



ANNUAL REPORT
AND ACCOUNTS
2019

cmiclear

ABBREVIATIONS:

OMIClear

OMIClear, C.C., S.A.

OMIP

OMIP – Pólo Português, S.G.M.R., S.A.

OMIE

OMI – Polo Español, S.A.

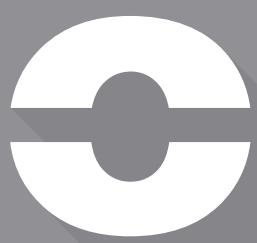
OMIP, S.A.

OMIP SGPS

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.

OMEL

Operador del Mercado Iberico de Energía, Polo Español, S.A.



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01

Message from the Chairman

The year 2019 was marked by a recovery in traded volumes and liquidity in the forward energy market in the Iberian Peninsula, despite the general downward trend seen throughout Europe. In the Spanish market, total volumes traded increased by 31.38% compared to 2018, while in Europe they dropped 9.88%. In fact, the main regional markets fell considerably, especially in Belgium (-44.50%), the Nordic market (-27.34%), the Netherlands (-11.33%), Germany (-10.75%) and France (-6.20%). Of the main European markets, the Spanish one was, therefore, the only one to record a growth compared to the previous year.

These figures confirm the development of a market dynamic observed in the recent past, which translates into the search for longer-term contracting solutions. In this context, OMIClear continued its efforts to expand its clearing and settlement services for electricity futures contracts, covering maturities up to 7 years. A sign of this effort is that on 30 October the first electricity futures contracts with a maturity of 7 years were registered at OMIP, to be subsequently cleared and settled at OMIClear.

In the European gas markets, the picture was different. There was a general growth trend, with the exception of 2 regional hubs – NBP in the United Kingdom and EEZ in Belgium. Overall, volumes were up 22.29%. As regards the Spanish market, forward trading with delivery at the Spanish Virtual trading Point grew and consolidated in 2019.

OMIClear thus benefitted from the efforts initiated in the past to diversify its activities, particularly with regard to the natural gas market. In January, under the cooperation agreement with MIBGAS Derivatives, the service of registration, clearing and settlement

of OTC transactions was initiated across the entire natural gas futures curve with delivery at the Spanish Virtual trading Point (PVB). This allowed the registration of businesses in this market in continuous trading, auction and OTC registrations. The connection to the MIBGAS market was initiated in March. Following month contracts (M+1) traded on this market, continuous trading and auction, are now registered, cleared and settled at OMIClear. Since April, balance of the month contracts (BoM) are also registered, cleared and settled at OMIClear.

This strategy to expand the portfolio designed to meet the needs of market agents, together with the high level of client service always provided by OMIClear, gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition.

Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity.

Finally, we would like to thank the entire OMIClear team, including the non-executive Directors, for their excellent work in these difficult times, and to express our thanks to all the shareholders for their constant support and trust.

Lisbon, 31 March 2020

Carmen Becerril Martínez
Chairman of the Board of Directors

02

Relevant facts

2019

08 January	Launch of the trading and registration of electricity futures contracts maturing in 6 years (Year+6) and 7 years (Year+7) at OMIP, for subsequent clearing and settlement at OMIClear.
09 January	Under the cooperation agreement for the gas futures market, MIBGAS Derivatives and OMIClear initiated the registration, clearing and settlement of OTC transactions throughout the natural gas futures curve with delivery at the Spanish Virtual Trading Point (PVB).
01 March	Start of the connection with the MIBGAS market, under the cooperation agreement for the gas futures market. Following month contracts (M+1) traded on MIBGAS, in continuous trading and auction, are now registered, cleared and settled at OMIClear.
01 April	Balance of the month contracts (BoM) traded on MIBGAS are now registered, cleared and settled at OMIClear.
16 October	Entry into effect of the REMIT reporting service carried out by OMIClear, C.C., Sucursal España, related to the activities on the daily and intraday OMIE market and on the OMIP derivatives market.
10 December	Entry into effect of the REMIT reporting service carried out by OMIClear, C.C., Sucursal España, related to non-standard contracts traded over-the-counter (REMIT Phase II).

Table 1 Relevant facts in 2019

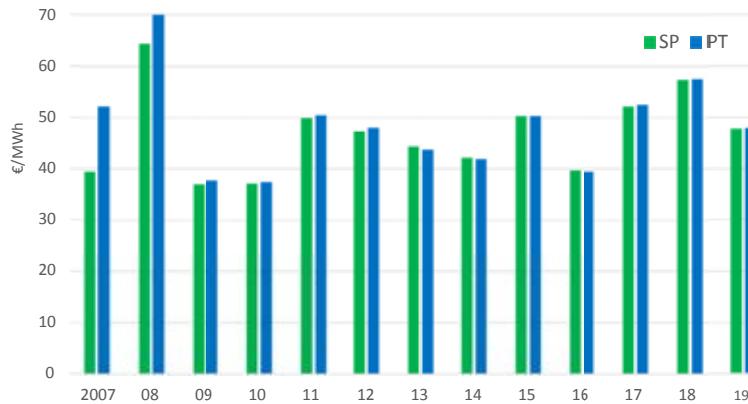
03

Derivatives market

3.1. Background

In 2019, the average annual spot prices of electricity dropped, with a decrease of 9.61 €/MWh and 9.58 €/MWh compared to the previous year, respectively, in the Spanish and Portuguese MIBEL zones.

Figure 1 Spot prices (€/MWh) 2007 to 2019. Annual average. Spanish and Portuguese zones.



In 2019, as in previous years, the average price in the Portuguese zone was higher than that in the Spanish zone by 0.19 €/MWh. The last year in which the price in the Portuguese zone was lower was in 2016.

As for Futures in the Spanish zone, and considering contracts with greater liquidity (Following Month, Following Quarter and Following Year), they also tended to decrease, as seen in the annual average of the 3 maturities.

As regards monthly contracts, they decreased from 59.26 €/MWh in 2018 to 50.71 €/MWh in 2019, while quarterly contracts dropped from 60.27 €/MWh in 2018 to 54.29 €/MWh in 2019, and the average price of annual contracts fell from 55.33 €/MWh in 2018 to 54.79 €/MWh in 2019.

Figure 2 Price for Futures for first Contracts (€/MWh). Spanish Zone.

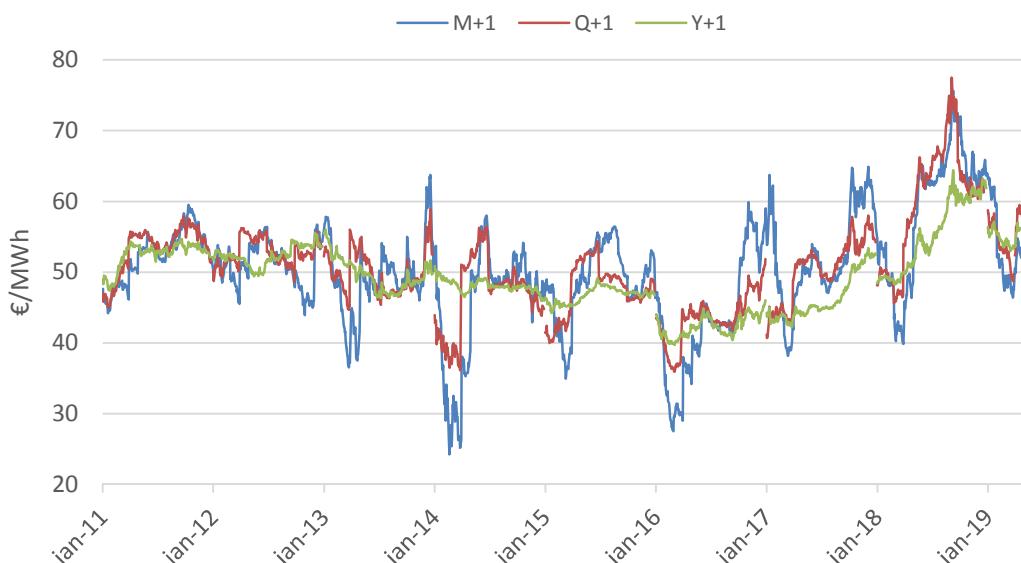
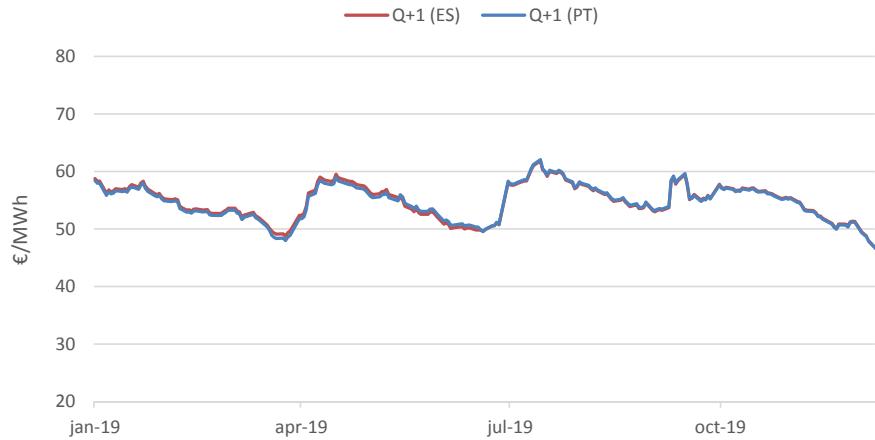


Figure 3 Variation in the price of Future Contracts Following Quarter (Q+1) in 2019, in the MIBEL Spanish and Portuguese zones.



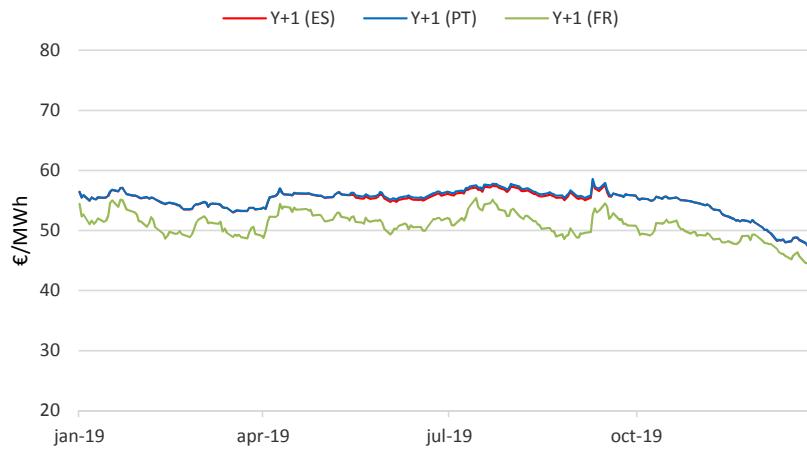
With regard to the French zone, the scenario clearly differed from the first to the second half-year. In the first half-year, prices in the French zone were lower than those of MIBEL, the difference being of about 11 €/MWh, while the situation reversed in the second-half, with prices increasing. The problems in some nuclear power plants in France can explain this behaviour.

Figure 4 Variation in the price of Futures Contracts Following Quarter (Q+1) in 2019, in the MIBEL Spanish and Portuguese zones and in the French zone.



In the annual contracts with delivery in 2020 (Figure 5), the price of French products throughout the year was lower than that of the Spanish and Portuguese zones, although this trend slightly decreased in the last years of the month. In December, the spread on the annual contract with delivery in 2020 was of about 3.0 €/MWh and 2.5 €/MWh.

Figure 5 Variation in the prices of Futures Contracts Following Year (Y+1) in 2020, in the MIBEL Spanish and Portuguese zones and in the French zone.



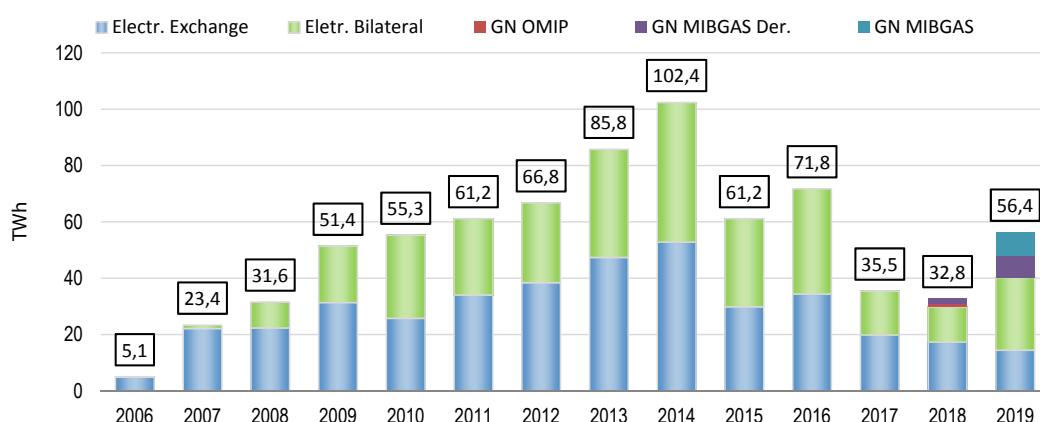
3.2. Clearing and Settlement

The volume registered and cleared by OMIClear, considering electricity and natural gas derivatives from OMIP and MIBGAS Derivatives, increased by 72% compared to the previous year, from 32.8 TWh to 56.4 TWh. The volume of natural gas contracts represented about 29% of the total cleared by OMIClear, the notional value representing €2,408 million.

Table 2 OMIClear Activity Indicators

	2019	2018
Registered volume (TWh)	56.4	32.8
Electricity	40.3	29.8
Natural Gas	16.1	3.0
Notional value registered (M€)	2,408	1,466

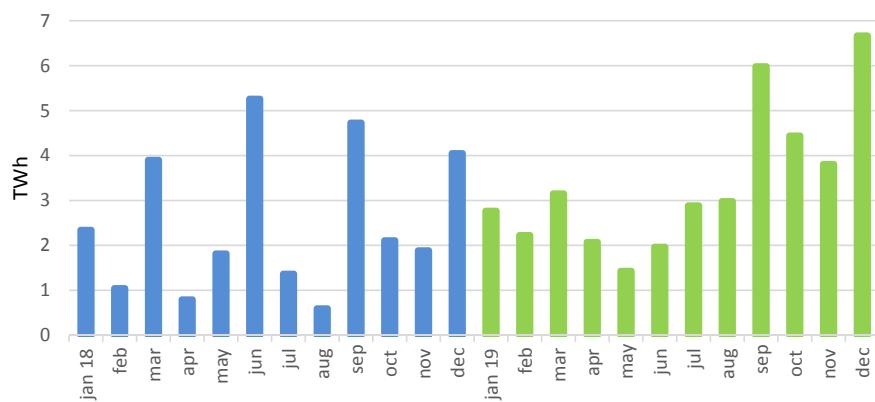
Figure 6 Annual volumes cleared by OMIClear (TWh).



