

Member's Profile

Name of Stock Exchange

BM&FBOVESPA S.A.

Country/Region

Brazil – South America

Name of CEO

Mr. Edemir Pinto

Market Capitalization (US\$)

21,898,800,000.00 (as of December 30th,2013)

Number of Officers and Employees

Chief Officers: 5

Employees: 1,430 (as of December 30th,2013)

Ownership and Governance**(Main Shareholders)**

Shareholders holding more than 5% of the total shares of the company are:

- Funds managed by OppenheimerFunds, Inc. (10.44%)
- Funds managed by Vontobel Asset Management Inc. (6.84%)
- CMEG Brasil I Participações Ltda. (5.32%)
- Funds managed by BlackRock Inc. (5.02%)

Brief History

BM&FBOVESPA, the Brazilian Securities, Commodities and Futures Exchange, is one of the largest listed exchange group in the world and the leading market in Latin America. As a result of the merger between BOVESPA Holding, the former São Paulo Stock Exchange founded in 1890, and BM&F S.A., the former Brazilian Mercantile & Futures Exchange founded in 1986, BM&FBOVESPA became Brazil's only exchange group, offering to the market a vertically integrated multi-asset class environment and also a full range of services.

BM&FBOVESPA is a for-profit organization and a public listed company, with global connectivity and worldwide distribution of products. It has representative offices in the United States of America, the People's Republic of China, and the United Kingdom.

BM&FBOVESPA offers a complete set of financial and commodities products embracing the cash, futures and options markets. BM&FBOVESPA provides a sound and efficient environment for trading, through its electronic platforms, and post trading services, with super risk management performed by its clearinghouses.

BM&FBOVESPA offers a fully electronic trading environment through order driven trading systems. It offers Direct Market Access facilities to both retail and institutional clients, allowing investors to transmit orders directly to the Exchange. Different types of DMA are provided, including the co-location facility.

BM&FBOVESPA has as its main purpose the administration of organized securities and derivatives markets and offering trading, clearing and settlement services, acting as the central counterparty (CCP) of its markets. The BM&FBOVESPA four clearinghouses (equities, derivatives, foreign exchange and securities) are qualified as systemically important, according to the Brazilian Payment System rules and principles.

In recent years, BM&FBOVESPA has played a prominent role in disseminating corporate governance standards through the creation of the Novo Mercado and Bovespa Mais.

BM&FBOVESPA has spearheaded, social responsibility and financial education to increase the participation of individual investors in stock market trading. It plays an important role in several international bodies, such as IOSCO, the World Federation of Exchanges and the Ibero-American Federation of Exchanges. BM&FBOVESPA has a permanent commitment to adapting to international standards, recommendations and best practices.

In the markets managed by BM&FBOVESPA, Brazilian and foreign investors can trade stocks, futures, options, forwards, government and corporate bonds, asset-backed securities, among other exchange traded products, like ETFs. Also, investors can take exposure to foreign assets through the Brazilian Depository Receipts, or BDRs, that are listed in Brazil. BM&FBOVESPA also established cross-listing of contracts with other global exchanges, been worth to mention the cross-listing agreement with the CME Group.

BM&FBOVESPA also manages a securities lending service, since the Brazilian regulatory framework requires that all the securities lending transactions must done through a CCP, what brings more transparency and resilience to this market.

Practices and Procedures

Trading

Days

Monday to Friday, except holidays*

*Jan 1; Jan 25; Mar 7; Mar 8; Apr 21; Apr 22; Jun 23; Sep 7; Oct 12; Nov 2; Nov 15; Dec 30

Hours (GMT -3h00)

Equities:

9h45 - 10h00 - pre-opening fixing

10h00 - 16h55 - continuous trading session

16h55 - 17h00 - closing call

16h55 – 17h15 – Equities derivatives closing call

Derivatives: : from 09h00 to 18h00

Fixed Income / Corporate Bonds : from 10h00 to 17h00

Market segmentation

Equities: Cash, Forward, Options, Single-Stock Futures Market, ETF and BDR

Derivatives: Future, Options, Forward, Swaps, NDFs and Agricultural Products

Fixed Income / Corporate Bonds: Government Bonds, Corporate Bonds and Asset-Backed Securities.

System

Equities: PUMA Trading System

Derivatives: PUMA Trading System

Fixed Income / Corporate Bonds: PUMA Trading System / SIOPEL Trading System

Mechanisms

Continuous Trading – FIFO method.

Fixing – Theoretical Opening Price.

