

January 9th, 2025

Closed Days Guidance – Equity Derivatives

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 (“USA”) for former U.S. 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 New York Stock Exchange² (“NYSE”), the Nasdaq Stock Exchange³ (“Nasdaq”) and Cboe Global Markets⁴ (“Cboe”) announced that their respective exchanges will be closed on January 9th, 2025.

CME Group (together with NYSE, Nasdaq and Cboe, the “Relevant Exchanges”) announced⁵ that its equity index products will have an abbreviated session, closing after overnight trading at 8:30a.m. Central Time on January 9th, 2025 and reopening at their regularly scheduled time on January 9th, 2025 at 5:00p.m. Central Time for trade date of January 10th, 2025. All U.S. equity options expiring on January 9th, 2025, will be moved to expire using the closing price on January 8th, 2025. The Options Clearing Corporation (“OCC”)⁶ also announced that U.S. listed options expiring on January 9th, 2025 will use closing prices as of January 8th, 2025.

The Depository Trust & Clearing Corporation (“DTCC”) announced⁷ that all its subsidiaries will remain open on January 9th, 2025 for cash and securities settlement, as well as other normal business activities. The OCC also confirmed that it will remain open.

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

² <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>

³ <https://www.nasdaq.com/press-release/nasdaq-announces-closure-its-us-markets-honor-national-day-mourning-former-president>

⁴ <https://ir.cboe.com/news/news-details/2024/Cboe-Global-Markets-to-Close-its-U.S.-Markets-January-9-in-Honor-of-National-Day-of-Mourning-for-Former-President-Jimmy-Carter/default.aspx>

⁵ https://www.cmegroup.com/media-room/press-releases/2025/12/30/cme_group_announcestradinghoursforusnationaldayofmourningtohonor.html

⁶ <https://infomemo.theocc.com/infomemos?number=55826>

⁷ <https://www.dtcc.com/-/media/Files/pdf/2024/12/30/GOV1877-24.pdf>

The Federal Reserve Bank of New York announced⁸ 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 date⁹.

As a consequence, it is ISDA's understanding that on January 9th, 2025, the equity securities clearance and settlement systems in the USA and commercial banks in the USA are expected to be open (including for dealings in foreign exchange and foreign currency deposits), that the Relevant Exchanges will be closed for trading.

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 closures based on the default provisions described in the main equity definitional booklets, master confirmation agreement templates and other ISDA published documentation expressly referred to in this guidance. ISDA understands that parties frequently bilaterally agree to amend the provisions of those definitional booklets, those master confirmation agreement templates and other ISDA published documentation when executing trades or agreeing the terms of their trading relationships. This guidance does not cover any such deviations. This guidance includes a description of provisions contained in the main equity definitional booklets, those master confirmation agreement templates and other ISDA published documentation expressly referred to in this guidance that may be relevant to 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 to discuss the consequences for their transactions.

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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⁸ https://www.newyorkfed.org/markets/opolicy/operating_policy_250102a

⁹ <https://frbservices.org/app/status/serviceStatus.do>

Guidance

ISDA recommends the following methodology for the operation of derivative transactions affected by the National Day of Mourning.

1 2002 ISDA Equity Derivatives Definitions (Versionable Edition) and 2002 ISDA Equity Derivatives Definitions (together, the “2002 Equity Definitions”)¹⁰

1.1 *Exchange Business Days; Scheduled Trading Days*

ISDA understands that the Relevant Exchanges will not be open for trading for their respective regular trading sessions on January 9th, 2025 (the “**Relevant Date**”) and therefore, unless parties otherwise agree, the Relevant Date should not be treated as an Exchange Business Day for the Relevant Exchanges (either because it is not deemed to be a Scheduled Trading Day (see second paragraph below) or because it is a Scheduled Trading Day that is deemed to be a Disrupted Day (see third paragraph below)).

The Announcement was made ten days prior to the Relevant Date. This guidance has therefore been produced on the basis that the Relevant Date is not a Scheduled Trading Day. This is consistent with the approach adopted in relation to previous guidance ISDA has issued in relation to market closure events.

However, ISDA is aware that some market participants have interpreted ‘Scheduled Trading Day’ by reference to the schedule of an Exchange/Related Exchange as at the Trade Date of the relevant Transaction and may therefore consider the Relevant Date to be a Scheduled Trading Day when one of the Relevant Exchanges is either the Exchange or Related Exchange. Where parties agree that the Relevant Date constitutes a non-scheduled closure for the purposes of a Transaction with a Trade Date prior to the Announcement Date, then the Relevant Date should not be treated an Exchange Business Day but should be treated as a Scheduled Trading Day that is a Disrupted Day and , unless otherwise discussed below, the guidance set out in this document should be adjusted accordingly in accordance with the consequences for Disrupted Days set out in the 2002 Equity Definitions and, if relevant, in the applicable Master Confirmation Agreement.

