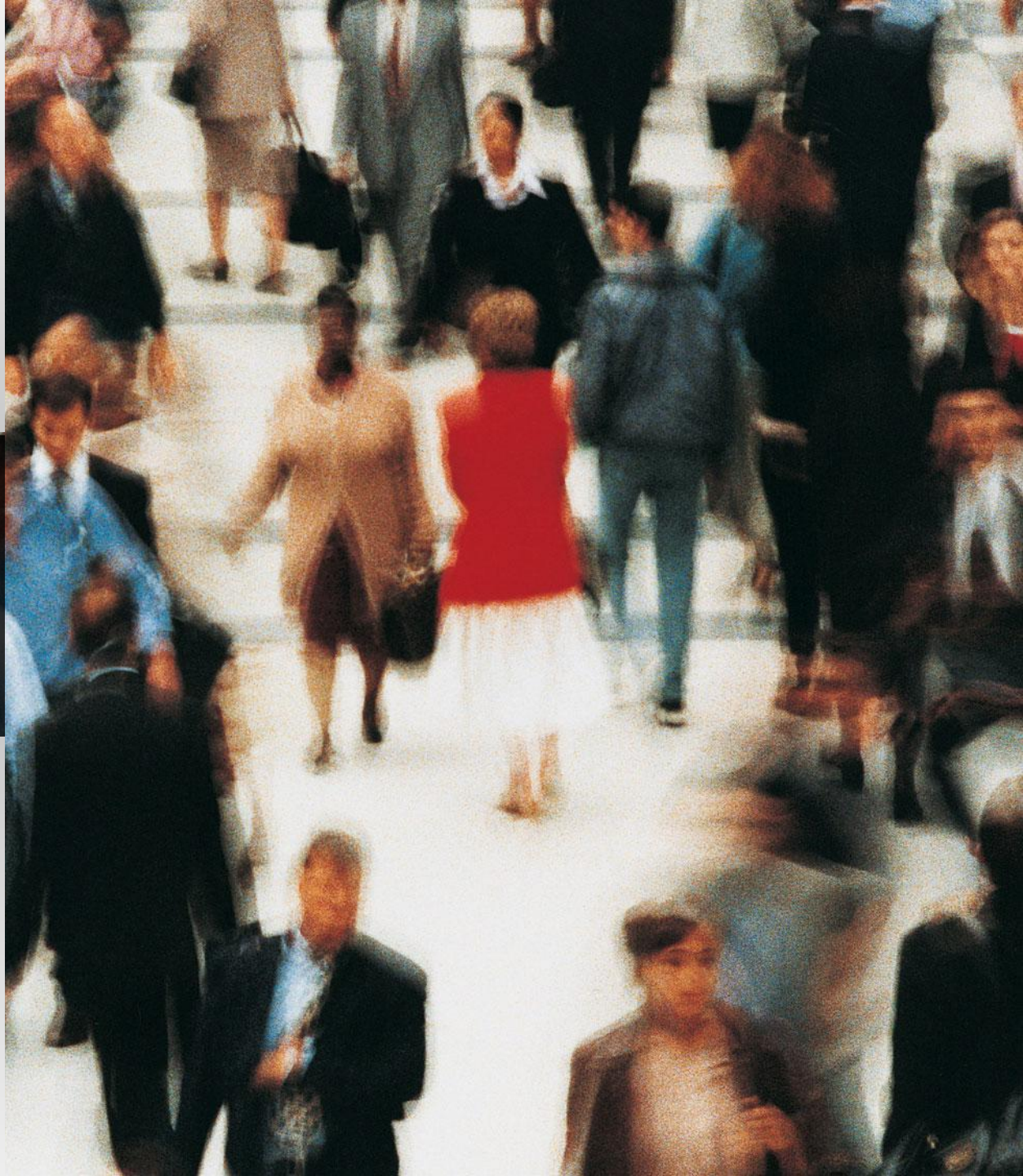




The Brazilian Capital Market: BM&FBOVESPA's role

Edemir Pinto
Feb-9-12



Opportunities in Brasil...

