00</p> <p>JPY-TSR-Reuters-15:00</p> <p>JPY-ISDA-Swap Rate-15:00</p> <p>JPY-TSR-Reference Banks</p> <p>JPY-TIBOR-17096</p> <p>JPY-TIBOR-17097</p> <p>JPY-OIS-11:00-ICAP</p> <p>JPY-LTPR-MHCB</p> <p>JPY-LTPR-TBC (5Yr Rate)</p> <p>JPY-STPR-Quoting Banks</p>	<p>The rate is determined on the day that is two Tokyo Banking Days preceding the Reset Date. This means that the day for the determination will be brought forward i.e. will be earlier than it would have been otherwise.</p>

<p>JPY-Annual Swap Rate-11:00-TRADITION</p> <p>JPY-Annual Swap Rate-3:00-TRADITION</p> <p>JPY-TIBOR-TIBM</p> <p>USD-TIBOR-Reference Banks</p>	
<p>JPY-Quoting Banks-LIBOR (Average Spread)</p>	<p>The rate is determined by reference to “each last Tokyo and London Banking Day”. This means that if on any day commercial banks are closed for general business in Tokyo or London the day for the determination will be brought forward and will be the Tokyo and London Banking Day preceding such day.</p>