1.2 *Exercise/expiration of Option Transactions*

If a Commencement Date, Potential Exercise Date (Bermuda Option) or Expiration Date (European, Bermuda or American Options) falls on the Relevant Date, such Commencement Date, Potential Exercise Date or Expiration Date should instead be the next following Scheduled Trading Day (expected to be January 10th, 2025). If the Relevant Date falls in the Exercise Period for an American Option and the notice of exercise is given on the Relevant Date, then that notice will be deemed given on the next following Scheduled Trading Day (expected to be January 10th, 2025).

1.3 *Valuation of Options, Swaps and Forwards*

Valuation Date

¹⁰ This guidance covers Transaction documented under the latest version of the 2002 Equity Definitions available as of the publication date of this guidance. It does not cover any additional supplements, master confirmations or standard terms used in conjunction with the 2002 Equity Definitions.

If a Valuation Date in respect of a Transaction falls on the Relevant Date, such Valuation Date should instead be the next following Scheduled Trading Day (which is expected to be January 10th, 2025).

If Futures Price Valuation applies to an Index Transaction, and the Official Settlement Price is published on the Valuation Date, such day should be treated as the Valuation Date irrespective of whether such day is a Scheduled Trading Day. If the Official Settlement Price is not published, the Valuation Date should instead be the Scheduled Trading Day on which the Official Settlement Price is published, irrespective of whether such day is a Disrupted Day.

Averaging Dates

If an Averaging Date in respect of a Transaction falls on the Relevant Date, such Averaging Date should instead be the next following Scheduled Trading Day (which is expected to be January 10th, 2025).

1.4 Payments

It is ISDA's understanding that commercial banks and equity securities clearance and settlement systems will be open on the Relevant Date. Accordingly, the Relevant Date will be a Currency Business Day and a Clearance System Business Day in New York. Payments in USD falling due on a Cash Settlement Payment Date, Premium Payment Date, Dividend Payment Date, or Prepayment Date that is specified in the Confirmation will not be impacted and can be made on the Relevant Date. Payments in USD falling due on an Initial Exchange Date, Final Exchange Date or Prepayment Date (where the Prepayment Date is not otherwise specified in the Confirmation and defaults to one Settlement Cycle following the Trade Date) should be made on the next following Currency Business Day for the relevant currency that is also an Exchange Business Day, which is expected to be January 10th, 2025. However, given that commercial banks are open to settlement payments, parties may agree between themselves to nonetheless make payment on the Relevant Date.

As the Relevant Date will be a Clearance System Business Day, deliveries due on a Settlement Date falling on the Relevant Date can be made as scheduled.

2 2004 Americas Master Variance Swap Confirmation Agreement (Annex IVS and SVS, January 2007 Version) and 2007 Americas Master Variance Swap Confirmation Agreement (Annex IVS and SVS), together the "Americas Variance Swap MCAs".

The following guidance is for Index Variance Swap Transactions and Share Variance Swap Transactions confirmed under the Americas Variance Swap MCAs.

2.1 N

"N" is defined in the Americas Variance Swap MCAs as "*The number specified as such in the relevant Transaction Supplement or, if not so specified, the number of days that, as of the Trade Date, are expected to be Scheduled Trading Days for the period from, but excluding, the Observation Start Date to, and including, the Scheduled Valuation Date*".

Unless otherwise specified, if the Trade Date of such a Variance Swap Transaction is before the Announcement Date (December 30th, 2024), N will include the Relevant Date if such date falls in the period from, but excluding, the Observation Start Date to, and including, the Scheduled Valuation Date. Unless otherwise specified, if the Trade Date of such a Variance Swap Transaction is on or after the Announcement Date (December 30th, 2024), N will not include the Relevant Date if such

date falls in the period from, but excluding, the Observation Start Date to, and including, the Scheduled Valuation Date.

2.2 Observation Days (other than the Valuation Date)

Observation Days are defined in the Americas Variance Swap MCAs as “*Each Scheduled Trading Day during the Observation Period, whether or not such day is a Disrupted Day. Section 6.6 [(or, if “Futures Price Valuation” is applicable, Sections 6.8(a) and 6.8(e))]¹¹ of the Equity Definitions shall not be applicable to any Observation Day other than the Valuation Date, in which case P_t (as defined below) in respect of the Valuation Date shall be determined in accordance with the applicable Section.*”.