Olympic Games in 2016

World Soccer Cup in 2014

Pre Salt Exploration

Infrastructure Investments

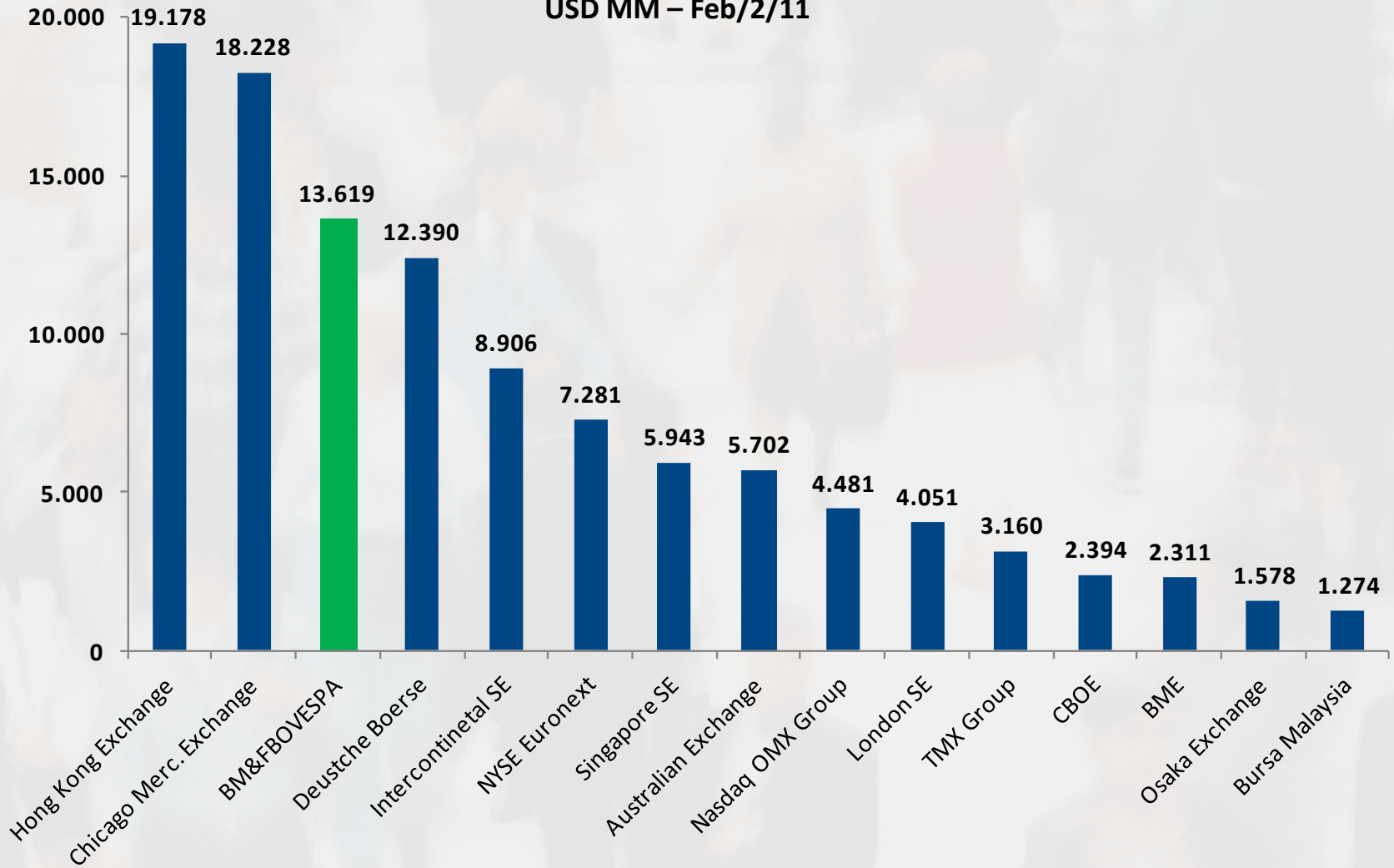


**Brazilian
Companies need
to be ready for
growing and also
consider financing
alternatives for
their projects**

BM&FBOVESPA is an important Global Player

Market capitalization

USD MM – Feb/2/11



With a relevant international position

Largest Stock and Derivatives Exchange in Latin America

**▶ 3rd Largest Listed Exchange Group in the World
(February 2012)**

VIBRANT CAPITAL MARKETS

- ▶ Largest Equity Options Market in the World (2011)*
- ▶ 7th Largest Capital Raising Market in the World (2011)*
- ▶ Among the Top 6 Derivatives Market in the World (2011)**

KEY CONTRACTS

- ▶ 1st and 2nd Ranked Exchange Traded Equity Options Contracts by Volume (2010)***
- ▶ 3rd Most Traded Exchange Listed Interest Rate Contract Globally (1H2011)**
- ▶ 6th Most Traded Exchange Listed FX Contract Globally (1H2011)**

Unique Local Market Structure Reflected in BVMF's Business Model

Brokerage Houses and Investors



Trading



Post-Trading



Level playing field regulation

- ▶ Brazilian Securities and Exchange Commission regulates and supervises equities, derivatives and funds
- ▶ Requires **beneficial owner identification in execution, collateralization, clearing and settlement**
- ▶ **Order driven environment**
 - ▶ No preferences on the book
- ▶ **All trades intermediated by financial institutions to be submitted to Exchange for public auction**
 - ▶ Rules also applicable to cross trades
 - ▶ No internalization of orders
 - ▶ No alternative trading venues as dark pools and ATS/ MTFs
- ▶ **OTC derivatives transactions with** Financial Institutions are registered in regulated platforms
- ▶ **No naked access** - all trades intermediated by a local brokerage house (even in co-location environment)

IT Investments: Moving Toward a State-of-the-Art Trading Model

PUMA Trading System™

New Multiasset Class Platform

- State-of-the-art in terms of functionality, low latency, and greater capacity
- Development of platform with CMEGroup:
 - Derivatives (successfully implemented in 2H11),
 - Equities (2H12)
- Multi asset trading system will bring more efficiency and more synergies to market participants