In 2019, of the 40.3 TWh electricity cleared volumes, 14.5 TWh were cleared either through continuous trading or auctioned by OMIP, and 25.8 TWh through OTC registrations. As regards natural gas, a total of 16.1 TWh were cleared, from auctions and continuous trading in MIBGAS (8.2 TWh), and auctions, continuous trading and OTC registration in MIBGAS Derivatives (7.8 TWh).

The separate analysis of each month, in the electricity segment, shows that cleared volumes typically show some volatility throughout the year. September and December were the months with the largest volumes, and May and June were the ones with the least volume registered with CCP.

Figure 7 Monthly Energy Volume (electricity) registered with OMIClear, in 2018 and 2019 (TWh).



With the aim of continuing to promote market liquidity, OMIClear, in collaboration with OMIP, continued to support the Market Makers programme. In this context, the following aspects are particularly relevant:

- > The setting up of an annual contract with all Market Makers;
- > In 2019, the same companies continued as Market Makers: Endesa and AXPO Ibérica.
- > In 2019, Market Makers mediated the monthly, quarterly and annual Futures contracts in the Spanish zone.

Figure 8 Market Making in the OMIP market. Futures Spanish Zone.

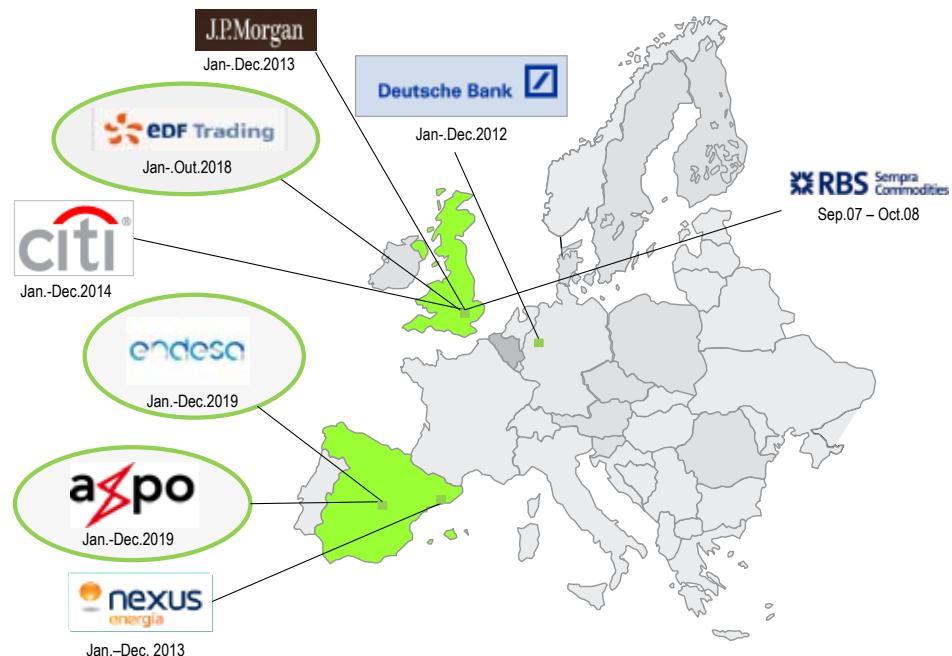


Figure 9 Distribution of volumes cleared by OMIClear between Iberian and non-Iberian entities (2017).

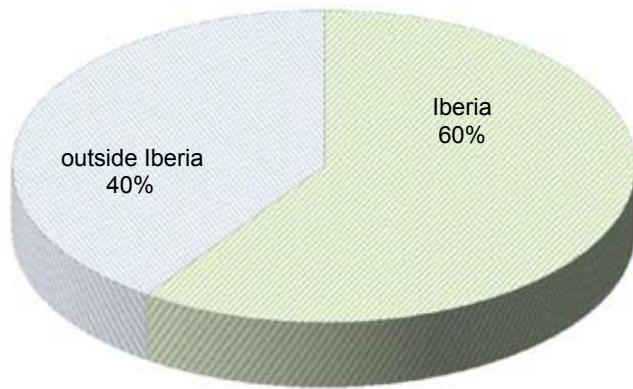
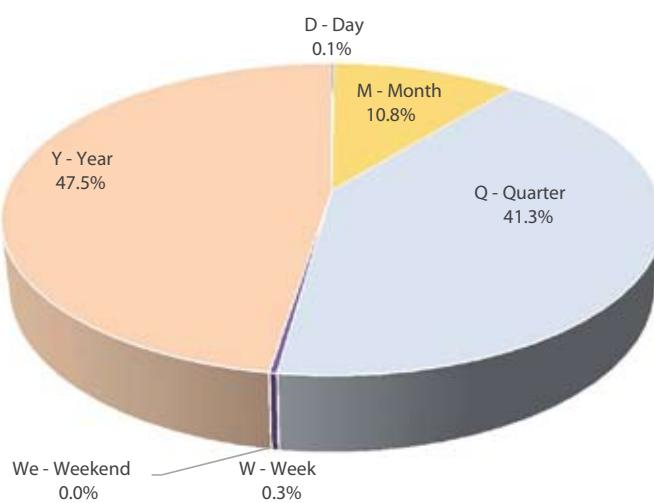


Figure 9 shows that 60% of the total electricity volume cleared was traded by entities domiciled in the Iberian Peninsula, a percentage lower than that in 2018 (83%), showing the increasing activity of some international entities in the Iberian energy market.

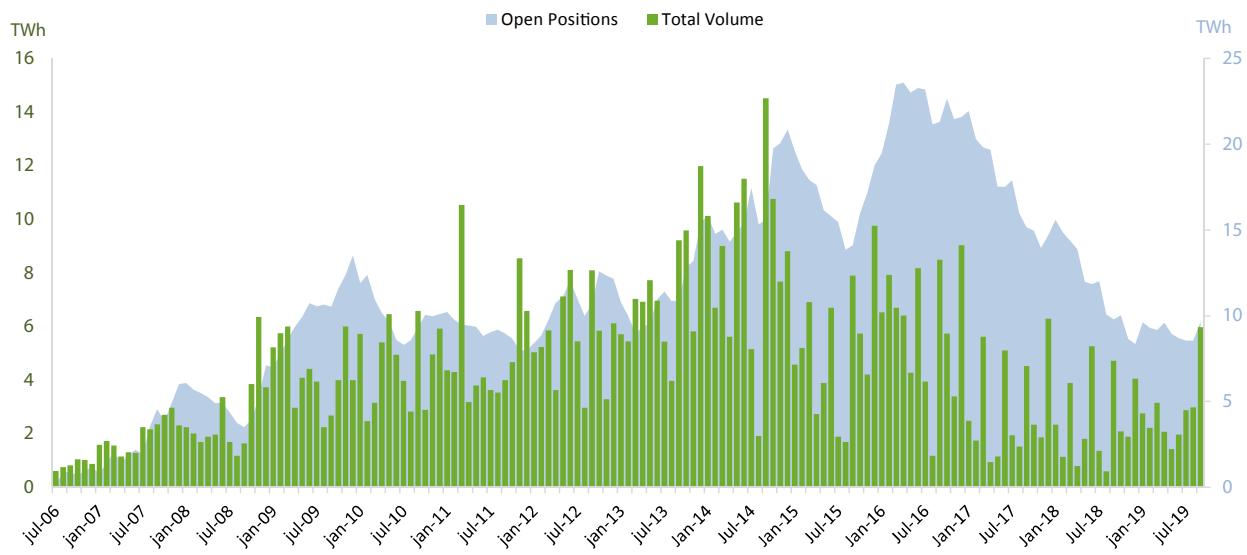
As regards electricity contracts listed for trading in OMIP, and in terms of equivalent energy, annual contracts were traded the most (about 47.5% of the total available portfolio, as shown in figure 10, followed by quarterly and monthly contracts. Short term maturity financial instruments are still clearly the ones with the least market share. Weekly contracts represent 0.3% of traded volume, compared to 0.4% in 2018.

Figure 10 RDistribution of cleared volume by maturity at OMIP.



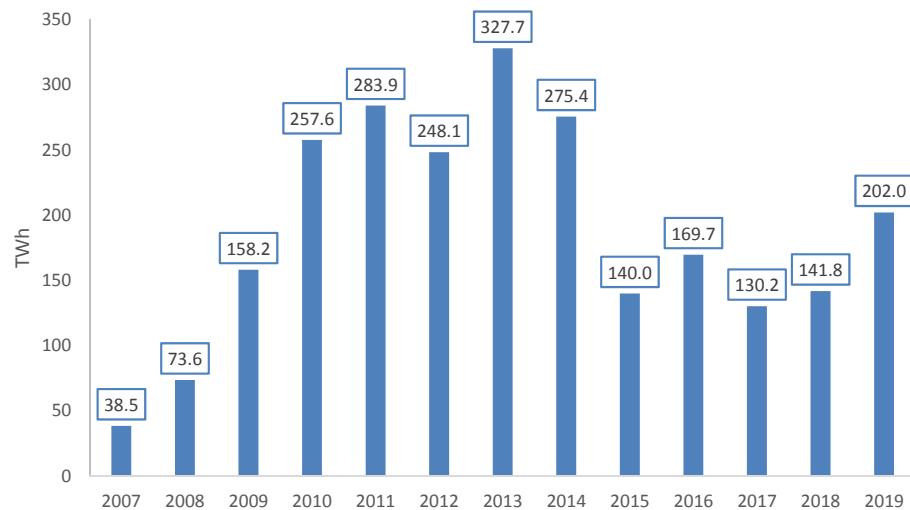
Open Interest positions showed a recovery trend from the second half-year onwards.

Figure 11 Average monthly value of open positions of electricity contracts registered with OMIClear (MWh).



Although the volume traded on the OMIP forward market fell (continuous and auction), volumes traded in the OTC market and registered with OMIP grew 108% compared to 2018, representing an overall growth of the electricity segment of 35%.

Figure 12 Annual volume of total OTC (cleared by the clearing house and OTC).



OMIClear's market share in the electricity futures segment in the MIBEL Spanish zone (continuous trading and OTC market) was 16% in 2019, compared to 13% in 2018.

Despite this recovery in the electricity segment, OMIClear continued its effort to diversify its activities, not only in the natural gas market but also in electricity. In January, OMIClear launched the trading and registration of electricity futures contracts with a maturity of 6 years (Year+6) and 7 years (Year+7)

at OMIP, to be subsequently cleared and settled at OMIClear. Also in January, MIBGAS Derivatives and OMIClear, under the cooperation agreement for the gas futures market, started the service for the registration, clearing and settlement of OTC transactions throughout the natural gas futures curve with delivery at the Spanish Virtual Trading Point (PVB). In March, MIBGAS Derivatives and OMIClear started the service for the registration, clearing and settlement of bilateral transactions (OTC) throughout the natural gas futures curve with delivery at the Spanish Virtual Trading Point (PVB). The connection to the MIBGAS market was also initiated, under the cooperation agreement for the gas futures market, and the following month contracts (M+1) traded in MIBGAS in continuous trading and auction are now registered, cleared and settled at OMIClear. In April, the balance of month contracts (BoM) traded on MIBGAS were registered, cleared and settled at OMIClear.

3.3. Participants

OMIClear has three types of participants: (i) clearing members, which are counterparties in the registered operations; (ii) settlement agents, who only play the complementary role of facilitating or providing settlement services to the clearing members, through the TARGET2 System of European Central Banks in the case of financial settlements, and through OMIE and Enagás GTS, in the case of physical settlements, OMIClear thus not being a counterpart in the transactions; and (iii) registration agents, who are the clients of the clearing members, with whom they deal with, and who are able to register operations cleared or settled by OMIClear through access to the platforms of negotiation, registration or clearing.

In 2019, 2 new general clearing members were admitted and 4 direct clearing members ceased their activity.

At the end of the year, there were 11 clearing members and 88 registration agents. In turn, there were 53 settlement agents, 47 of whom dealing with physical settlement and 6 with financial settlement.

The table below lists the OMIClear participants as at 31 December 2019, specifying the status of each participant.

