



**Risk Testing Results
Disclosure - Year 2016**

20 January 2017

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.

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 1st of January, 2016 and 31st December, 2016 and is published annually.

2. Back Tests

OMIClear conducts back tests on a daily basis. 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 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.

For 2016 three hits were observed which results in a hit ratio of approximately 0,02%, far below the value of 1% that shall trigger a revision of the initial margin methodology, and so there was no need to implement corrective measures.

3. Stress Tests

OMIClear conducts stress tests on a daily basis for a set of extreme but plausible market scenarios. In case the 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 is triggered.

During 2016, following the rules laid down in its Instruction B07/2014 - Clearing Fund, besides the monthly revaluations of the clearing fund based on the daily stress tests results of the previous 60 clearing days OMIClear has triggered 17 extraordinary revaluations of the Clearing Fund and notified the Clearing Members of such fact. It is worth mentioning that all members held an excess of collateral to accommodate these adjustments in the required Clearing Fund.