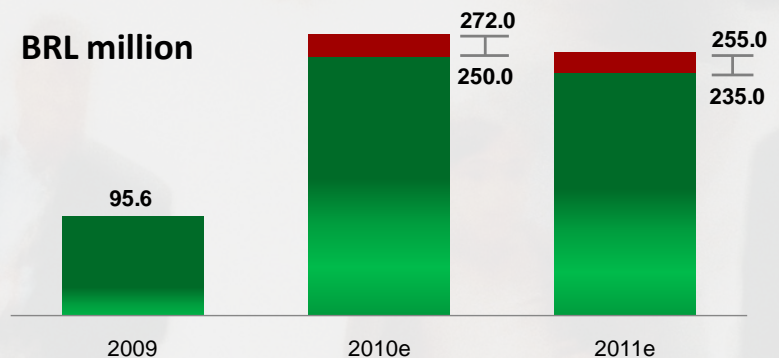
Clearing Integration

Objective: integrating and modernizing our existing clearing facilities should proceed over 2012.

- Integrated tests with the market and implementation of the systems scheduled to take place in 2013
- Partnership advantages:
 - License to use the software
 - Access to the source code
 - Selling rights over our new clearing platform

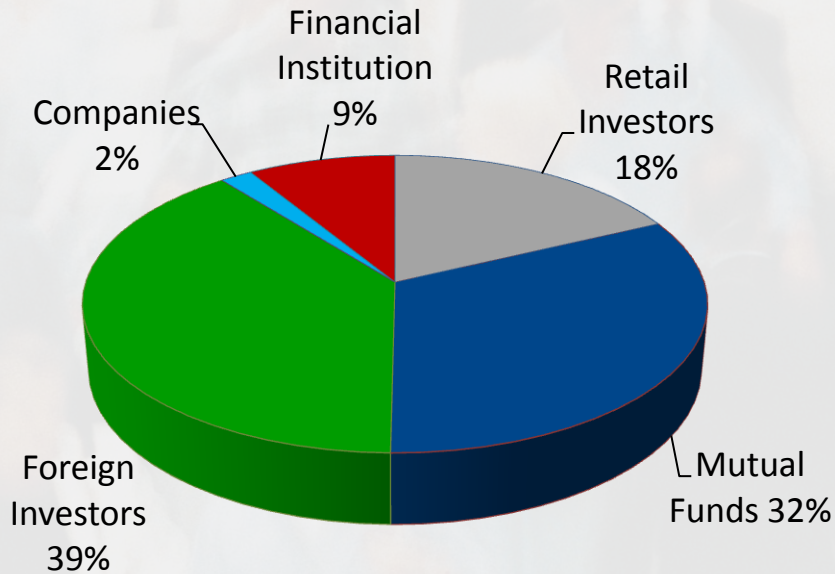
Investments

- Approximately BRL 500 million in 2 years (2010-2011), out of which 90% are dedicated only to IT projects

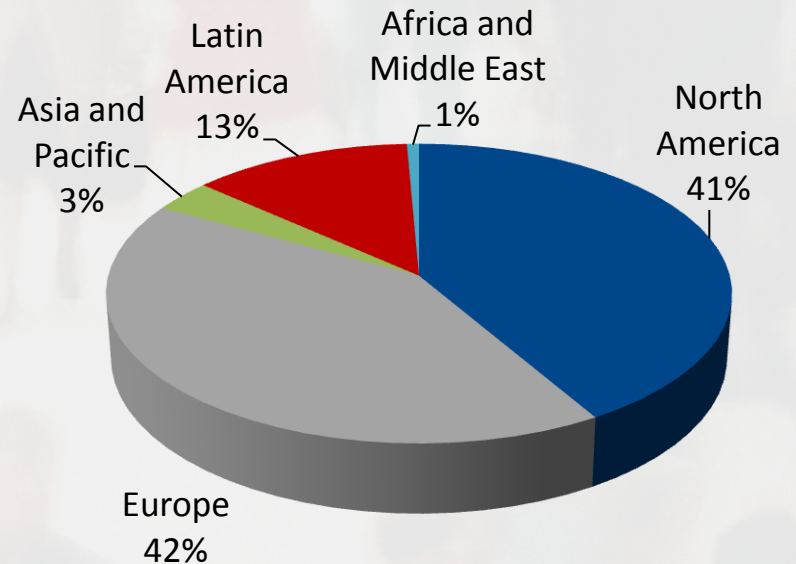


Market accessed by a diversified pool of investors with strong presence of foreigners

Stock Markets Breakdown of Investors



Foreign Investments by Region Equities Dez/11



BM&FBOVESPA is ready for the challenge



Credibility of the Brazilian stock market

- The Brazilian capital markets surfed the crisis in a exemplar way
- Brazilian financial regulation has become a benchmark in a global scale
- Foreign companies have raised money through their Brazilian subsidiaries
- 70 BDRs non-sponsored and 10 sponsored are listed on BM&FBOVESPA
 - Non-sponsored cases: Google, Apple, Avon, ExxonMobil, Cisco, Microsoft, McDonald, Wal Mart, Citibank etc



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