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HAIRCUTS APPLICABLE TO FINANCIAL INSTRUMENTS DEPOSITED WITH OMICLEAR

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1. OMIClear defines in this document the Haircuts applicable to the financial instruments received for the purpose of:

   a) Constitution of Guarantees by the Participants, according to the provisions set out in OMIClear's Instruction A06/2014 – Management and Evaluation of Guarantees;

   b) Deposits with Qualified Credit Institutions (QCI), under its Investment Policy (repo operations or collateralized deposits).

2. The Haircuts are established by the product of two factors:

   a) H1 – related to the yield volatility if the assets, and

   b) H2 - based on the assets liquidity and on the quantity deposited by the Participant.

3. The total Haircut results from the product of both factors, and rounded up to the next 50 basis points:

$$\text{Haircut} = H1 \times H2$$

4. Regarding H1, OMIClear applies the values referred in Table 1 for each issued public debt security, depending on the respective Residual Maturity (RM):

Table 1 - Haircut (H1) related to Yield Volatility of the Public Debt Securities

	Bilhetes de Tesouro - PT Letras del Tesoro - ES Unverzinsliche Schatzanweisungen (Bubills) - DE	Obrigações de Tesouro - PT Bonos y Obligaciones del Estado - ES Bundesschatzanweisungen (Schätze), Bundesobligationen (Bobls), Inflationsindexierte Bundesobligationen (Bobl/ei), Bundesanleihen (Bunds and Buxl) e Inflationsindexierte Bundesanleihen (Bund/ei) - DE				
	1m [(a)] < RM < 12m	1m [(a)] ≤ RM < 3y	3y ≤ RM < 5y	5y ≤ RM < 7y	7y ≤ RM < 10y	10y ≤ RM ≤ 45y [(b)]
Portuguese Public Debt (PT)	1,0%	7,0%	10,5%	11,5%	13,0%	15,0%
Spanish Public Debt (ES)	1,0%	3,0%	4,0%	5,5%	7,0%	10,0%
German Public Debt (DE)	1,0%	2,0%	2,5%	3,0%	3,5%	6,5%

RM: Residual Maturity (m – months; y– years)

(a) 1 month (for financial instruments received as Guarantee by the Participants) or 2 months (for financial instruments received as guarantee in repo operations or collateralized deposits)

(b) In case of repo operations or collateralized deposits with QCI, OMIClear defines concentration limits for securities with residual maturity higher than 15 years for each issuer of public debt securities.

5. The H2 factor is a function of the ratio (R):

$$R = \frac{MVS}{RTV}$$

Where,

MVS - market value of deposited securities of public debt issues by the Participant (for each class of residual maturity referred in Table 1); and

RTV - reference trading volume of the securities, for each class of residual maturity referred in Table 1.

6. OMIClear does not allow a ratio (R) higher than 3, i.e. does not accept securities of a certain class of residual maturity in case the total market value (MVS) referring to such class represents more than 3 times the respective reference trading volume (RTV).

7. The multiplication factor (H2) for Portuguese and Spanish government bonds is a function of ratio (R), obtained with the following formula:

$$H2_{PT,ES} = maximum\ [\ 1\ ;\ 1 + \tfrac{1}{2}\ (R - 1)]$$

8. Given the size of the German debt market, a unit factor is assigned to H2, therefore not aggravating the yield volatility factor (H1):

$$H2_{DE} = 1$$

9. The Reference Trading Volumes (RTV) currently considered by OMIClear to calculate the ratio (R) are the following:

	Bilhetes de Tesouro - PT Letras del Tesoro - ES Unverzinsliche Schatzanweisungen (Bubills) - DE	Obrigações de Tesouro - PT Bonos y Obligaciones del Estado - ES Bundesschatzanweisungen (Schätze), Bundesobligationen (Bobls), Inflationsindexierte Bundesobligationen (Bobl/ei), Bundesanleihen (Bunds and Buxl) e Inflationsindexierte Bundesanleihen (Bund/ei) - DE				
	1m < RM < 12m	1m ≤ RM < 3y	3y ≤ RM < 5y	5y ≤ RM < 7y	7y ≤ RM < 10y	10y ≤ RM ≤ 45y
Portuguese Public Debt (PT)	407	85	178	148	196	69
Spanish Public Debt (ES)	191	84	108	14	115	79

Unit: Euro million

RM: Residual Maturity (m – months; y– years)