



**Risk Testing Disclosure
Report - Year 2021**



20.January.2022

1. Introduction

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

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

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

This disclosure report is based on the tests results obtained in the period between **January 1st, 2021 and December 31st, 2021** and is published annually.

2. Back Tests

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

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

Throughout the year of 2021, the daily portfolios have had a number of outliers mainly related with the market stress verified since September which generated a hit ratio above the 1% threshold defined by OMIClear, a situation that points out to the need to implement corrective measures to the model which are expected to be concluded in Q2-2022.

3. Stress Tests and Clearing Fund

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

During 2021, following the rules laid down in its *Instruction B07/2014 - Clearing Fund*, in addition to the monthly revaluations of the CF based on the daily stress tests results of the previous 60 clearing days, OMIClear had 11 situations on which the stress tests results were higher than the value of the total CF in place in the stress tests calculation day, having 2 not required any extraordinary revaluation as the new amount was already covered by the new CF amount to be in place on the following day. In sum, OMIClear had to trigger extraordinary revaluations of the CF 9 times throughout the year.