Table 3 List of Participants (31 December 2019)

	Direct Clearing Member	General Clearing Member	Registration Agent	Financial Settlement Agent	Physical Settlement Agent
Acciona GED					
Alpiq AG					
Antuko Energia S.L.					
AXPO Iberia, S.L.					
Banco L.J. Carregosa					
Banco Santander, S.A.					
BP Gas Marketing Limited					
Caixa Geral de Depósitos					
Catgas Energia					
Céltica Energía, S.L.					
Cepsa Gas Comercializadora					
Cepsa Gas y Electricidad					
CIMD					
Citadel Energy Investments (Ireland)					
Citigroup Global Markets Europe AG					
Citigroup Global Markets Ltd.					
Comercializadora Regulada, Gas & Power					
Danske Commodities,					
Deutsche Bank, AG – Sucursal em Portugal					
DISA Energy					

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	Direct Clearing Member	General Clearing Member	Registration Agent	Financial Settlement Agent	Physical Settlement Agent
Dreue Electric S.L.					
DXT Commodities					
Ecochoice, S.A					
EDF Trading Limited					
EDP - Serviço Universal, S.A.					
EDP Comercializadora					
EDP Energias de Portugal, S.A.					
EDP España: S.A.U.					
EGL, A.G.					
Endesa Energía S.A.					
Endesa Energía XXI, S.L.					
Endesa Generación, S.A.					
Enérgya VM Gestión de Energía, S.L.U.					
Enforcesco S.A.					
Engie España					
Engie Global Markets (GDF Suez)					
Eni Trading & Shipping					
Evergreen Electrica S.L					
Factor Energía, S.A.					
Fenie Energía					
Foener Energia, S.L.					
Fortia Energia Servicios					
Fortia Energía, S.L.					
Freepoint Commodities Europe LLP					
Futura Energía y Gas					
Galp Gás Natural, S.A.					
Galp Power, S.A.					
Gas Natural Comercializadora S.A.					
GeoAtlanter S.L.					
Gesternova, S.A.					
GFI Brokers					
Gnera Energía y Tecnología					
Goldman Sachs Bank Europe SE					
Goldman Sachs Europe SE					
Goldman Sachs International					
Griffin Markets					
HEN - Serviços Energéticos, Lda.					
Holaluz-Clídom					
Iberdrola Comercialización de Último Recurso, S.A.U.					
Iberdrola Generación España, S.A.U.					
ICAP Energy, AS					
ICAP Energy, AS					
Ignis Energía					
Ingeniería y Comercialización del Gas (Incogas)					
J. Aron & Company					
Jafplus Energia Lda					
Kyonymsys Century S.L.U.					
Ledesma Comercialización Eléctrica					
Macquarie Bank Limited					
Mercuria Energy Trading, S.A.					
MET International					
Molgas Energia					
Morgan Stanley Bank, AG					
Naturgy Commodities Trading					
Naturgy Energy Group, S.A.					
Nexus Energía, S.A.					
PetroChina (London)					
PH Energia, Lda					
Régsiti Comercializadora Regulada					
Repsol Generación Eléctrica, S.L.U.					
Repsol LNG Holding					
Rock Trading World					
Shell Energy Europe Ltd.					
SWAP Energía, S.A.					
Switch Energy, S.L.					
Total Gas & Power Ltd.					
TP ICAP (Europe)					
TrailStone GmbH					
Trafigura PTE Ltd					
Tullett Prebon (Securities) Limited					
Unión Fenosa Gas Comercializadora					
Uniper Global Commodities SE					
Vertsel Energía S.L.U.					
Viesgo Renovables					
Villar Mir Energía					

Spain and Portugal account for the majority of companies registered with OMIClear, in all categories, though the distribution of that representation is not symmetrical for all functions: direct and general clearing members and financial settlement agents are almost equally distributed between the Iberian region and other European countries, whereas in the case of registration agents and physical settlement agents the prevalence of Iberian members is slightly more significant.

Table 4 Origin of OMIClear's participants (December 2019).

Origin	Direct Clearing Member	General Clearing Member	Registration Agent	Financial Settlement Agent	Physical Settlement Agent
Spain	3	1	50	1	31
Portugal		2	11	3	3
France			1		
United Kingdom	1	1	11		4
Ireland			1		
Germany	1	1	3	2	1
Switzerland			6		6
Belgium	1		1		
Denmark			1		
Norway			1		
USA					1
TOTAL	6	5	86	6	46
Iberian	3	3	61	4	34
Non-Iberian	3	2	25	2	12

As in recent years, a study was carried out among clearing members to analyse the levels of risk taken by OMIClear. The main conclusions are that both the systems and the management model have responded very adequately to market needs and that each member's risk level lies within very comfortable parameters in view of the guarantees deposited.

04

Risk management system

OMIClear's risk management system is designed in accordance with the EMIR and the respective implementing legislation.

The Board of Directors is responsible for the implementation of the strategy and for OMIClear's risk management system.

OMIClear breaks down risks into the following categories, each of which is controlled according to specific principles:

- > Credit Risk;
- > Legal and Operational Risk;
- > Liquidity Risk;
- > Market Risk; and
- > Commercial Risk.

Given that credit risk is the most relevant risk to which OMIClear is subject, it is fully covered by the margin system. In 2019, the risks measured according to the rules laid down in the Commission Delegated Regulation (EU) No 152/2013 were always hedged by the available funds.

In operational terms, the Board of Directors is directly responsible for assessing commercial risk. In agreement with the risk management principles in force, the follow-up, monitoring and control of credit, liquidity and market risks, as well as the reporting to the Board of Directors and the Risk Committee were carried out by the *Chief Risk Officer* with the support of the clearing department. The monitoring of the legal and operational risk continued to be the charge of *Chief Internal Audit*, while reporting on a monthly basis (risk indicators) to the Board of Directors and by the *Chief Internal Audit* on an annual basis (report on the exposure to the legal and operational risk).

A risk report, which is the key tool to inform the administration body about the risk situation of OMIClear, is prepared every month. This report is complemented by ad hoc reporting on specific topics whenever materially relevant situations arise. The situation is reported to the Risk Committee at least three times a year.

Internal Audit assesses the suitability and operability of the risk management system.

4.1. Credit Risk

One of the key elements of the risk strategy is to fully cover the counterpart risk by building several lines of defence, consisting of the following main components:

> Conditions for admission

Only institutions with sufficient financial capacity and with the appropriate human, technical and operational conditions to settle the registered operations are admitted as clearing members.

> Daily market-to-market over futures contracts

Daily market-to-market during the trading and delivery period of all futures contracts registered and cleared with OMIClear are credited or debited to the respective clearing members on a daily basis.

> Daily market-to-market over Swaps and Forwards

Daily market-to-market during the trading and delivery of Swaps and Forwards registered and cleared at OMIClear are credited or debited to the respective clearing members on a monthly basis. Until the settlement date, clearing members that have a negative daily market-to-market must have that balance always covered by guarantees.

> Margin system of the clearing member

Clearing members must at all times have constituted guarantees with OMIClear to cover both their own responsibilities and those of their clients.

The responsibilities of each clearing member include a margin (initial margin) that aims to cover the risk of incurring in losses in the closing of positions in a short period of time, arising from the worst price variation estimate. The parameters used to calculate this margin follow the principles defined in Chapter VI (Margins) of the Commission Delegated Regulation (EU) No 153/2013, namely in terms of: (i) confidence interval (OMIClear: 99 %); (ii) a time horizon that covers a full range of market conditions, including periods of stress (OMIClear: since the first observation, with the exception of Futures SPEL Base, for which the period considered goes from January 2008 to the most recent date when the margin was calculated); (iii) period of liquidation of positions in a default scenario (two days); (iv) margin credits based on evidence of price correlation and in accordance with the limit imposed in Article 27 of said Regulation, and (v) limitation of the procyclicality effect (OMIClear: application of a 25 % weighting factor to stress situations observed in the period under analysis). Furthermore, to calculate the initial margin OMIClear applies aggravating factors over positions that go beyond a specific volume and for which a liquidation period of three days is considered.

> Autonomous reserve

The autonomous reserve consists of the amount resulting from the enforcement of fines and pecuniary payments by OMIClear on participants, less costs and charges that OMIClear may have incurred as part of the respective sanction procedures.

The autonomous reserve is a specific OMIClear fund intended to cover default cases and is identified as such in its balance sheet.

> Other OMIClear funds (*Skin in the game – SIG*)

OMIClear has also established a cash reserve in the amount of €1,875,000, fully available and intended to cover defaults.

> Clearing fund

The clearing fund is an additional form of security that is shared by all the clearing members. This fund is designed to respond to the default of a clearing member whose costs to solve it are greater than the guarantees provided by the defaulting member for that purpose, namely those constituted as margins and additional collateral.

The amount of the clearing fund is established according to the results of the stress tests carried out daily in extreme but plausible scenarios. The clearing fund is defined according to the following assumptions: (i) it should allow OMIClear to cover the default of the clearing member to which it is more exposed, or of the second or third clearing members to which it is more exposed, if the total of those exposures is higher, and (ii) along with OMIClear's other own financial resources, (SIG and autonomous reserve), it should cover a default situation of at least two clearing members to which it is more exposed in extreme but realistic market conditions.

Additionally, a minimum individual contribution of €150,000 is established for each clearing member.

> Additional liability in the clearing fund

Each clearing member takes on an additional liability in an amount equal to its reference value used to set up the clearing fund, therefore the value of its overall liability is equal to twice the reference value. This liability is only required in a default situation where the amount of the contribution to the clearing fund (pre-collateralised as guarantee) is not sufficient.

> Constitution of guarantees and haircut applied to guarantee value

OMIClear only accepts guarantees in the form of cash and financial instruments representative of public debt. To avoid the exchange rate risk, only amounts in EUR are accepted. Price fluctuation of financial instruments is covered by applying properly evaluated haircuts. Guarantees are re-evaluated daily and the risk of concentration is taken into consideration.

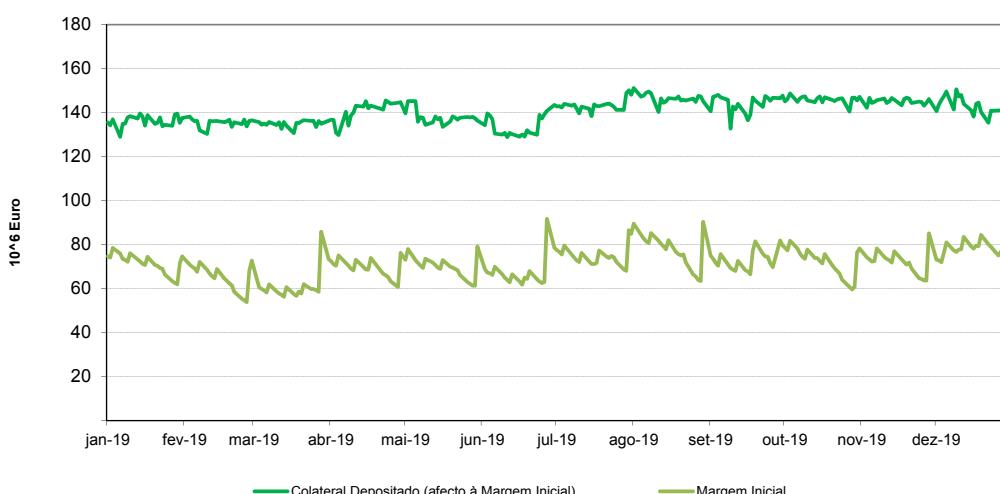
Additionally, there is a counterpart credit risk arising from the enforcement of the cash guarantees received from clearing members. For this reason, these funds are used (i) in repo operations against titles with a low risk and high liquidity, (ii) in short term collateralised deposits with a low risk and high liquidity titles, or (iii) in checking accounts with Banco de Portugal, or (iv) in non-collateralised one-day deposits, and in all cases with credit institutions recognised by OMIClear (subject to an external credit risk evaluation carried out by OMIClear, as per with its internal policy).

The counterpart risk in 2019 – measured by the initial margins required of the clearing members – peaked at €100.2 million on 31 December, and an average value of €71.1 million, compared to the average value of €60.3 in 2018.

Throughout 2019, the total value of guarantees deposited with OMIClear to meet the liabilities taken on by the clearing members by way of margins represented, on average, 2.0 times the total value required as initial margins. Note that the average calculated for the various members was of 4.3.

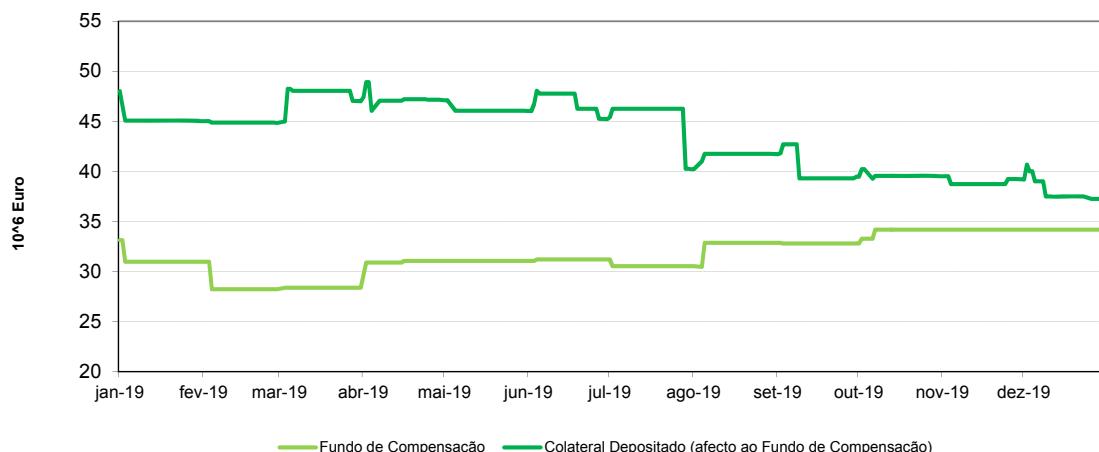
In 2019, the evolution of the total initial margin and of the collateral deposited to meet the liabilities of clearing members by way of margins is as shown below:

Figure 13 Evolution of the total initial margin and of collateral deposited allocated to this margin in 2019.



In 2019, the evolution of the Clearing Fund and of the amounts deposited by members with OMIClear to cover this liability was as follows:

Figure 14 Evolution of the Clearing Fund and of the collateral deposited allocated to the Clearing Fund in 2019.



Regarding the Daily Trading Limit (DTL), which roughly indicates the value of collateral available to be used in additional margins, there was only one marginally negative situation.

For risk control purposes, OMIClear daily monitors, for clearing each member, the percentage (%) represented by the DTL in relation to the respective guarantee deposited.

