



**Risk Testing Disclosure
Report - Year 2023**

22.January.2024

1. Introduction

OMIClear's testing programs are a core part of OMIClear's risk management framework to ensure that it can successfully fulfil its role of central counterparty (CCP) under a wide range of plausible scenarios and that its margin system is producing the expected results. Moreover, such tests are a fundamental tool for monitoring closely OMIClear's risk exposure and react in a timely manner if necessary.

For more information on the testing programs implemented by OMIClear please refer to: <https://www.omiclear.pt/en/test-model>.

This document presents a high-level summary of the back tests and stress tests results and of any corrective measures undertaken.

This disclosure report is based on the tests results obtained in the period between **January 1st, 2023** and **December 31st, 2023** and is published annually.

2. Back Tests

OMIClear conducts portfolio back tests on a daily basis for all clearing accounts. The aim of OMIClear's back testing program is to verify and validate that its margin model is achieving its purpose, i.e., that the computed margins would have been sufficient to cover with a 99% confidence interval, the worst price development for closing out, in the time horizon underlying the initial margin calculation, all positions in a clearing account.

In case the computed losses are greater than the initial margin required at a portfolio level, a hit is registered. If the number of hits in the relevant period is higher than statically expected (higher than 1%) then OMIClear shall trigger corrective measures.

Throughout the year of 2023 no hits were observed. It should be noted that in June 2023, after obtaining regulatory approval, OMIClear implemented a new margin model. The main difference between the new model and the previous one, is that under the new model the basis of the calculations of the Range parameters are relative price variations (instead of absolute price differences).

3. Stress Tests and Clearing Fund

OMIClear conducts stress tests on a daily basis for a set of scenarios on Extreme but Plausible Market Conditions (EbPMC). In case the daily stress test results show that the available funds would not be sufficient to cover the default of the two Clearing Members representing the largest exposure, an update of the Clearing Fund (CF) is triggered.

During 2023, following the rules laid down in its *Instruction B07/2014 - Clearing Fund*, in addition to the monthly revaluations of the CF based on the daily stress tests results of the previous 60 clearing days, OMIClear had to trigger 9 extraordinary revaluations of the CF. All these revaluations occurred before June 2023, i.e. before the adapted risk model based on relative price variations was implemented.