Observation Period is defined as “*the period from, but excluding, the Observation Start Date to, but excluding, the Observation End Date, and the Valuation Date*”. The Observation Start Date is the Trade Date (unless otherwise specified), and the Observation End Date is the Scheduled Valuation Date.

In order to align the number of Observation Days with “N” for the purposes of the Final Realized Volatility formula, as the definition of “N” is determined (as specified in paragraph 2.1 (N) above) by reference to the number of days that, as at the Trade Date, are Scheduled Trading Days in the period from, but excluding, the Observation Start Date to, and including, the Scheduled Valuation Date, parties should consider whether, as at the Trade Date, each day during the Observation Period should be treated as a Scheduled Trading Day for the purposes of determining the Observation Days. For such purposes, and unless otherwise agreed between the parties, if the Trade Date of such a Variance Swap Transaction is before the Announcement Date (December 30th, 2024) and a day during the Observation Period falls on the Relevant Date, it will be treated as a Scheduled Trading Day that is a Disrupted Day (see paragraph 1.1 (*Exchange Business Days; Scheduled Trading Days*) above), with the result that P_t for such Observation Day shall be deemed to equal P_{t-1} .

Furthermore, unless otherwise agreed between the parties, if the Trade Date of such a Variance Swap Transaction is on or after the Announcement Date (December 30th, 2024) and a day during the Observation Period falls on the Relevant Date, it will not be an Observation Day.

2.3 Valuation Date

If the Observation End Date (i.e. the Valuation Date) falls on the Relevant Date, the Valuation Date will be adjusted to instead be the next Scheduled Trading Day (which is expected to be January 10th, 2025).

If the parties have agreed to treat the Relevant Date as a Scheduled Trading Day that is a Disrupted Day, the Observation End Date (i.e. the Valuation Date) will be adjusted in accordance with Section 6.6 of the 2002 Equity Definitions (i.e. it will move to the next following Scheduled Trading Day that is not a Disrupted Day) and P_t in respect of such Observation End Date will be determined on such adjusted Valuation Date.

If Futures Price Valuation is applicable and the Valuation Date falls on the Relevant Date and the Official Settlement Price is not published on such date, the Valuation Date will be postponed and

¹¹ Applies to Index Variance Swaps only

will be the first succeeding Scheduled Trading Day on which the Official Settlement Price is published.

2.4 Payment

The Cash Settlement Payment Date falls one Settlement Cycle after the Valuation Date. If the Valuation Date falls on the Relevant Date, the Cash Settlement Payment Date will be moved to one Settlement Cycle after the adjusted Valuation Date (expected to be January 10th, 2025).

3 2004 Americas Interdealer Master Equity Derivatives Confirmation Agreement¹²

The guidance set out in paragraph 1 above should be equally applicable to Transactions documented under the 2004 Americas Interdealer Master Equity Derivatives Confirmation Agreement (and the Annexes attached to it).

4 2009 Americas Master Equity Derivatives Confirmation Agreement¹³

The guidance set out in paragraph 1 above should be equally applicable to Transactions documented under the 2009 Americas Master Equity Derivatives Confirmation Agreement (and the Annexes attached to it).

5 2011 ISDA Equity Definitions – Index Volatility Swaps

The following guidance is for equity derivative transactions confirmed under the Equity Matrix for Index Volatility Swaps (General Terms Confirmation, Definitions, and Terms Supplement) where the terms defined in such Equity Matrix are sourced from the 2011 ISDA Equity Derivatives Definitions (“**Index Volatility Transactions**”).

5.1 Scheduled Trading Day

For such Index Volatility Transactions, a Scheduled Trading Day is a day that is both a scheduled Exchange Business Day (determined as of the Trade Date) and a day on which the Index Sponsor is scheduled to publish a value for the Index (determined as of the Trade Date). As such, where the Exchange is a Relevant Exchange, if the Trade Date of the relevant Transaction is before the Announcement Date, the Relevant Date should be deemed to be a Scheduled Trading Day.

6 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 available from January 8th, 2025.

¹² Including Annex IO (Cash-settled European/American Index Option), Annex IS (Cash-settled Index Swap/Index Basket Swap), Annex SO (Cash or Physically-settled European/American Share Option) and Annex SS (Cash-settled Share Swap/Share Basket Swap)

¹³ Including Annex CSSS (Cash-settled Share Swap), Annex IS (Index Swap), and Annex ETCIO (Cash-settled Exchange-traded Contract Index Option), Annex DCSO (Physically-settled Designated Contract Share Option) and Annex ISO (Cash/Physically-settled European/American Index/Share Option)

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.