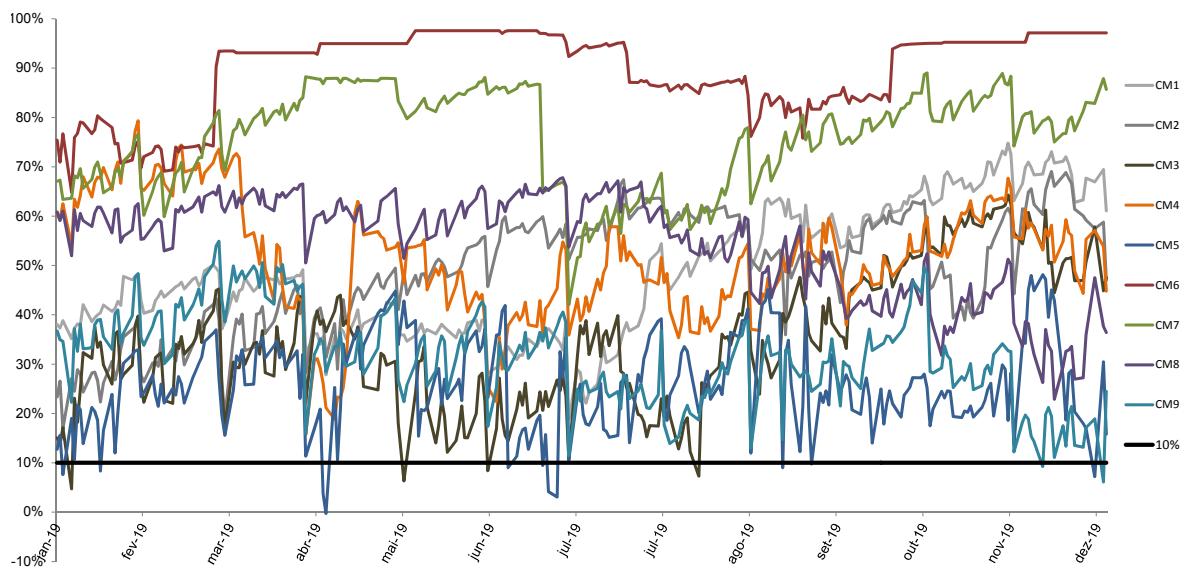
Whenever this percentage falls below 10 %, OMIClear contacts the entity in question and advises it to increase the guarantee deposit.

Figure 15 shows the DTL values for all OMIClear's clearing members in the period under analysis, excluding the two clearing members that have only secured guarantees to cover the liability relating to the clearing fund and that ceased their activity in February and May 2019, respectively, and the two new members that only secured guarantees to cover the clearing fund's liability and who became OMIClear members to replace the entities of the same group with head office in the United Kingdom (the termination of the activity of one of the entities of each of the groups is dependent on the post-Brexit agreements), for which the above DTL references do not apply.

Since 14 July 2014, as a result of the change of OMIClear's rules, four general clearing members (GCM) began to distinguish between their own guarantees and those of their clients through two distinct guarantee accounts – own guarantee account and clients' guarantee account. Furthermore, at the level of the liabilities used to calculate the DTL, a separation was also introduced between the GCM's own liabilities and those of its clients. Given that (i) these four GCM's own liabilities only correspond to their contribution for the clearing fund, which is stable throughout the month, and (ii) OMIClear recommends a DTL ratio over the guarantee deposited of more than 10 % only for members who present liabilities arising from open position, the results presented below only take into consideration the amounts referring to the accounts of these GCM's clients, and the own accounts of the remaining direct clearing members.

The development of the DTL/collateral deposited ratio (%) in 2019, per clearing member, is described as follows:

Figure 15 Evolution of the DTL/deposited collateral ratio (%) in 2019.



Three clearing members achieved, for seventeen times, a DTL/ deposited collateral ratio lower than the minimum limit of 10 % as recommended by OMIClear. Sixteen of these occurred due to losses registered by members during the session, the remaining cases being due to the increase in the initial margin due to the opening of new positions.

In all cases, the said ratio was again more than 10 % after the daily financial settlement of the following clearing day. In one of those cases, the DTL was marginally negative, with a compulsory provision of guarantees being made for the registered deficit (€92,850).

By the end of the year, the assets handed as guarantee in transactions in which OMIClear assumes the counterpart risk (transactions in electricity and natural gas derivatives contracts), were distributed as follows:

Table 5 Assets delivered as guarantee (31 December 2019).

Type of Asset	Montante
Cash	€205 520 550
Securities	0
TOTAL	€205 520 550

4.2. Legal and operational risk

The legal and operational risk is defined by the potential losses arising from the following situations:

- > Faults in the protection and processing of information produced;
- > Non-compliance with applicable laws and regulations;
- > Inadequacy of human resources, in terms of number and quality thereof;

- > Errors or non-compliance by external service providers;
- > Faults in procedures, operation analysis, processing or settlement;
- > Unserviceability of the physical infrastructure;
- > Fraud.

The risk strategy aims to minimise operational risks by increasing the automation of operations combined with strict and thorough testing procedures. The risk arising from the use of external service providers is OMIClear implemented back-ups for critical transactions, which are regularly tested.

Internal procedures of relevant processes are properly documented. Control sheets are available for some of these procedures with the purpose of reducing errors or omissions.

Legal and non-compliance risks are minimised through the strict observation and compliance of the applicable laws together with the use of predefined contractual templates and forms.

4.3. Liquidity risk

Liquidity risk may arise from the daily settlement process or from the default of a clearing member.

The business management strategy takes into consideration the fact that settlements arising from daily transactions do not generate materially relevant time differences. In this sense, OMIClear's risk management strategy aims to avoid time differences between assets and liabilities through a suitable policy of liquidity surplus allocation. The financing needs to settle current expenses (including the disbursement of results) are planned and covered in the context of medium term liquidity planning.

The risk of default of a clearing member and the potential impact that this situation may have on liquidity are controlled through the stringent stipulations of convertibility of guarantees in cash, through haircuts applied to guarantees received, and the limiting of the risk of concentration regarding the guarantees received. Considering the negative interest rates in the euro area economy, since 2019 OMIClear opted to deposit about 95% of cash collateral in a current account with Banco de Portugal, so that this amount is always available to meet the liquidity needs arising from the simultaneous default of the two clearing members with the most substantial potential losses. As long as this situation persists, credit lines negotiated with commercial banks to meet possible liquidity needs are not necessary.

4.4. Market risk

Since the clearing members positions are constantly evaluated at market values, they do not present this type of risk.

As regards Portuguese public debt securities held between 1 January and 1 October 2019, which were acquired under repo operations carried out to collateralise at least 95% of the cash held by OMIClear, it should be noted that the risk inherent to price fluctuations was permanently hedged by properly assessed haircuts. As from 1 October, OMIClear ceased these operations and opted to deposit 95% of the cash, either that corresponding to its own funds or that delivered by the members as collateral, with Banco de Portugal.

4.5. Commercial risk

OMIClear, whose core business consists of providing clearing and settlement services of energy derivative financial products in the Iberian Peninsula, France and Germany and natural gas in Spain, has its commercial risk associated to the volumes cleared in these contracts.

As a central counterpart, and as part of its activity, it is also highly exposed to the direct competition from other central counterparts.

The income from commissions is closely linked to the volume of transactions registered with OMIClear. Consequently, commercial risk arises from the income's dependence on a limited number of products, relating to the potential drop in volumes at the same time that fixed costs remain unchanged. Since commercial risk is mostly centered on the reduction of profits through possible variations in the volume of registered transactions, in a scenario of decreased volumes it will be more difficult to offset this situation by adjusting the fixed costs within a reasonable period of time.

With this in mind, OMIClear's strategy involves monitoring this risk by constantly overseeing the evolution of income and ensuring that costs area in line with the budget. Therefore, in 2019 OMIClear added a series of new products to its portfolio in both the energy and natural gas markets. In the case of the natural gas market, it is worth mentioning the beginning of the clearing of prompt contracts (following month and balance of the month) traded on MIBGAS, in March and April 2019, respectively. The introduction of these new products allowed OMIClear to increase the volumes cleared on the natural gas market by 441%, corresponding to 28.5% of the total volume cleared by OMIClear. In the case of the electricity market, the activity in the OTC market in Spain recovered, the consequence of which was an increase in the volumes registered for clearing at OMIClear in 2019. OMIClear is still looking into additional measures to increase revenues within the OMI Group.

OMIClear aims to consistently reduce its exposure to the risks inherent to its economic activity by adopting management measures specifically aimed at strengthening the client base, both in terms of numbers and of geographical spread, and at increasing the number of services provided to market participants.

4.6. Summary of OMIClear's risk situation

The authorisation granted to OMIClear to operate as a central counterpart is conditional upon the maintenance of a minimum amount of capital. The capital, including retained earnings and reserves, must at all times be proportional to the risk arising from its activities, so as to ensure that the company is adequately capitalised against credit, counterpart, market, operational, legal and commercial risks that are not already covered by specific financial resources, and has the capacity to settle or restructure its activities if necessary.

Potential losses arising from the default of clearing members are covered by OMIClear's margin system.

OMIClear's equity, minus the reserves intended to address default situations, which as at 31 December 2019 amounted to €8,725,728, is about 3.8 times more than the capital needed to deal with risk assumed, calculated according to the rules stipulated in the Delegated Regulation (EU) No 152/2013 of the Commission.

The overall assessment of 2019 does not show any threat to business continuity either as a result of individual risks or of the aggregated risks. The Board of Directors does not foresee major changes to the company's risk profile in the course of 2020.

05

Information systems

As in previous years, in 2019 Information Systems focused on the following general areas of activity:

- 1. Management of the relationship with external suppliers;**
 - > Support the communication between supplier and operational departments.
 - > Maintain the service support infrastructure.
 - > Manage service levels.

- 2. Support and maintenance of applications and internal and external services:**
 - > Specification and testing of new technical functionalities or change of existing functionalities.
 - > Coordinate the implementation of changes in a productive environment or in non-productive environments.
 - > Coordinate the implementation of changes in a productive environment or in non-productive environments.
 - > Support and communication with agents to notify changes or solve problems.
 - > First line of support in the resolution of technical problems (helpdesk service).
 - > Analysis and adjustment to regulatory changes.

- 3. Maintain business continuity as well as the information security management system:**
 - > Document verification and updating.
 - > Carry out periodical tests on systems and infrastructure.
 - > Response to audits and queries.

In addition to the aforementioned areas, as of this year OMIClear placed greater focus on cybersecurity due to various initiatives taking place throughout the year, or still ongoing:

- > Continuation of meetings of the Cybersecurity Committee within the OMI Group formed by OMIP, OMIClear and OMIE, to assess, define and monitor the development of cybersecurity initiatives, present ideas and discuss common solutions;
- > Compliance with the SWIFT *Customer Security Programme* (CSP), an annual programme developed by SWIFT and communicated to financial regulators, to ensure the increasing resilience of financial institutions part of the SWIFT network to tackle external and internal threats;
- > Analysis and mitigation of vulnerabilities identified by the National Cybersecurity Centre and, in particular, by the security service provider, by periodically analysing any vulnerabilities and intrusion tests at different levels;
- > Identify and improve the prevention of information leakage in users' workstations and in databases;
- > Secure development life cycle;
- > Analysis of event capture and correlation technology

Note also the most relevant technical works carried out in 2019, or for which the Information Systems gave their input:

- > New clearance reporting service via secure file transfer protocol.
- > Test the business continuity plan per incident in the corporate facilities;
- > Clearing system:
 - o Restructuring of the business registration flow of OMIP and MIBGAS to speed up and make the registration process more reliable;
 - o Changes to the interface with MIBGAS:
 - Integration of the D+1 and BoM products provided by the MIBGAS S.A. market;
 - Validation to establish if the agent is suspended at the time of the registration (new suspension flow of agents).
 - o Process of validation and synchronisation of transactions with MIBGAS;
 - o New suspension flow of MIBGAS participants;
 - o User management.

> **SWIFT:**

- o Replacement of VPN equipment for interconnection to the SWIFT network;
- o Connection to Target 2 via Internet with authentication using Personal Tokens;
- o Completion of the SWIFT *Customer Security Programme (CSP)* for 2019;
- o Audit to vulnerabilities.

> **Information security:**

- o Commencement of work with the new SIEM/SOC service provider;

> **Completion of personal computer migration to Windows 10.**

06

Other Activities

As part of the plan for strategic cooperation initiatives between OMI Group companies, and to offer a better service to its clients, it was decided that services related with the REMIT Data Communication Contract would now be done through a single Registered Reporting Mechanism (RRM) for all reporting services provided by the OMI Group. The new RRM operated by OMIClear, C.C., Sucursal España, called OMI RRM, obtained the ACER regulatory authorisation in 2019.

In this sense, in October the OMIE and OMIP market operators transferred their contractual position in the REMIT Contract signed by the respective entities to OMI RRM. The transfer was drafted within the regulatory framework of Implementing Regulation (EU) No 1348/2014 of the Commission on data reporting and Regulation (EU) No 1227/2011 of the European Parliament and of the Council on the integrity and transparency of the wholesale energy market. In order to ensure an adequate and coordinated operational structure for carrying out such activities, OMIE and OMIP make all the information necessary for the execution of the REMIT Contract available to OMI RRM.

In December, OMIP also transferred its contractual position in the REMIT Contract for the Reporting of non-standard OCT Contracts (REMIT Phase 2) signed by the respective entities to OMI RRM.

07

Organisational Structure

7.1 Shareholders

OMIP – Pólo Português, S.G.M.R., S.A. (50%)

OMI – Polo Español, S.A. (50%)

7.2 Governing Bodies (3-year period 2018-2020)

Board of the Shareholders' Meeting

Manuela Lopes dos Santos.....	Chairman
Rafael Ramos Gil	Secretary

Board of Directors

Carmen Becerril Martinez	Chairman
Artur Álvaro Laureano Homem da Trindade	Deputy Chairman
António Erias Rey.....	Voting member
José Manuel Amado da Silva.....	Voting member
Gonzalo Solana González	Voting member

Audit and Compliance Committee

Gonzalo Solana González	Chairman
José Manuel Amado da Silva.....	Deputy Chairman

Remunerations Committee

Antonio Erias Rey.....	Chairman
Gonzalo Solana González	Voting member
José Manuel Amado da Silva.....	Voting member

Supervisory Board/Statutory Auditor

Ernest & Young Audit & Associados – SROC, S.A. (SROC)	Executive
Pedro Miguel Borges Marques (ROC).....	Alternate

7.3 Risk Committee

Pursuant to Article 28 of Regulation (EU) No 648/2012 of the European Parliament and of the Council, of 4 July 2012 (EMIR), OMIClear established a Risk Committee formed by the two independent members of the Board of Directors, three representatives of its clearing members, and two representatives of its clients.