Market-maker/Specialists

Equities: Yes

Derivatives: Yes

Fixed Income / Corporate Bonds: Under development

Instruments

Equities: Stocks , Brazilian Depository Receipts(BDRs), ETFs

Derivatives:

- Exchange Listed Financial Derivatives: Futures and Options (Stock index, Interest rate, Exchange rate, Interest rate X price index, Price index, Sovereign debt Bond and Structured products)
- Exchange Listed Commodity Derivatives: Futures and options (Coffee, Sugar, Ethanol, Cotton, Corn, Soybean, Cattle);
- OTC Derivatives: Swaps, Flexible options, Metals.

Fixed Income / Corporate Bonds: Government bonds, Debentures, Commercial papers, Asset-backed securities and Mortgage-backed securities.

Currency

Equities: local

Derivatives: local and referred in foreign currency

Fixed income / Corporate bonds: local

Real time information Yes

Clearing & Settlement

Central Depository

Equities and Corporate bonds: Yes

Period

Equities

- Cash – T+ 3
- Forward - 16 to 999 calendar days
- Futures - T+3 of the expiry date
- Options* and futures** T+1

* Settlement of option premium.

** Daily settlement of accounts (variation margin)

Derivatives

- most part of the contracts – T + 1

Fixed income instruments

- Cash – T+0

Registered

According to the Brazilian legislation, all OTC transactions must be registered in a centralized system

Registration systems:

- Derivatives: BM&FBOVESPA and CETIP
- Corporate bonds: BM&FBOVESPA and CETIP
- Government Bonds: SELIC (Central Bank's Special System of Settlement and Custody)

Settlement

BM&FBOVESPA maintains four different clearinghouses:

- Equities, Equities Derivatives and Corporate Bonds;
- Financial and Agricultural Derivatives;
- FX;
- Government Bonds.

Clearing

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DVP

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Clearing Institution

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- FX;
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Risk Sharing

Equities, Derivatives and Fixed income / Corporate bonds: Yes

Margin/Lending

Equities, Derivatives and Fixed income / Corporate bonds: Yes

Custodians

Yes

Taxes

Capital Gains – Non resident: exempt / Resident: 15%
Cash Dividends – Exempt for resident and non-resident
Interest Income – Non resident: 15% / Resident: 25%

Structure & Regulations

Legal

Public company with capital and shareholders

Regulation

BSM (BM&FBOVESPA Market Supervision)

Securities market regulations

CVM (Brazilian Securities and Exchange Commission)

Trading rules

Exchange

Surveillance

BSM (BM&FBOVESPA Market Supervision)

Corporate actions

Equities: Centralized

Trading halts regulations

Yes

Investor protection

Yes

Foreign Participation

Foreign investors

Equities: 43.7% of the traded value (Jan-Dec/2013)

Derivatives: 25.4% (Jan-Dec/2013)

Investment limitations

Contract not authorized for trading by investors resident in the U.S.:

- European-Style Call Option on Ibovespa Futures Contract
- European-Style Put Options on Ibovespa Futures Contract
- Ibovespa Volatility (VOI)
- Brazil Index-50 Futures Contract

Contracts not authorized for DMA trading by investors resident in the U.S.:

- Euro Futures Contract
- Australian Dollar Futures Contract
- Canadian Dollar Futures Contract
- Pound Sterling Futures Contract
- Japanese Yen Future Contract

- Mexican Peso Futures Contract
- Swiss Franc Futures Contract
- Chilean Peso Futures Contract
- Chinese Yuan Futures Contract
- New Zealand Dollar Futures Contract
- Turkish Lira Futures Contract
- South African Rand Futures Contract

Repatriation

No restrictions

Minimum Listing Requirements

The company must be registered as a publicly listed one with the CVM (The Brazilian Securities and Exchange Commission);

The company must have a Shareholders Department or hire a Financial Institution in order to provide such services;

The company must communicate BM&FBOVESPA and CVM release information of the securities market industry interest; and

The company must follow the regulations of the securities market industry in force.

The listing regime BM&FBOVESPA adopts in Bovespa markets includes four special listing segments:

- *Bovespa Mais*;
- Level 1;
- Level 2;
- *Novo Mercado*.

Each of these segments adopts particular requirements, beyond those of Brazilian legislation, to which issuers may adhere by signing specific listing agreements.

The exchange listing segments adopt progressively more stringent requirements, from the Level 1 listing segment, which contemplates disclosure requirements only, to Level 2 and *Novo Mercado*, which demand adherence to more stringent corporate governance, shareholders' rights and financial reporting requirements.

Contact Information

Nelson Barroso Ortega

Issuer Relations Associate Director

+55 11 2565-6063

nortega@bvmf.com.br