In 2019, the risk Committee comprised the following members:

José Manuel Amado da Silva (Independent).....	Chairman
Gonzalo Solana González (Independent)	Deputy Chairman
Cristóbal Lovera (Endesa Generación, S.A.).....	Voting member
Julián Calvo Moya (Iberdrola Generación España, S.A.U.).....	Voting member
Luis Sánchez Pintado (Banco Santander, S.A.).....	Voting member
Joaquin Ubero Almunia* (Cepsa Gas y Electricidade, S.A.)	Voting member
Rodrigo Mario Lino Braamcamp (EDP Energias de Portugal, S.A.).....	Voting member

* Elected by appointment of Cepsa Gas y Electricidade, S.A., but ended the employment relationship with this entity in August 2018.

All members have solid expertise and knowledge of OMIClear's areas of activity.

The functions of the Risk Committee are set out in Article 28 of the EMIR and involve advising the Board of Directors on matters related to the different types of risks to which the central counterpart is exposed, as well as its risk management structure, organisation and procedures. The Risk Committee met three times in 2019, and gave its opinion on a broad number of issues, namely the new margin system, the methodology used to test market risks, new products, the credit risk policy and the liquidity plan.

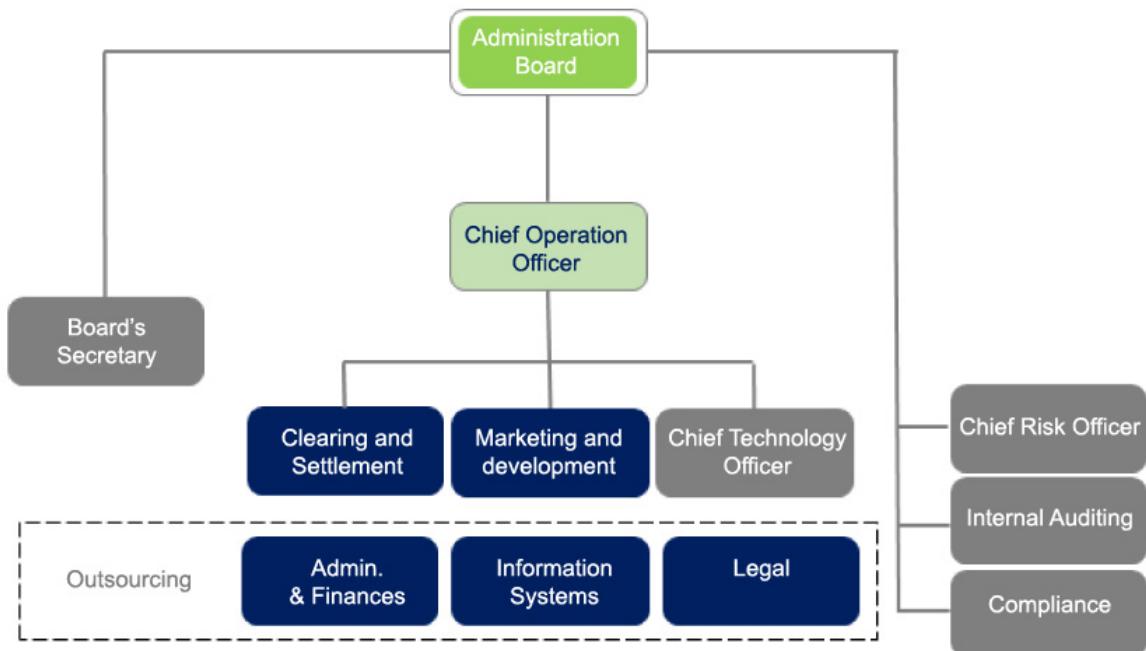
With the exception of the two independent members, whose term of office ends in December 2020, the term of office of the Risk Committee members ends in June 2020.

7.4. Staff

In terms of organisational structure, OMIClear has a specific operational area dedicated to the core management of the central counterpart, including all the inherent functions and, in particular, risk management.

OMIClear benefits from a set of services in some support areas, which, according to the limits and the conditions set out in the applicable legislation, are contracted to other group companies.

Figure 16 Organisational chart



As at 31 December 2019, OMICLEAR had, in addition to the five members of the Board of Directors, nine staff, four male and five female, four of which working exclusively with clearing and settlement.

08

Outlook for 2020

Business development in 2020 poses several challenges. Given the very competitive environment, OMIClear will continue its efforts to diversify its activities, in particular with regard to the natural gas market. The launch of clearing services for natural gas derivatives, either in coordination with OMIP or with MIBGAS and MIBGAS Derivatives, is a relevant milestone for the diversification of the services provided. In addition to its actual effect on the increase in clearing volumes, it should also contribute to the increase in the number of participants and of the cleared volume in electricity derivatives.

In the electricity market, OMIClear will remain vigilant so as to ensure the high service level that has been provided to market participants, and also in the development of new solutions and functionalities specifically requested by participants, in particular for the clearing of special regime generation. In this sense, the evolution of the electricity market in renewable energy investments, the initiatives of the Spanish and Portuguese governments concerning the possibility of launching auctions, and the evolution of long-term contracts, the so-called "*Power Purchase Agreements*" (PPA), are all relevant elements that should be taken into consideration by OMIClear in coordination with OMIP and with the rest of the companies of the Iberian Market Operator (OMI). OMIClear will continue to support OMIP in the clearing of products traded in auctions, such as energy production auctions under a special regime (PRE) for the Portuguese MIBEL zone and the Last Resort Supplier purchase auctions (LRS).

Focusing on a strategy to expand its portfolio, with a view to meeting the needs of the market agents, together with the high level of service always provided by OMIClear gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition. Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity. At the same time, OMIClear will continue to work according to the highest standards of efficiency and innovation, to meet the increasing needs of its members and the requirements of the business sector in which the company operates, and will continue to maintain the high level of requirement as imposed by the EMIR and the subsequent implementing regulation.

In terms of international cooperation, OMIClear will continue to participate actively in the activities carried out by the various international associations, including the European Association of Clearing Houses (EACH) of which it is a member.

09

**Proposed
appropriation
of profits**

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net results for €55,498.81 (fifty-five thousand, four hundred and ninety-eight euros and eighty-one cents) be appropriated as follows:

For legal reserves.....	€ 5,549.88
To retained earnings.....	€ 49,948.93

Lisbon, 31 March 2020

The Board of Directors

Carmen Becerril Martinez

Artur Álvaro Laureano Homem da Trindade

António Erias Rey

José Manuel Amado da Silva

Gonzalo Solana González

10

Financial statements

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2019 AND 2018

Balance sheet as at 31 December 2019 and 2018

		Currency: Euros	
	Note	31-12-2019	31-12-2018
Assets			
Non-current			
Property, plant and equipment	7	16 256	20 255
Intangible assets	8	138 215	403 179
Other financial investments	9	8 864	6 741
Deferred tax assets	10	123 875	130 200
		287 210	560 375
Current			
Clients	11	222 183	100 064
State and other public entities	12	1 958	970 689
Other receivables	13	268 577	260 589
Deferrals	14	42 582	43 747
Other financial assets	15	205 439 657	190 896 385
Cash and bank deposits	5	11 201 512	9 594 419
		217 176 469	201 865 893
Total assets		217 463 679	202 426 268
Equity capital			
Paid-up capital	16	7 500 000	7 500 000
Supplementary payments	17	525 835	525 835
Legal reserves	18	231 858	231 858
SIG.B reserve	18	1 875 000	1 875 000
Other reserves	18	66 895	66 895
Retained earnings		412 537	656 632
		10 612 125	10 856 220
Net result for the period		55 498	(244 095)
Total equity capital		10 667 623	10 612 125
Liabilities			
Current			
Suppliers	19	28 355	30 557
State and other public entities	12	117 166	34 825
Loans obtained	20	1 211 074	853 484
Other financial liabilities	15	205 439 460	190 895 277
		206 796 056	191 814 143
Total liabilities		206 796 056	191 814 143
Total equity capital and liabilities		217 463 679	202 426 268

Statement of profit and loss by nature as at 31 December 2019 and 2018

	Note	Currency: Euros	
		31-12-2019	31-12-2018
Sales and services rendered	21	2 011 589	1 113 400
Supplies and external services	22	(573 782)	(586 174)
Staff costs	23	(1 060 258)	(1 076 079)
Other income	24	582 768	738 708
Other expenses	25	(590 985)	(319 278)
Results before depreciation, financial expenses and taxes		369 332	(129 423)
(Expenses) / reversal depreciation and amortisation	7 e 8	(271 873)	(159 227)
Operating result (before financial expenses and taxes)		97 459	(288 650)
Interest and similar expenditure	26	(21 246)	(12 925)
Pre-tax results		76 213	(301 575)
Income tax for the period	27	(20 715)	57 480
Net result for the period		55 498	(244 095)
Basic earnings per share:		0.07	(0.33)

Statement of changes in equity in 2019 and 2018

	Note	Paid-up capital	Supplementary payments	Legal reserve	SIG.B reserve	Other reserves	Retained earnings	Net result for the period	Total
On 1 January 2018		7 500 000	525 835	231 858	1 875 000	66 895	898 531	(241 899)	10 856 220
Changes in the period									
Other changes recognised in equity capital		-	-	-	-	-	(241 899)	241 899	-
Net result for the period		-	-	-	-	-	(241 899)	241 899	-
Integral result		-	-	-	-	-	(241 899)	241 899	-
Operations with equity holders in the period									
Distributions		-	-	-	-	-	-	-	-
Other variations		-	-	-	-	-	-	-	-
On 31 December 2018		7 500 000	525 835	231 858	1 875 000	66 895	656 632	(244 095)	10 612 125
Changes in the period									
Other changes recognised in equity capital	18	-	-	-	-	-	(244 095)	244 095	-
Net result for the period		-	-	-	-	-	(244 095)	244 095	-
Integral result		-	-	-	-	-	-	55 498	55 498
Operations with equity holders in the period									
Other variations		-	-	-	-	-	-	-	-
On 31 December 2019		7 500 000	525 835	231 858	1 875 000	66 895	412 537	55 498	10 667 623

Statement of cash flow as at 31 December 2019 and 2018

	Note	Currency: Euros	
		31-12-2019	31-12-2018
Cash flow of operating activities			
Receivables from clients		133 382 177	(63 786 918)
Payments to suppliers		(130 613 630)	62 963 137
Payments to staff		(1 005 749)	(960 554)
Cash flow generated by the operations		1 762 799	(1 784 335)
(Payment) / refund of income tax		(6 609)	1 969
Other (payments) / receipts		(617 465)	218 739
Cash flow generated by the operations		1 138 725	(1 563 626)
Cash flows of investment activities			
Payments regarding:			
Property, plant and equipment		(2 628)	-
Receipts from:			
Interest and similar income		472 434	630 259
Cash flows of investment activities		469 807	630 259
Cash flows of financial activities			
Payments regarding:			
Interest and similar expenses		(1 438)	(8 656)
Cash flows of financial activities		(1 439)	(8 656)
Variation of cash flow and its equivalents			
Cash and cash equivalents at the start of the period	5	1 607 093	(797 351)
Cash and cash equivalents at the end of the period	5	9 594 419	10 391 770
		11 201 512	9 594 419

The headings "Receivables from clients" and "Payments to suppliers", on 31 December 2019 and 2018, include the transactions of "Deposits of Guarantees to be Paid" and "Deposits of Guarantees to be Received" which total €14,544,182.72 (2018: -€73,207,374.63).

ANNEX TO THE FINANCIAL STATEMENTS

1. Description of the company and reporting period

OMIClear – C.C., S.A., whose previous name was OMIClear – Sociedade de Compensação de Mercados de Energia, S.G.C.C.C.C., S.A, with its registered office at Avenida Casal Ribeiro, n.º 14 – 8.º piso, in Lisbon, was constituted under Article 488(1) of the *Código das Sociedades Comerciais* (Commercial Companies Code) and had its public deed signed on 6 April 2004.

The company began its activity on 7 April 2004, its purpose being the management of a clearing house and of a settlement system, as well as playing the role of central counterpart in spot and futures market operations, namely futures, forwards, swaps and options, whose underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial.

The company may also engage in activities that are subsidiary or accessory to its main purpose, provided that these do not constitute an intermediary financial activity, namely to:

- (i) Managing systems of book-entry accounts and calculation of net positions;
- (ii) Providing members of the systems under its management with the services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country;
- (iii) Providing consultancy services related to the systems under its management;
- (iv) Participation in research studies, preparation, distribution and commercialisation of market-related information;
- (v) Development, management and marketing of computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data.

The company may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies.

OMIClear has a share capital of €7,500,000, represented by 750,000 shares each with a nominal value of €10, which on 31 December 2019 were 50 % owned by OMIP – Pólo Português, S.G.M.R., S.A., and 50 % by the lawfully registered Spanish company OMIE – Polo Español, S.A. (OMIE).

The entry of OMIE into the shareholding structure in September 2013 was possible after it agreed to a capital increase, fully paid up by this company, in the amount of €6,200,000, of which €3,000,000 were allocated to share capital and the remaining €3,200,000 to share premiums.

The share premiums were later used as follows: €1,500,000 in a capital increase and the remaining €1,700,000 to set up a reserve (SIG B) provided for in Article 35 of the Commission Delegated Regulation (EU) No 153/2013, of 19 December 2012, supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council concerning the technical standards for the regulation applicable to central counterpart requirements.

On 22 November 2010 OMIClear opened its Spanish branch with tax identification number W0106378C under the name “OMIClear – Sociedade de Compensação de Mercados de Energia, Sociedade Gestora de Câmara de Compensação com assunção de Contraparte Central (SGCCCC), S.A., Sucursal en España”, with registered office at Calle Ribera de Loira, 46, 28046 Madrid, Spain.

The activities described below constitute the main business objectives of the Spanish branch, which are partially similar to the corporate objectives of its parent company:

- (i) The management of a clearing house and a settlement system, as well as playing the role of central counterpart in spot and futures market operations, namely futures, forwards, swaps and options, whose

underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial;

- (ii) Engage in activities that are subsidiary or accessory to its main objective, provided that these are not a financial intermediation activity, in particular: a) manage book-entry account systems and calculation of net positions; b) provide members of the systems under its management services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country, c) provide consultancy services related to the systems under its management; d) participate in research studies, preparation, distribution and commercialisation of market-related information, and e) develop, manage and market computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data;
- (iii) The branch may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies;
- (iv) The branch may grant loans and other forms of lending and provide supplementary benefits to subsidiary companies.

The initial cash assets of the branch totalled €5,000, which were transferred by OMIClear to a bank account opened in the name of the Branch at a credit institution domiciled in Spain. The Branch may exist for an indefinite period of time, but may not go beyond the duration of OMIClear.

As of 16 October 2019, OMIClear offers an integrated REMIT reporting service that covers the different reporting obligations. In particular, it offers the following three REMIT reporting services:

- (i) Reporting of cancelled and not cancelled orders in the daily and intraday Iberian marked managed by OMIE.
- (ii) Reporting of cancelled and not cancelled orders in futures market of the Iberian market managed by OMIP, SGMR.
- (iii) Reporting of non-standard electricity and natural gas contracts and of fundamental data.

In order to offer this REMIT reporting service in an integrated manner, OMIClear has set up an ACER Registered Reporting Mechanism (RRM) called OMI RRM.

This new RRM (OMI RRM) builds on both the previous experience of the two RRM belonging to the previously constituted group (RRM OMIE and RRM OMIP), and on the vast experience and resources of OMIE and OMIP as organised regulated markets.

These financial statements were approved by the Board of Directors on 31 March 2020 and are subject to the approval of the shareholders. In the opinion of the Board, these financial statements reflect a true and fair view of the operations carried out by OMIClear, as well as its financial position, performance and cash flows.

2 Accounting standards for financial reporting

2.1 Basis of preparation

These financial statements were prepared in agreement with the Portuguese Accounting and Financial Reporting Standards (*NCRF – Norma Contabilística de Relato Financeiro*), issued and in force or issued and adopted as at 31 December 2019.

The preparation of financial statements in agreement with the SNC (Accounting Standardisation System) calls for the use of estimates, assumptions and critical judgments when determining the accounting policies to be adopted by OMIClear, with a significant impact on the accounting value of assets and liabilities, and on income and expenses for the reporting period.

Although these estimates are based on the Board's best knowledge and expectations of current and future events and activities, the current and future results may differ from these estimates. Note 4.17 presents the areas involving greater judgement calls and complexity, or the areas in which the assumptions and estimates are relevant to the financial statements.

2.2 Derogation to the SNC provisions (Accounting Standardisation System)

During the period covered by these financial statements there were no exceptional cases directly requiring the derogation to any SNC provision.

2.3 Comparability of financial statements

All the information in these financial statements is comparable to that of the previous year.

4 Significant Accounting Policies

The significant accounting policies used to prepare the financial statements are described below. Unless otherwise stated, these policies have consistently been applied to all topics presented.

4.1 Currency translation

i) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise stated, the financial statements of OMIClear and the notes to this annex are presented in EUR.

ii) TRANSACTIONS AND BALANCES

Transactions made in a currency other than EUR are translated into the functional currency at the exchange rates on the dates of the transactions. Exchange gains or losses arising from the payment/receipt of transactions and of the translation by the currency rate at the balance sheet date of the cash assets and liabilities denominated in a foreign currency are recorded in the statement of profit and loss, under Interest and similar income obtained and Interest and similar expenses incurred, if related to loans or Other income and gains or Other expenses and losses, for all other balances/transactions.

iii) EXCHANGE RATES USED

Foreign currency exchange rates used in the translation of balances denominated in foreign currency are the following:

Currency	2019	2018
USD	1.1234	1.1450
GBP	0.8508	0.8945

4.2 Property, plant and equipment

Property, plant and equipment are valued at cost minus accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to the Portuguese Accounting and Financial Reporting Standards (NCRF), and the acquisition costs for assets acquired thereafter.

The acquisition cost includes the purchase price of the asset, costs directly attributable to its acquisition and those incurred in preparing the asset for its commissioning.

Subsequent costs incurred with renovations and major repairs that increase the useful life of assets are recognised in the cost of the asset.

Current cost of repairs and maintenance services are recorded as expenses in the period in which they occurred.

Property, plant and equipment are depreciated systematically for the duration of their estimated lifespan according to the straight line method.

	Years
Vehicles	Between 4 and 6 years
Office equipment	Between 3 and 10 years
Other property, plant and equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year so as to ensure that the depreciation is in agreement with its consumption patterns. Changes in lifespan are treated as changes to the accounting estimate and are applied prospectively.

Gains or losses resulting from the disposal of assets are calculated as the difference between the net realizable value and the book value of the asset and are recorded in the statement of profit and loss.

4.3 Intangible fixed assets

Intangible fixed assets are stated and measured at purchase price, including costs directly attributable to their acquisition and those incurred in preparing the assets for their commissioning.

The company recognises as intangible assets the amounts spent with software purchased from third parties, which are valued after initial recognition according to the cost model, as provided for by NCRF 6 – Intangible assets, which defines that an intangible asset should be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Intangible fixed assets with a defined lifespan are amortised on a systematic basis from the date on which they are available for use, over their estimated lifespan. The software is being amortised over a period of 4.5 years.

4.4 Impairment of assets

Assets with a finite lifespan are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the determined recoverable amount is less than the book value of assets, the company will assess whether the loss situation is permanent or definite, and, if so, it will record the impairment loss. Where the loss is not considered permanent and definite, the grounds for this decision must be disclosed.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine whether or not there is impairment, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

Non-financial assets, other than goodwill, for which impairment losses were recorded, are calculated at each reporting date on the possible reversal of impairment losses.

When impairment is recorded or reversed, asset amortisation and depreciation is recalculated prospectively based on the recoverable amount.

4.5 Financial assets

The Board of Directors determines the classification of financial assets on the date of initial record, according to the purpose of their purchase, and reassesses this classification at each reporting date.

Financial assets can be classified as:

- a) Financial assets at fair value through profit or loss – including non-derivative financial assets held for trading regarding short-term investments and assets at fair value through profit or loss on the date on which they were first recognised;
- b) Loans granted and accounts receivable – including non-derivative financial assets with fixed or determinable payments not quoted in an active market;
- c) Investments held to maturity – including non-derivative financial assets with fixed or determinable payments and fixed maturities for which the entity has the intention and capacity to hold until maturity;
- d) Financial assets held for sale – including available-for-sale non-derivative financial assets that are designated as available for sale on initial recognition or that do not fit the above categories. They are recorded as non-current assets except if there is intention to sell them within 12 months after the balance sheet date.

Financial assets at fair value through profit or loss are initially recorded at fair value, with transaction costs recorded in profit and loss. These assets are subsequently measured at fair value, and the gains and losses resulting from the change in fair value are posted in profit or loss for the period in which they arise under the heading "Net financial costs", which also includes interest and dividends received.

Available-for-sale financial assets are initially recorded at fair value plus transaction costs. In the subsequent periods, they are measured at fair value and the fair value variation is posted in fair value reserve in equity. Interest and dividends from available-for-sale financial assets are recorded in profit or loss in the period in which they arise under the heading "Other operating gains", where the right to receive it is established.

Accounts receivable are classified on the balance sheet as "Other receivables". A provision for the impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to them.

4.6 Clients and Other accounts receivable

The items "Clients" and "Other accounts receivable" constitute rights receivable for the sale of assets or services in the normal course of OMIClear's business, and are initially recorded at fair value and subsequently measured at amortised cost, less impairment adjustments (where applicable). If there is a formal agreement for the deferral of amounts receivable, the fair value is determined in line with the effective interest rate method, which is the rate that exactly discounts estimated future cash payments for the expected repayment date.

Impairment losses on "Clients" and "Other accounts receivable" are recorded when there is objective evidence that they will not be recovered under the initial terms of the transaction. The identified impairment losses are recorded in the statement of profit and loss, under Impairment in accounts receivable, and are subsequently reversed through profit or loss if the impairment indicator ceases to exist.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity financial investments with original maturities of up to three months, bank guarantees and overdrafts. The latter are presented in the Balance Sheet under current or not current liabilities depending on whether they are short term or medium long term, under the heading "Loans granted", and are taken into consideration in the preparation of the statements of cash flow, as cash or cash equivalents.

4.8 Share capital

Ordinary shares are registered under equity capital.

Costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, to the amount issued.

4.9 Suppliers and Other accounts payable

The items "Suppliers" and "Other accounts payable" constitute obligation to pay for the acquisition of assets or services and are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method.

4.10 Financial liabilities

The Board of Directors determines the classification of financial liabilities on the date they are first recorded, in accordance with NCRF 27 – Financial instruments.

Financial liabilities may be recorded / measured:

- a) At cost or at amortized cost deducted of any impairment loss;
- b) At fair value with changes in fair value being recorded in the statement of profit and loss.

OMIClear records and measures at cost or at amortized cost, financial liabilities: (i) that are short-term or have a defined maturity; (ii) whose interest yield may be flat-rated, fixed-rated or variable-rated as indexed to market indices; and (iii) where there is no contractual clause which could alter the liability of refunding the nominal value and the accrued interest payable.

For liabilities recorded at amortized cost, the interest earned in each period is determined according to the effective interest rate method, which is the rate that deducts the estimated future cash payments throughout the expected lifespan of the financial instrument.

Financial liabilities which result from financing obtained, accounts payable (suppliers, other creditors, etc.) and equity capital instruments, as well as any associated derivative contracts not traded on an active market or whose fair value cannot be accurately determined are recorded at cost or amortized cost.

An entity must derecognise a financial liability (or part of a financial liability) only when it is extinguished, that is, when the obligation set up under contract is paid, is cancelled or expires.

4.11 Income tax

The company is subject to corporate income tax (IRC) at a rate of 17% over the taxable amount up to €15,000, with the 21 % rate applying to the remaining taxable amount. To the corporate income tax thus obtained is added a surcharge applicable to the taxable income, whose rate can vary up to 1.5%, as well as the autonomous tax on charges, in agreement with the rates stated in Article 88 of the Corporate Income Tax Code. To determine the taxable amount, to which the mentioned tax rate is applied, the amounts not accepted fiscally are added to and subtracted from the accounting result. The difference between the accounting and tax result may be temporary or permanent.

Income tax for the period comprises current taxes and deferred taxes. Taxes on income are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. The amount of current income tax payable is determined based on total income before tax, adjusted as per tax regulations.

Payments on account and special payments on account were recorded in the company accounts and will be deducted from tax payable.

Deferred tax is recorded using the liability method, which is based on the balance sheet and takes into account temporary differences arising from the difference between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred taxes are calculated according to the tax rates in force or officially announced at the balance sheet date, and which are expected to be applicable on the effective date of deferred tax assets, or on the date when the deferred tax liabilities are paid.

Deferred tax assets are recorded to the extent that it is likely that future taxable profits will be available to cover the temporary difference. Deferred tax liabilities are recorded for all temporary taxable differences, except for those relating to: (i) the initial recognition of goodwill; or (ii) the initial recording of assets and liabilities that do not result from a concentration of activities, and that, at the time of transaction, will affect neither the accounting nor the tax results. However, in relation to temporary taxable differences related to investments in subsidiaries, these must not be recorded because: (i) the parent company is able to control the timing for reversal of the temporary difference; and (ii) it is likely that the temporary difference will not be reversed in the near future.

4.12 Provisions, contingent liabilities and contingent assets

Provisions are recorded when OMIClear has: (i) a present legal or constructive liability resulting from past events; (ii) for which it is more likely than not that an outflow of internal funds will not be required to pay that liability; and (iii) the amount can be reasonably estimated. Whenever one of the criteria is not met or the liability is conditional on the occurrence (or non-occurrence) of a future event, OMIClear discloses it as a contingent liability, unless the evaluation of the enforceability of the outflow of funds for the payment thereof is considered remote.

Provisions are measured at the current value of estimated expenses needed to pay the liability using a pre-tax rate that reflects market evaluation for the discount period and for the risk of provisions in question.

Contingent liabilities are not recorded in the financial statements, but are always disclosed when the possibility of an outflow of funds embodying economic benefits is not remote.

Contingent assets are not recorded in the financial statements, but are disclosed when a future inflow of funds is likely to occur.

4.13 Leases

Leases of tangible fixed assets in relation to which OMIClear substantially holds all the risks and benefits inherent to asset ownership are classified as financial leases. Agreements where the analysis of one or more specific situations of the contract point to that nature are also classified as financial leases. All other leases are recorded as operating leases.

Financial leases are capitalised at the beginning of the lease for the current value of minimum lease payments, each determined at the start of the contract. The resulting debt of a financial lease contract is recorded net of financial charges under the heading "Loans". Financial charges included in the rent and the depreciation of leased assets are recorded in the statement of profit and loss in the period to which they relate.

Tangible assets acquired through financial leases are depreciated over the shorter of the lifespan of the asset and the leasing period when the company has no purchase option at the end of the contract, or for the estimated lifespan of the asset when the company has the intention to acquire the assets at the end of the contract.

In operating leases, rents owed are recorded as a cost in the statement of profit and loss on a straight-line basis over the lease term.

4.14 Expenses and income

Expenses and income are recorded in the period to which they relate, regardless of having been paid or received, in agreement with the principles of accrual accounting periods. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities if they qualify as such.

4.15 Revenue

Revenue is the fair value of the amount received or receivable for the sale of goods and/or services in the normal course of OMIClear's activity. Revenue is presented net of any real or estimated amounts, or both, for sales returns, commercial discounts, quantity discounts, and pre or cash payments. These amounts are estimated based on historical information, specific contractual terms, or future expectations regarding the evolution of revenue, which are deducted when the revenue is recorded, by stating the appropriate liabilities. Where there is a formal agreement for the deferral of amounts receivable, the fair value of the revenue is determined based on the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts for the expected reimbursement period.

Revenue from the sale of products is recorded when: *(i)* the revenue amount can be reliably estimated; *(ii)* the economic benefits are likely to flow to OMIClear; and *(iii)* a significant part of risks and benefits have been transferred to the buyer.

Revenue from services provided is recorded according to the percentage of completion or based on the contract period, when the service provision is not associated with the performance of specific activities, but to the continuing provision of service.

4.16 Distribution of dividends

The distribution of dividends to OMIClear shareholders is recorded as a liability in the financial statements in the period in which the dividends are approved by its members.

4.17 Netting of balances and transactions

Assets, liabilities, income and expenses are not netted unless required or permitted by the NCRF (*Accounting and Financial Reporting Standards*).

4.18 Significant estimates and assumptions presented

Estimates and assumptions with impact on OMIClear's financial statements are continually evaluated, representing at each reporting date the Board's best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of the estimates may cause the actual reflection of the estimated situations, for financial reporting purposes, to differ from the estimated amounts. The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amount of assets and liabilities during the subsequent period are the following:

RELEVANT ACCOUNTING ESTIMATES

4.18.1. PROVISIONS

OMIClear periodically analyses any liabilities arising from past events that should be recorded or disclosed.

The subjectivity inherent to the determination of probability and of the internal resources required to pay the liabilities may lead to significant adjustments, because of the varying assumptions used or due to the future recording of provisions previously disclosed as contingent liabilities.

4.18.2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The determination of the lifespan of assets and the depreciation/amortisation method to use is key to determining the amount of depreciation/amortisation recorded in the statement of profit and loss for each period.

These two parameters are defined according to the Board's best discretion for assets and businesses in question, taking into account, where possible, the practices adopted by sector companies at international level.

4.18.3. IMPAIRMENT

The determination of an eventual impairment loss may be triggered by various events, many of which outside OMIClear's sphere of influence, such as: (i) future availability of funding; and (ii) the cost of capital or any other changes internal or external to OMIClear.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board as regards the identification and evaluation of the different impairment indicators, expected cash flows, applicable discount rates, lifespan and residual values.

4.18.4. DEFERRED TAX ASSES

OMIClear has recorded in its accounts the deferred tax assets on the loss for the year. These recorded to the extent that it is likely that sufficient taxable profits will be available in the future to allow such deferred tax assets to be used. The calculation thereof is based on the tax rates in force.

Deferred tax assets are reviewed at the end of each period, and are lowered whenever their future use is no longer probable.

4.19 Events after the balance sheet

The events after the financial statement dates that provide additional information about the existing conditions at the time when the financial statements were produced are shown in the company's financial statements. Material events after the date of the financial statements that provide information about the conditions occurring after the financial statements are disclosed in the notes to the financial statements.

5 Cash flows

5.1 Cash and cash equivalents not available for use

OMIClear has no cash balance or cash equivalent with restrictions on their use for the periods under review.

5.2 Breakdown of values posted in “Cash”

As at 31 December 2019 and 31 December 2018, the breakdown of cash and cash equivalents was as follows:

	<u>31-12-2019</u>	<u>31-12-2018</u>
Cash	1 702	2 013
Bank deposits	11 199 810	9 592 406
	<u>11 201 512</u>	<u>9 594 419</u>

The breakdown of the amount considered as final balance under “Cash and cash equivalents” for the purpose of preparing the cash flow statement for the period ending on 31 December 2019 and 31 December 2018 is as follows:

	<u>31-12-2019</u>	<u>31-12-2018</u>
Cash resources		
- Cash	1 702	2 013
	<u>1 702</u>	<u>2 013</u>
Bank deposits		
- Checking accounts	11 041 956	2 338 189
- Savings accounts	157 854	7 254 216
	<u>11 199 810</u>	<u>9 592 406</u>
	<u>11 201 512</u>	<u>9 594 419</u>

6 Accounting policies, changes in accounting estimates and errors

6.1 Changing in standards

During the period in question, no new standards, changes or interpretations of existing rules were published that should be considered by OMIClear.

6.2 Changes in accounting policies

During the period in question, there were no changes in the accounting policies considered in the preparation of these financial statements.

6.3 Changes in accounting estimates

As at 31 December 2019, there was a change in the *Sungard* project's estimated lifespan from 6 to 4.5 years. This change affected depreciation expense for the current period and for the remaining lifespan of the asset.

6.4 Prior period errors

During the period in question, no errors were identified that concerned prior periods.

7 Property, plant and equipment

During the period ending 31 December 2018, the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2018

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2018				
Acquisition cost	40 192	1 805 494	5 675	1 851 360
Accumulated depreciation	(36 843)	(1 784 243)	(2 187)	(1 823 274)
Net book value	3 349	21 251	3 488	28 086
Additions	-	2 808	-	2 808
Depreciation for the period	(3 349)	(6 706)	(584)	(10 639)
Net book value	-	17 353	2 904	20 256
31 December 2018				
Acquisition cost	40 192	1 808 303	5 675	1 854 168
Accumulated depreciation	(40 192)	(1 790 949)	(2 771)	(1 833 913)
Net book value	-	17 353	2 904	20 255

During the period ending 31 December 2019, the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2019

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2019				
Acquisition cost	40 192	1 808 303	5 675	1 854 168
Accumulated depreciation	(40 192)	(1 790 949)	(2 771)	(1 833 913)
Net book value	-	17 353	2 904	20 255
Additions	-	2 909	-	2 909
Depreciation for the period	-	(6 633)	(276)	(6 909)
Net book value	-	13 630	2 628	16 255
31 December 2019				
Acquisition cost	40 192	1 811 212	5 675	1 857 077
Accumulated depreciation	(40 192)	(1 797 582)	(3 047)	(1 840 821)
Net book value	-	13 630	2 626	16 256

Depreciation of property, plant and equipment is fully recorded under the heading Expenses/ reversals of depreciation and amortisation in the statement of profit and loss.

Additions to property, plant and equipment made in the period ending 31 December 2019 relate mainly to office equipment.

8 Intangible fixed assets

During the period ended 31 December 2018, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2018

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2018				
Acquisition cost	23 210	22 149	776 647	822 006
Accumulated depreciation	(7 678)	(3 542)	(270 447)	(281 667)
Net book value	15 532	18 607	506 200	540 339
Additions	-	1 628	9 800	11 428
Depreciation - disposals	(5 803)	(7 608)	(135 177)	(148 588)
Net book value	9 729	12 627	380 823	403 179
31 December 2018				
Acquisition cost	23 210	23 777	786 447	833 434
Accumulated depreciation	(13 481)	(11 150)	(405 624)	(430 255)
Net book value	9 729	12 627	380 823	403 179

During the period ended 31 December 2019, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2019

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2019				
Acquisition cost	23 210	23 777	786 447	833 434
Accumulated depreciation	(13 481)	(11 150)	(405 624)	(430 255)
Net book value	9 729	12 627	380 823	403 179
Additions	-	-	-	0
Depreciation in the period	(5 803)	(6 883)	(252 278)	(264 964)
Net book value	3 926	5 744	128 545	138 215
31 December 2019				
Acquisition cost	23 210	23 777	786 447	833 434
Accumulated depreciation	(19 284)	(18 033)	(657 902)	(695 219)
Net book value	3 926	5 744	128 545	138 215

The asset under intangible assets relates to the Sungard project.

As mentioned in Note 6.3, the estimated lifespan of this asset has changed, leading to a decrease in its lifespan from 6 to 4.5 years.

In accordance with NCRF 4, the effect of this change resulted in an increased depreciation expense in the current period.

9 Other Financial Investments

As at 31 December 2019 and 31 December 2018, the amount of other investments refers to the monthly contributions made by the company to the Labour Compensation Fund (*FCT – Fundo de Compensação do Trabalho*), under Law 70/2013.

10 Deferred taxes

The Company records deferred taxes resulting from temporary differences between asset and liability amounts for accounting and tax purposes.

As at 31 December 2017 and 31 December 2018 the Company recognised deferred tax assets associated with the tax loss for the year, in the amount of €64,302 and €65,898, respectively, which can be deducted from the tax to be paid in the next five years. As at December 2019, the amount of €6,324.64 was used.

	Tax losses
As at 1 January 2018	130 200
Period ended 31 December	
Reversal through profit and loss	(6 325)
Increase through profit and loss	-
Change in the period	(6 325)
As at 31 December 2019	123 875

As at 31 December 2018, changes in deferred tax assets were as follows:

	Tax losses
As at 1 January 2017	64 302
Period ended 31 December	
Reversal through profit and loss	-
Increase through profit and loss	-
Change in the period	65 898
As at 31 December 2018	65 898
	130 200

As at 31 December 2019 and 2018, no situations generated deferred tax liabilities.

11 Clients

In the periods ended 31 December 2019 and 31 December 2018, the heading "Clients" was broken down as follows:

	31- 12-2019			31- 12-2018		
	Current	Non-current	Total	Current	Non-current	Total
Clients – Related parties (Note 32)	20 600	-	20 600	61 800	-	61 800
Clients – Third parties	4 059	-	4 059	240	-	240
Clients - Branch - Related parties (Note 32)	50 699		50 699	38 024	-	38 024
Third party clients - Branch	146 825	-	146 825	-	-	-
	222 183	-	222 183	100 064	-	100 064
Impairment	-	-	-	-	-	-
	222 183	-	222 183	100 064	-	100 064

The debt of the branch's third party clients is due to the start of the REMIT service in October 2019. Most of this amount is settled through a clearing member, so the amount is transferred to OMIClear, branch, in the following month.

During these periods, there were no differences between book value and their fair value.

As at 31 December 2019, the map containing the seniority of balances of related parties is as follows:

Client's name	Trial balance as at 31-12-2018	Due date	Months in arrears	Up to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	>24 months
Omi, Pólo Espanhol, S.A.	20 600	31/12/2019	0,00	20 600	-	-	-	-
				20 600				

As at 31 December 2019, the map containing the seniority of balances of the branch is as follows:

Client's name	Trial balance as at 31-12-2018	Due date	Months in arrears	Up to 6 months	6 to 12 months	12 a 18 months	18 to 24 months	>24 months
Omi, Pólo Espanhol, S.A.	12 675	30/09/2019	3,00	12 675	-	-	-	-
Omi, Pólo Espanhol, S.A.	12 675	30/10/2019	2,00	12 675				
Omi, Pólo Espanhol, S.A.	12 675	30/11/2019	1,00	12 675	-	-	-	-
Omi, Pólo Espanhol, S.A.	12 675	31/12/2019	0,00	12 674	-	-	-	-
				50 699				

12 State and Other public entities

In the periods ended 31 December 2019 and 31 December 2018, the balances of the heading "State and other public entities" are as follows:

	31-12-2019		31-12-2018	
	Debtor	Creditor	Debtor	Creditor
Corporate tax - IRC	-	876	-	1 533
Corporate tax - IRC- Branch	-	8 518	-	771
Income tax- IRS	-	11 360	-	10 770
Income tax - IRS – Branch	-	1 135	-	1 113
Value added tax - VAT	-	10 611	970 689	-
Value added tax- VAT - Branch	-	71 676	-	6 303
Value added tax – Other markets	1 958	-	-	-
Contributions to Social Security	-	12 110	-	13 458
Contributions to Social Security - Branch	-	880	-	877
	1 958	117 166	970 689	34 825

Corporate income tax income (IRC) for the reported periods is broken down as follows:

	31-12-2019	31-12-2018
Payments on account	3 875	3 875
Payments on account - Branch	533	-
Withholding tax	589	1 003
Corporate tax estimate	(5 340)	(6 411)
Corporate tax estimate - Branch	(9 051)	(771)
	(9 394)	(2 304)

13 Other receivables

As at 31 December 2019 and 31 December 2018, the heading "Other Receivables" is broken down as follows:

	31-12-2019			31-12-2018		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	97	-	97	13 000	-	13 000
Other debtors						
OMIP SGMR (Note 32)	39 527	-	39 527	-	-	-
OMIP SGPS (Note 32)	6 319	-	6 319	-	-	-
Enagás (guarantee)	150 000	-	150 000	150 000	-	150 000
MIBGÁS (guarantee)	20 000		20 000	20 000	-	20 000
Other	560	-	560	5	-	5
Accrued income						
Interest receivable	82	-	82	42 945	-	42 945
Other	51 992	-	51 992	34 639	-	34 639
	268 577	-	268 577	260 589	-	260 589
Impairment	-	-	-	-	-	-
	268 577	-	268 577	260 589	-	260 589

In October 2019, the member's guarantees ceased to be applied to the banks, so OMIClear no longer benefits from that interest. As at 31 December 2018, the interest of guarantees amounted to €42,945.

The heading "Other" is broken down as follows:

	31-12-2019	31-12-2018
ECC - Q4	51 992	34 341
Other	-	298
	51 992	34 639

The amounts referring to ECC refers to the cooperation agreement between ECC and OMIClear, according to which the former pays a commission for each deal done with products from the Portuguese stock exchange.

There are no differences between the book values and their fair value for the periods in question.

14 Deferrals

As at 31 December 2019 and 31 December 2018, OMIClear recorded the following balances under the heading "Deferrals":

Deferred costs

	31-12-2019	31-12-2018
Insurance	4 110	4 055
Rents	3 318	3 281
Other	35 154	36 411
	42 582	43 747

15 Other financial assets and liabilities

Cash collateral is recorded under the headings of assets and liabilities.

As at 31 December 2019 and 31 December 2018, the amounts recognised in the balance sheet are as follows:

	31-12-2019	31-12-2018
Guarantee deposits of participants	205 439 657	190 896 385
Amounts to be paid to participants	<u>(205 439 460)</u>	<u>(190 895 277)</u>
	197	1 108

The difference between the guarantees payable to the members and the guarantee deposit in 2019 and 2018 refers to interest relating to a bank entity, which are only received every quarter.

16 Share capital

As at 31 December 2019 and 31 December 2018, OMIClear's share capital of €7,500,000 was fully subscribed and paid for, and represented by 750,000 shares, each with a par value of €10.

The breakdown for share capital as at 31 December 2019 and 31 December 2018 is as follows:

	%	Share	Capital
OMIP SGMR, SA	50.00%	3,750.000	3,750.000
OMIE	50.00%	3,750.000	3,750.000
	100.00%	7,500.000	7,500.000

17 Supplementary payments

In December 2017, the shareholders agreed to increase the Company's equity through supplementary payments.

These payments resulted from the conversion of all remaining loan credits (excluding interest), of an equal amount, contributed by the shareholders to the Company under the loan contracts concluded in December 2015, in the overall amount of €525,835 (five hundred and twenty-five thousand, eight hundred and thirty-five euros).

18 Legal reserves and other reserves

"Legal reserves" and "Other reserves" recorded the following changes during the periods ended 31 December 2019 and 31 December 2019:

	Legal reserve	SIG.B reserve	Other reserves	Total
1 January 2018	231 858	1 875 000	66 895	2 173 753
Appropriation of results for the period	-	-	-	-
Other operations	-	-	-	-
31 December 2018	231 858	1 875 000	66 895	2 173 753
Appropriation of results for the period	-	-	-	-
Other operations	-	-	-	-
31 December 2019	231 858	1 875 000	66 895	2 173 753

Pursuant to the law in force, at least 10% of the net annual income must be appropriated to increase the legal reserve until it represents 20% of capital. This reserve cannot be distributed unless the company is liquidated, and can only be used to cover losses after other reserves are used, or added to capital.

In 2019, the negative net profit of 2018 was transferred to retained earnings.

Under the law in force, the SIG.B reserve in the amount of €1,875,000 constitutes OMIClear's own resources to be used in the event of a cascade due to a default.

19 Suppliers

During the periods ended 31 December 2019 and 31 December 2018, the breakdown of the heading including all current "Suppliers" is as follows:

	31-12-2019	31-12-2018
Suppliers	28 355	30 557
	28 355	30 557

20 Other accounts payable

As at 31 December 2019 and 31 December 2018, the breakdown of the heading "Other accounts payable" is as follows:

	31-12-2019			31-12-2018		
	Current	Non-current	Total	Current	Non-current	Total
Suppliers - investments						
Suppliers				895		895
	-	-	-	895	-	895
Other creditors						
OMIP SGPS (Note 32)	18 068	-	18 068	37 078	-	37 078
OMIP SGMR (Note 32)	573 957	-	573 957	384 952	-	384 952
Other	27 997	-	27 997	29 086	-	29 086
	620 022	-	620 022	451 116	-	451 116
Creditors due to accrued expenses						
Holidays and holiday bonuses	30 616	-	30 616	30 468	-	30 468
Other staff costs	54 095	-	54 095	45 699	-	45 699
Productivity bonuses	222 625	-	222 625	186 963	-	186 963
Remuneration paid to members of governing bodies	21 000	-	21 000	84 603	-	84 603
Other – Branch	180 718	-	180 718	-	-	-
Other	81 998	-	81 998	53 740	-	53 740
	591 052	-	591 052	401 473	-	401 473
	1 211 074	-	1 211 074	853 484	-	853 484

The item "Other" refers to:

	<u>31-12-2019</u>	<u>31-12-2018</u>
- Services provided by market makers	27 113	20094,64
- Services provided by IOBS	21 246	8291,53
- CMVM	1 500	1500
- Haircut accruals	-	10 000
- Descontel	-	2 000
- EY	-	3 000
- ONI	2 946	2 946
- Business Continuity Plan	-	3 000
- Premium Minds	26 160	-
- Condominium	640	-
- Integrity	875	-
- Other	1 518	2 907
	<u>81 998</u>	<u>53 740</u>

The item "Other" – Branch refers to:

	<u>31-12-2019</u>	<u>31-12-2018</u>
- REMIT services - OMIE	137 499	-
- REMIT services - OMIP	64 710	-
- Payment of REMIT services (Phase I)- OMIClear - Head-office	-21 491	-
	<u>180 718</u>	<u>-</u>

21 Services provided

Services provided and recognised in the statement of profit and loss are broken down as follows:

	<u>31-12-2019</u>	<u>31-12-2018</u>
Market fees	1 181 595	635 411
RRM (Remit)	366 990	-
Services rendered – Natural Gas	249 300	249 300
ECC agreement	150 854	106 460
Services rendered – Electricity	-	62 500
EMIR Reporting	35 600	41 200
Training	27 250	18 529
	<u>2 011 589</u>	<u>1 113 400</u>

As previously mentioned, from 16 October 2019 OMIClear started the integrated REMIT reporting service, which entails different reporting obligations.

Here we also highlight the increase in market fees, to which the forward gas market fees have contributed greatly.

22 Supplies and external services

The breakdown of the costs incurred with supplies and external services is as follows:

	31-12-2019	31-12-2018
Specialised works	379 884	398 866
Travel and accommodation	63 856	67 579
Rentals	47 855	47 116
Insurance	15 678	15 545
Entertainment expenses	16 691	14 836
Fees	14 392	10 570
Accounting and human resources - Branch	8 123	5 553
Banking fees and services	9 135	9 483
Cleaning, hygiene and comfort	5 355	4 746
Electricity	4 246	3 232
Other (each under €5,000)	8 567	8 648
	573 782	586 174

The most relevant items under “Supplies and external services” are specialised tasks that essentially include (i) the maintenance of systems and access to IT platforms, and (ii) the management fees that offset the work of other Group collaborators for OMIClear.

23 Staff costs

Staff costs incurred during the periods ended 31 December 2019 and 2018 were as follows:

	31-12-2019	31-12-2018
Remunerations		
Governing bodies	318 338	334 959
Staff	536 668	533 922
Staff - Branch	29 750	29 750
	884 756	898 631
Social charges	165 525	167 296
Other	9 977	10 152
	175 502	177 448
	1 060 258	1 076 079

In 2019, the average number of OMIClear staff was 11 (2018: 11).

24 Other income and gains

The heading “Other income and gains” is as follows:

	31-12-2019	31-12-2018
Guarantees	476 506	631 841
Management fees (Note 32)	105 892	105 892
Corrections of previous years' balances	-	938
Other	370	37
	582 768	738 708

"Income from guarantees" refers to operating income and relates to capital income received for the management of guarantees deposited with OMIClear. As from October 2019, interest was replaced with custody fees.

The heading "Management fees" includes debit amounts charged by OMIClear for the work of OMIClear employees in OMIP management tasks.

25 Other expenses and losses

The breakdown of "Other expenses and losses" is as follows:

	31-12-2019	31-12-2018
Services provided by group companies (Note 32)	212 304	212 304
RRM (Remit)	202 209	-
Costs with market operations	152 610	80 961
Contributions/levies	19 852	18 316
Taxes	1 934	4 431
Corrections of previous years' balances	150	1 352
Other	1 926	1 914
	<u>590 985</u>	<u>319 278</u>

Expenses recognised as market operations as at December 2019 and 2018 resulted from fixed commissions charged by Market Makers and IOBs, and also by the CMVM Regulator.

Costs concerning REMIT represent the fees paid to OMIP and OMIE, as resources from these two companies are used in this service.

26 Financial expenditure

The breakdown of "Financial expenditure" for the years 2019 and 2018 is as follows:

	31-12-2019	31-12-2018
Interest and similar charges		
Interest paid	21 246	12 925
	<u>21 246</u>	<u>12 925</u>
	21 246	12 925

27 Income tax

As at 31 December 2019 and 31 December 2018, the heading "Income tax" is as follows:

	31-12-2019	31-12-2018
Current income tax	14 391	7 680
Deferred income tax	6 325	(65 898)
(Over) / under taxation estimate	-	738
	<u>20 715</u>	<u>(57 480)</u>

27.1 Deferred taxes

As at 31 December 2019, no deferred tax asset was recognised. However, the total deferred tax of previous years amounts to €130,200. Also in this period, tax losses were used in the year in the amount of €6,325.

As at 31 December, there are no deferred tax liabilities.

27.2 Reconciliation of tax rate

The reconciliation of the effective tax rate for the periods ended 31 December 2019 and 2018 is shown below:

	31-12-2019		31-12-2018	
Pre-tax results				
Tax rate	15 000 17.0%	61 213 21.0%	(15 000) 17.0%	(286 575) 21.0%
	2 550	12 855	(2 550)	(60 181)
	15 405		(62 731)	
Non-deductible expenses				
Non-taxable income	136		962	
Autonomous taxation	(241)		(4 130)	
Under taxation estimate	2 690		6 411	
Impact of branch tax	-		738	
Deduction of income tax loss	9 051		1 269	
	(6 325)		-	
Current income tax	20 715		(57 480)	
Impact of branch tax	5 340		6 411	
Under taxation estimate	9 051		1 269	
Deferred tax asset	-		738	
Income tax	6 325		(65 898)	
Effective tax rate	20 715		(57 480)	
	27.18%		19.06%	

The tax rate used for determining the amount of tax in the financial statements is as follows:

	31-12-2019	31-12-2018
Tax rate up to €15,000	17.00%	17.00%
Tax rate for remaining value	21.00%	21.00%
Surcharge	1.50%	1.50%
	20.50%	20.50%

28 Dividends

As in 31 December 2018, OMIClear did not pay dividends during the period ended 31 December 2019.

29 Commitments

As at 31 December 2019 and 31 December 2018, there were no other commitments undertaken by the company and not reflected in the financial statements.

30 Contingencies

CONTINGENT LIABILITIES

As at 31 December 2019 and 31 December 2018, OMIClear did not record any contingent liabilities.

CONTINGENT ASSETS

As at 31 December 2019 and 31 December 2018, OMIClear did not record any contingent assets.

31 Information required by law

Under Article 21(1) of Decree-law 411/91, of 17 October, OMIClear confirms that it does not owe any contributions to Social Security or to Treasury.

32 Related companies

As at 31 December 2019 and 2018, OMIClear was 50 % owned by OMIP – Polo Português, S.G.M.R., S.A. and 50 % by OMI – Polo Español, S.A. (OMIE).

NATURE OF THE RELATIONSHIP WITH THE RELATED COMPANIES

SHAREHOLDERS:

- OMIP – Pólo Português, S.G.M.R., S.A.
- OMI – Polo Español, S.A. (OMIE)

OTHER RELATED COMPANIES:

- OMIP – Operador do Mercado Ibérico (Portugal), S.G.P.S., S.A.
- OMEL – Operador del Mercado Ibérico de Energia, Polo Espanoil, S.A.
- REN – Redes Energéticas Nacionais, S.A.
- REN – Serviços, S.A.
- Caixa Geral de Depósitos, S.A.
- Banco Comercial Português, S.A

32.1 Transactions with shareholders

In the periods concerned, OMIClear made the following transactions with its shareholders:

	31-12-2019	31-12-2018
Services provided		
OMIE	249 300	249 300
OMIP SGMR (Note 24)	<u>85 344</u>	<u>85 344</u>
	<u>334 644</u>	<u>334 644</u>
Services acquired		
OMIP SGMR (Note 25)	<u>212 304</u>	<u>212 304</u>
	<u>212 304</u>	<u>212 304</u>

32.2 Debit and credit balances with shareholders

For the periods ended 31 December 2018 and 31 December 2017, the balances resulting from transactions made with the shareholders are as follows:

	31-12-2019	31-12-2018
Clients		
OMIE (Note 13)	<u>71 299</u>	<u>99 824</u>
	<u>71 299</u>	<u>99 824</u>
Other accounts receivable		
OMIP SGMR (Note 13)	<u>39 527</u>	-
	<u>39 527</u>	-
Other accounts payable		
OMIP SGMR (Note 20)	<u>573 957</u>	<u>384 952</u>
	<u>573 957</u>	<u>384 952</u>

32.3 Transactions with other related parties:

During the periods concerned, OMIClear made the following transactions with the entities below:

	31-12-2019	31-12-2018
Services provided		
OMIP SGPS (Note 24)	<u>20 548</u>	<u>20 548</u>
	<u>20 548</u>	<u>20 548</u>

32.4 Debit and credit balances with other related parties:

As at 31 December 2019 and 31 December 2018, the balances resulting from transactions made with other related parties are as follows:

	31-12-2019	31-12-2018
Other accounts receivable		
OMIP SGPS (Note 13)	<u>6 319</u>	-
	<u>6 319</u>	-
	31-12-2019	31-12-2018
Other accounts payable		
OMIP SGPS (Note 20)	<u>18 068</u>	<u>37 078</u>
	<u>18 068</u>	<u>37 078</u>

32.5 Management remunerations

During the periods ended 31 December 2019 and 2018, the remunerations earned by the members of OMIClear's Board of Directors were as follows:

	<u>31-2-2019</u>	<u>31-12-2018</u>
Remunerations	121 748	119 915
Gratuities and bonuses	48 517	41 584
	<u>170 265</u>	<u>161 499</u>

33 Subsequent events

As far as the impacts of the COVID-19 pandemic are concerned, the company is following the evolution of the situation and its operation is not expected to be at risk. The company has gradually implemented a number of technical, safety and hygiene, and remote working measures, which have had no impact on the services rendered.

The results of the company have developed in accordance with the budget.

34 Proposed appropriation of profits

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net result for 2019, in the amount of €55,498.81 (fifty-five thousand and four hundred and ninety-eight euros and eighty-one cents), be appropriated as follows:

To legal reserves	€ 5,549.88
To retained earnings	€ 49,948.93

Lisbon, 31 March 2020

The Board of Directors

Carmen Becerril Martinez

Artur Álvaro Laureano Homem da Trindade

António Erias Rey

José Manuel Amado da Silva

Gonzalo Solana González

The Certified Accountant

Manuela Lopes dos Santos

Certified Accountant, Licence nº 85946

11

Annexes

LEGAL CERTIFICATION OF ACCOUNTS

01/03



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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of OMIClear - C.C., S.A. (the Entity), which comprise the Balance Sheet as at 31 December 2019 (showing a total of 217.463.679 euros and a total equity of 10.667.623 euros, including a net profit for the year of 55.498 euros), the Income Statement by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the Annex, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the OMIClear - C.C., S.A. as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to Covid-19

The recent developments surrounding the Covid-19 pandemic (Coronavirus) have a significant impact on the health of people and on our society as a whole, increasing uncertainty around the operational and financial performance of organizations. The impacts and uncertainties resulting from the Covid-19 pandemic (Coronavirus) are disclosed in Note 33 and reflect the expectations of the Board of Directors of OMIClear - C.C., S.A., based on the information available at that date. Our opinion has not been modified in relation to this matter.

Responsibilities of Management for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ Assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

LEGAL CERTIFICATION OF ACCOUNTS

02/03



OMIClear - C.C., S.A.
Statutory Auditor's Report
31 December 2019

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

03/03



OMIClear - C.C., S.A.
Statutory Auditor's Report
31 December 2019

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

In our opinion, the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and we have not identified any material misstatement.

Lisbon, 03 April 2020

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Abel Serra Martins - ROC nr. 1119
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